OWNERSHIP SUCCESSION IN FAMILY FIRMS AND ENTREPRENEURSHIP
A tentatively outlined research background
by
Eugeniusz Niedbała

Axiological, Ontological, Epistemological and Methodological Assumptions

Human being, as a rational being, superorganical in relation to the rest elements of living nature, evaluates the reality. The results of this process are the values that human being ascribes to both the elements of real world (ontological categories) and the creatures of the thoughts (epistemological notions) and make them come true. One of the ways by which the realization of these values is putting into effect is the running of the business. According to Rokeach (1968)[1] such values as safety of family, feeling of self-respect, esteem and self-actualization needs are superior values and can comprise the motives to set up a business that will secure the family wealth, job opportunities and so needed autonomy[2]. Values are also listed as the causes of the future heyday of the family businesses[3].

Ontology as a science of beings elucidates what exists taking into consideration levels of complexity of being, and seeks the real objects what means that in the case of organizational considerations the base of ontological assumption have to be materialism. The philosophical schools proposed three categories of beings: thing, process and event[4], thereby each of them comprises an *ontical individuum* (an object of real being). The thing is the only being in reizm[5], process in processualism and event in eventism. It seems that only things can be accepted by the organization theory for the thing is a real object, some kind of integrity perceptible and tangible for everyone. Organization to be called an ontological object has to meet the following conditions, which are the traits of any real object: concreteness, self-containedness, independence, derivativeness and dependence. A family business, like any organization, is a thing and consists of material (organical and suborganical) things of nature, people (overorganical real object) and interactions that occur at two levels: lower (internal) between compounds of the thing, and higher (external) between organization and its environment. The above mentioned conditions are fulfilled, that is the family business meets the condition of concreteness (is a tangible object), of self-containedness (matter is the base of being), independence (does not coexists with the other things), and is always a derivative and dependent thing. However, the interactions are nothing more than the transmission of energy, matter and information and cause the changes in affected with each other objects, meeting the criteria of real objects. Considering Ockham's warring *entia non sunt multiplicanta praeter necessitatem*[6], I am based on Krzyżanowski's conception, who inspired by Ingarden[7] and two works of Lipiec[8], proposed two ontological beings: things and interactions; the rest of the notions are then only epistemological concepts. Thus, a family business is an ontological being on the ground of ontological realism.

Epistemological assumptions are consistent with the new perspective proposed by professor Mariusz Bratnicki[9] concerning the concepts of time (concepts and relationships are part of the continuous processes, models that high-light process), flow (interaction, feedback and multiple

---

[1] M. Rokeach (1968). *Beliefs, attitudes, and values; a theory of organization and change*. San Francisco: Jossey-Bass.
[2] J.L. Ward (1987). *Keeping the Family Business Healthy*. San Francisco: Jossey-Bass.
[3] C.E. Aronoff & J.L. Ward (1995). Family-owned businesses: A thing of the past or a model for the future? *Family Business Review*, 8(2): 121-130.
[4] L. Krzyżanowski (1992). *Podstawy nauk o organizacji i zarządzaniu*. Warszawa: PWN.
[5] T. Kotarbiński (1961). *Elementy teorii poznania, logiki formalnej i metodologii nauk*. Warszawa: Ossolineum.
[6] W. Ockham (1951). *Summa logicae*. New York: Franciscan Institute.
[7] R. Ingarden (1960). *Spór o istnienie świata*. t. 1. Warszawa: PWN.
[8] J. Lipiec (1972). *Podstawy ontologii społeczeństwa*. Warszawa: PWN; J. Lipiec (1979). *Ontologia świata realnego*. Warszawa: PWN.
[9] M. Bratnicki (2004). Next Step toward a Theory of Organizational Entrepreneurship: Conceptual Advances. *Journal of Economics & Management*, 1(1): 21-47.

loops, reciprocal causation, and endogenous influences), and construct coupling (multilevel and relational views, holistic picture).

Time, more precisely, a flow of time permeates all organizational events. Nobody and nothing can exist beyond time because it determines the rhythm of living and existence. Thus, the building of scientific models has to be done on the base of time passage for only then the models can reflect the reality. Both the succession and entrepreneurship are not events but processes consuming time and having their places. Thus, there is the need of building models in such a way so as they could encompass reality in the least simplified way. Having a family firm as an object of analysis one must acknowledge that entrepreneurship is the process that occurs earlier then succession and can last even the succession is over although it has been started later. It may be so but it need not be so, especially then when the entrepreneurial spirit faded. Entrepreneurship expresses itself in behaviors, succession in actions aiming at the transfer of physical resources. Thus, the process of ownership succession in family businesses suggests the influence of predecessor's entrepreneurial behavior and the very actions, i.e. succession, on entrepreneurial behavior of successor. The ownership succession takes place within the context of and with the help of interactions between family, individuals and firm. The platform on which the succession is taking place is the firm but the process transcends the firm both in time and space. Hence, the successor and entrepreneurship have to be examined by taking into account multi-levels (individual and group-family and firm) and span of time. Quick glance at the family firm suggests the family dynamics is a large web of reciprocal causations spanned through the time (pre-succession, succession and post-succession) and space (various levels) that comprise continuous processes without the beginning and determined end. Family is in incessant change-new members appears by birth and coming into by marriages while the other go away as a result of death and divorce. These family transitions are simultaneously causes and effects of the whole bundle of family life cycle issues. Reciprocal causations exist also between: predecessor and family transitions and family life cycle issues; transitions and family values, relationships and resources; family transitions, life cycle issues and business issues; family transitions, life cycle issues and successor; predecessor and successor; successor and outside situations; family and social network; founders type and family firm culture; family firm culture and family; family firm and individuals. Family firms consist also of endogenous influences, e.g. primary and secondary socialization influences children awareness of taking over the firm which along with the results of family relationships impact career decision. Multiple loops stem from the reciprocal influences between family, individuals and family business culture. These constituencies still influence each other because the influences may have various directions and signs (positive or negative). As one can see the occurrence of multiple dependencies clearly suggest giving up the causality in favor of codependence. Taking such a posture requires concentration on building multilevel, time influenced, codependent models while rejecting deterministic relationships that oversimplify reality. Passage of time, inner and outer human relationships, environment impact must be taking into consideration. Model built and broadened in such a way accept indeterminacy, nonlinearity, unpredictability that originate from the complexity which in order to be examined requires the use of integrated approach manifesting itself in linking various methods, approaches and paradigms. Various, often mutually exclusive approaches must result in creativity moving us beyond old, commonly accepted theories, that gives the chance to discovery of new arenas of knowledge not spotted so far. Converting this approach into the way of firm operating one has to accept various viewpoints striving to problems solving. It means a deeper engagement of all organizational members using divergent backgrounds, knowledge and perceptions. Since the solution of one problem often lead to the new problematic situations, frequently quite dissimilar, it seems to be obvious that in order they to be solved one must use a new way of thinking what entails a new constellation of people and resources. As the time flow not only the problems but families changes as well. New members, children in the past, are becoming adults, expanding their social networks, developing skills and knowledge, engaging in the firm and taking it over. Hence, the family firm, family and environment are in continuous changes where the interactions are created, broken down and change their strength and directions. The very nature of continuous and changeable interplay linking family firms' actors by reciprocal interactions in an inseparable area of mutual relationships that often result in paradoxical situations, i.e. those where the same cause brings about contradictory effects or contradictory causes find the same solution. For example, family conflict (cause) that moved on business arena may destroy entrepreneurial culture and undertaken actions (effect) or may be coupled with cooperation yielding innovation (contradictory effect). In order to lead to such reconciliation family business owner-manager-entrepreneur has to play a role of mediator who can link the conflicting situation to revive cooperation while using the inclination to cooperation to cool down the conflict, i.e. he/she must be a good contradiction manager. He/she has to be able to use these contradictions having in mind that they will be occurring again and again, due to changes in relationships. This dynamically recreated process should be viewed from strategic management perspective. If one is going to capture, understand and elucidate this complex phenomenon, one has to look at the dynamism of family firm by changing the points of view to capture the essence of it. Understanding will come with the help of wide range of methods in order the explanation be clear for each interested part[10]. Being continuously changed anew shaped through the time interplay between family, firm and an individual infers the necessity of adoption of a family business model that highlight the interactions between these three elements. Therefore, family firm model was adopted from work of T.G. Habbershon, M. Williams and I.C. MacMillan[11] (2003). This model has been chosen due to its best appropriateness for a main research theme investigating the relationship between ownership succession (transition) in family firms and the entrepreneurship. It contains the subsystem "individual" instead of ownership as was proposed in the Tagiuri and Davis's model[12]. Moreover, the subsystems are linked with interactions that take place also within subsystems making this model suitable for considering changes both in the static and dynamic way. Such a perspective allows for seeing the family firm as an arena where various actors both from family and from outside play their roles influencing each other. This model indicates that no one element, i.e. firm but at least two-family and firm should be scrutinized. Acceptance as a unit of change multiple entities coupled with posited earlier codependence and constructive mode of changes while rejecting determinism leads the analyzed area to taking the dialectic approach as a framework of research[13]. It allows for taking a broader perspective where family, family firm need not to follow the life cycle dependent paths of development while accepting the increased variability both on the level of family and firm. Model constructed for the purpose of this work takes into account the life cycle of family in business but juxtaposes it with entrepreneurial personality that is shaped both in family and firm, and behavior that occurs in the firm, which two are framed by the culture being shaped by family and individuals in the firm. Adding the other factors makes the model a complex one. Therefore, the ultimate aim of this research, i.e. entrepreneurship should be measured through the analysis of mutual impacts between many units while assuming that they have not to proceed the unavoidable direct of evolution[14]. In order to perform such complex and simultaneously dispersed project there was the need to use the following sequence of tasks: 1) reviewing of literature to understand many paradigms, 2) projecting the research taking various paradigms into consideration, and finally 3) theory building that uses the mutual interactions between various trends[15]. The present paper is a written form of the first of the above three stages.

---

[10] This paragraph has been created after thinking over the contents of an excellent book of Professor Mariusz Bratnicki. See: M. Bratnicki (2002). *Przedsiębiorczość i przedsiębiorcy współczesnych organizacji*. AE: Katowice.

[11] T.G. Habbershon, M. Williams & I.C. MacMillan (2003). A unified systems perspective of family firm performance. *Journal of Business Venturing*, 18(4): 451-465.

[12] R. Tagiuri & J.A. Davis (1996). Bivalent attributes of the family firm. *Family Business Review*, 9(2): 199-208.

[13] An analysis of narrative of development and changes in a famous French family business with the use of dialectic perspective has been presented by Calori. See: R. Calori (2002). Organizational Development and the Ontology of Creative Dialectical Evolution. *Organization*, 9(1): 127-150.

[14] Similar statement has been presented by N. Drozdow (1998). What is continuity? *Family Business Review*, 12(1): 41-55.

[15] M.W. Lewis & A.J. Grimes (1999). Metatriangulation: Building theory from multiple paradigms. *Academy of Management Review*, 24(4): 672-690.

The scientific truth has two sources of cognition: theoretical and empirical. I take the position that building the theoretical concepts and then testing them is the effective way of discovering the new models applicable in organization and management theory, but I realize that the general theory true always and everywhere is a utopia. Thus, the range of proposed model is constrained and will never be used to explain the complex phenomenon of family business, the most complicated form of human business activity.

The highest quality researches are done with the use of large, random samples as they allow for the generalization of findings. Researches done on the base of smaller samples are less reliable, as they cannot be applied to large population. However, if the sample is not randomly chosen from the wide population of potential research objects, its reliability decreases considerably. Reliance on convenience samples, which elements are not a result of random selection, drops the costs of research. Randomize the sample for the research process in the case of family business is especially difficult, because the credible data bases encompassing nationwide register of family firms do not exist, not only in Poland. Therefore, the prevailing number of research is done on convenience samples[16]. The same is in entrepreneurship domain and its origin, i.e. strategic management field[17]. Of course, no one can consider it a flaw, as the convenient sampling method is recommended if there are no statistics available about the population[18]. If there are some doubts regarding the validity of so conducted research, there should be subsequent studies of randomly generated samples to try to replicate findings[19]. It seems that there is still open space in family business and entrepreneurship research as they are quite young disciplines seeking their idiosyncratic paradigms. It is true for both family business[20] and entrepreneurship[21] since “much of the work done in the mainstream entrepreneurship literature...remains relatively unsophisticated in its treatment of reliability and validity issues” (Chandler, Lyon, 2001: 110)[22]. One should here pay attention to the fact that the main research theme concerns the succession and entrepreneurship-both are processes. As for the changes in entrepreneurship Gartner (1985) indicates longitudinal research, because the methods one uses to study them must reflect this process[23]. The above paragraph concerning the role of time and flow points at the changes in nature of a given entrepreneur, the firm, and the family as unavoidable causes and effects of entrepreneurial activity. Moreover, they are likely to be rather unique and idiosyncratic. These features indicate the use of longitudinal studies, as they

---

[16] G. Geeraerts (1984). The effect of ownership on the organization structure in small firms. *Administrative Science Quarterly*, 29(2): 232-237; I. Lansberg & J.H. Astrachan (1994). Influence of family relationships on succession planning and training: The importance of mediating factors. *Family Business Review*, 7(1): 39-59; J.H. Chua, J.J. Chrisman & P. Sharma (1999). Defining the Family Business by Behavior. *Entrepreneurship Theory & Practice*, 23(4): 19-39.

[17] C.G. Brush & R. Chaganti (1998). Businesses without Glamour? An Analysis of Resources on Performance by Size and Age in Small Service and Retail Firms. *Journal of Business Venturing*, 14(3): 233–257; B.R. Barringer & A.C. Bluedorn (1999). The Relationship between Corporate Entrepreneurship and Strategic Management. *Strategic Management Journal*, 20(5): 421–444; P.J. Brews & M.R. Hunt (1999). Learning to Plan and Planning to Learn: Resolving the Planning School/Learning School Debate. *Strategic Management Journal*, 20(10): 889–913.

[18] J.A. Maxwell (1996). *Qualitative Research Design: An Interactive Approach*. Sage Publications: London.

[19] G.B. Murphy (1999). The effects of organizational sampling frame selection. Paper presented at the annual meetings of the Academy of Management, Chicago, 9–11.

[20] There is no unifying paradigm for research and practice in the field of family business studies. See: M. Wortman (1994). Theoretical foundations for family-owned business: A conceptual and research-based paradigm. *Family Business Review*, 7(1): 3-27. Sample size tends to be small and there is an overuse of case studies in family business research. Establishment of family business research as discipline needs a movement toward using larger data samples and shift from exploratory research toward causal research. See: B. Bird, H. Welsch, J.H. Astrachan & D. Pistrui (2002). Family Business Research: The Evolution of an Academic Field. *Family Business Review*, 15(4): 337-350.

[21] Aldrich & Baker (1997: 398) stated that “judging from normal science standards, entrepreneurship research is still in a very early stage. If no single powerful paradigm exists, then there is even less evidence for multiple coherent points of view.” H.E. Aldrich & T. Baker (1997). Blinded by the cites? Has there been progress in entrepreneurship research? (377-401). In D. L. Sexton & R. W. Smilor (Eds.), *Entrepreneurship 2000*. Chicago: Upstart.

[22] G.N. Chandler & D.W. Lyon (2001). Issues of research design and construct measurement in entrepreneurship research: the past decade. *Entrepreneurship Theory and Practice*, 25(4): 101–113.

[23] W.B. Gartner (1985). A Conceptual Framework for Describing the Phenomenon of New Venture Creation. *Academy of Management Review*, 10(4): 696–706.

repeatedly measure the same individuals, family, firm and relationships between them over time. This suggests the need for in-depth case studies taking into account the unique characteristics of succession processes[24], especially that case research is particularly useful at the early stages of theory development. Case studies provide greater ability to explore processes[25], and are a research strategy "which focuses on understanding the dynamics present within single settings" (Eisenhardt, 1989: 534)[26]. Taking into account the problems connected with the progress of entrepreneurship research raised by Grégoire, Meyer and De Castro (2002)[27] concerning 1) level of analysis (within or across industries-the letter has obvious advantages in terms of generalization, but might be misleading if differences between industry have not been identified); 2) a conception of entrepreneurship (as a firm-level phenomenon or other theoretically valid manifestation of entrepreneurship); 3) a method of obtaining data (archival records having advantages in terms of reliability and validity or relying on primary data); 4) data analysis (relying mainly on regression-based techniques or moving toward econometric techniques associated with the analysis of longitudinal datasets), one can decide how to analyze ownership succession and entrepreneurship aiming at reaching sound results.

Background assumptions

Stewardship theory[28] has been chosen as most appropriate when studying ownership succession in family firms in Poland. This assumption contradicts with latest framework proposed by Habbershon and Pistrui (2002)[29] who postulated the distinction between ownership and management issues in family firms allowing them to change the ownership mindset from "Family in Business" to "Family as Investor." Such a change is essential in pursuing the enterprising domain, i.e. concentrating on the business as an asset serving as a tool of meeting family wealth expectances often to the degree of selling the firm if this can turn out more profitable. One can say it is a radical approach to the firms led by families especially in the context of findings reported by Rosenblatt *et al*.[30]. They pointed out that family businesses are not concentrated on profits solely and also have non-financial goals. However, there are some special socio-economic circumstances in Poland which indicate the stewardship theory as being more suitable than agency theory, especially as applied to family ownership. The short period of free market economy makes the family firms quite young and small in their size and scope. The owners (founders) established their

---

[24] B.G. Glasser & A.L. Strauss (1967). *The discovery of grounded theory*. New York: Aldine; R. Goffee (1996). Understanding family businesses: Issues for further research. *International Journal of Entrepreneurial Behaviour & Research*, 2 (1):36-48.

[25] J. van Maanen (1983). *Qualitative methodology*. Sage: London.

[26] K.M. Eisenhardt (1989). Building Theories from Case Study Research. *Academy of Management Review*, 15(4): 532-550.

[27] D. Grégoire, G.D. Meyer & J.O. De Castro (2002). The crystallization of entrepreneurship research dvs and methods in mainstream management journals. In W.D. Bygrave, C.G. Brush, P. Davidsson, J. Fiet, P.G. Greene, R.T. Harrison, M. Lerner, G.D. Meyer, J. Sohl & A. Zacharakis (Eds.), *Frontiers of entrepreneurship research* (663-674). Babson Park: Babson College.

[28] L. Donaldson & J.H. Davis (1989). CEO governance and shareholder returns: Agency theory or stewardship theory. Paper presented at the annual meeting of the Academy of Management, Washington, DC; L. Donaldson & J.H. Davis (1991). Stewardship theory or agency theory: CEO governance and shareholder returns. *Australian Journal of Management*, 16(1): 49-64; J.H. Davis, F.D. Schoorman & L. Donaldson (1991). Toward a stewardship theory of management. *Academy of Management Review*, 22(1): 20-47.

[29] T.G. Habbershon & J. Pistrui (2002). Enterprising families domain: Family-influenced ownership groups in pursuit of transgenerational wealth. *Family Business Review*, 15(3): 223-237.

[30] P.C. Rosenblatt, L. deMik, R.M. Anderson & P.A. Johnson (1985). *The family in business: Understanding and dealing with the challenges entrepreneurial families face*. San Francisco: Jossey-Bass.

firms mostly 15-25 years ago in hope of passing them on the next generation having in mind the past period of state dominance where private ownership of the firm was mainly a hindrance, not a source of steady income. Thus, the owners and their children as would-be successors will not be willing to accept the non-family managers in their firms and concentrate only on governing the firms and abandoning them if the level of utility will drop below desired market return. They see the firm as a career opportunity for children; are pride of the chance of establishing family legacy[31], are able to increase their prestige in the neighborhood and between acquaintances. Such a conservative approach does not exclude the entrepreneurial behavior within the firm, though not as intense as in the firms from the "enterprising domain" which seem to pursue opportunity-driven wealth maximization taking no notice of the need for creation and achievement as a drive of opportunity exploitation bringing additional benefits in the form of wealth. The founders of family firms are often entrepreneurs, but as the time flows the entrepreneurial orientation of the firm may decrease, therefore the hypothesized increase in entrepreneurship after finished succession process is under investigation. The successors are brought up in the entrepreneurial culture and may benefit from it, but simultaneously, as the firm matures s/he may get used to the stabile operations of the firm and considerably reduces his/her need for achievement. The access to family firms from which the empirical data can be drawn is strongly limited to Controlling Owner and Siblings Partnership forms of ownership where ownership and management areas are in hands of the same persons. The owners and managers being the same persons simultaneously have to act in their family's favor because the family not necessarily must involve in the business; however the firm is a source of family's income generating. My choice of stewardship theory is here supported by literature that reports the tendency of owner-managers to have longer planning horizons than non-family managers[32] and what is more important, the owners are focused on intrinsic rewards, i.e. opportunities for growth, achievement, affiliation, and self-actualization[33] what can result in stronger inclination of owner-managers to engage in entrepreneurial actions and seems to be a most suitable assumption when examine entrepreneurship in family business. Similar findings showed Zahra stating that managers may not be interested in entrepreneurial activities due to concentration on career and short-term rewards[34]. Nevertheless, there are also the contradictory claims that the coupling of ownership and management amplified by the relations with the family make the family business to show propensity for conservative behaviors[35] which one can here in the context of entrepreneurship research with the use of Stevenson's continuum call administrative ones. Hence, the choice of stewardship theory, especially when researching on entrepreneurship, is a good one taking into account the proven positive influence on performance maximization and continued entrepreneurial behavior[36].

Categorical opting for one of the theories while rejecting the second can be treated as some kind of bias being simultaneously limitation factor. However, scientific model building means adoption of initial assumptions that are limitative by nature for models reflect the reality in a simplified way. Only the most important factors from viewpoint of research model are taking into

---

[31] Owners are reluctant to sell equity to outsiders, preferring to remain independent and transfer the business to the next generation. It is a common feature among owners, not only Polish ones. See: P. Westhead, M. Cowling & C. Howorth (2001). The development of companies: Management and ownership imperatives. *Family Business Review*, 14(4): 369-385.

[32] J.S. Harvey, Jr. (1999). Owner as manager, extended horizons and the family firm. *International Journal of the Economics of Business*, 6(1): 41-55.

[33] J.H. Davis, F.D. Schoorman & L. Donaldson (1991),...*op. cit.*

[34] S.A. Zahra (1996). Governance, ownership, and corporate entrepreneurship: the moderating impact of industry technological opportunities. *Academy of Management Journal*, 39(6): 1713-1735.

[35] J.M. Bloodgood, H.J. Sapienza & J.G. Almeida (1996). The internationalization of new high-potential US ventures: Antecedents and outcomes, *Entrepreneurship Theory & Practice*, 20(4): 61-76; S.M. Danes, V. Zuiker, R. Kean & J. Arbuthnot (1999). Predictors of family business tension and goal achievement. *Family Business Review*, 12(3): 241-252.

[36] S.A. Zahra (2001). Ownership and involvement in international expansion: An empirical test of stewardship theory among family firms. Paper presented at the Conference on Theories of the Family Enterprise: Establishing a paradigm for the field. University of Alberta, September 27-29.

consideration on the basis of initial assumptions determining the form of the model to some degree. Adopting the stewardship theory as a factor defining the target group of research enforces accepting a specific way of selecting of research sample.

Ownership succession in family firm-tentative assumptions

Call for investigating the early stages family business entrepreneurship[37] and pointing at the family business and entrepreneurship as distinct but overlapping fields[38] underlying the research theme. Attention must be paid to the fact that due to examining of succession process and young age of Polish family firms the first accessible firms being investigated will be the second generation firms.

The succession (transition) is considered as a "multistage process that exists over time, beginning before the heirs even enter the business" (Handler, 1994: 134)[39]. Though Churchill and Hatten (1987)[40] distinguished four stages: (1) a stage of owner-management, where the owner is the only member of the family directly involved in the business; (2) a training and development stage, where the offspring learns the business; (3) a partnership stage between founder and successor; and (4) a power transfer stage, where responsibilities shift to the successor, the entire process is divided into three sub-phases, i.e. the pre-succession, succession and post-succession. The second and third stages from Churchill and Hatten's conception has been juxtaposed here for the training and development of successor are an ongoing process lasting also when the successor work with his/her predecessor together-these stages are considered here with the fourth stage, i.e. the succession itself as one stage. The reason of it is that this division is the most appropriate here because the interplay between various family and non-family actors within the family firm can be captured and the influence on the entrepreneurship in the family firm can be measured in a way that permits the forces before and after the succession to separate, thereby their influence can be seized. The ownership can be passed down in two ways: as a one transition of the all shares or in a step-by-step manner. Yet, if the owner (predecessor) is handling down merely the part of ownership of the firm, the successor even if is in charge of it is still fettered by the will of the owner. Hence he cannot take the whole responsibility for the entrepreneurial events that happen after the succession. In order the aim of this work to fulfill there is the need to investigate only these family firms that have clear ownership status, i.e. the successor has the full ownership of the firm. Of course, one can deliberate that the majority of shares are the sufficient condition allowing the successor managing the firm; however the practice brings the contradictory data that corroborate the situation often found in family firms where the predecessor (founder) still plays a main role even if the succession has been completed[41]. The ownership succession process has been adopted from Gersick *et al*. (1997)[42] and is generally consistent with the more detailed one by Carlock and Ward (2001)[43]. Because the prevailing part of Polish family firms are young the succession will be considered between the all possible combination of two stages only, namely between the Controlling Owner and Siblings Partnership that yields four ways of ownership transition: Controlling Owner → Controlling Owner; Controlling Owner → Siblings Partnership; Siblings

---

[37] J.H. Astrachan (2003). Commentary on the special issue: the emergence of a field. *Journal of Business Venturing*, 18(5): 567-572; H. E. Aldrich & J. E. Cliff (2003). The pervasive effects of family on entrepreneurship: toward a family embeddedness perspective. *Journal of Business Venturing*, 18(5): 573-596.
[38] F. Hoy & T.G. Verser (1994). Emerging business, emerging field: entrepreneurship and the family firm. *Entrepreneurship Theory & Practice*, 19(1): 9-22.
[39] W.C. Handler (1994). Succession in family business: A review of research. *Family Business Review*, 7(2): 133-157.
[40] N.C. Churchill & K.J. Hatten (1987). Non-market-based transfers of wealth and power: A research framework for family businesses. *American Journal of Small Business*, 11(3): 51-64.
[41] R.S. Carlock & J.L. Ward (2001). *Strategic planning for the family business. Parallel planning to unify the family and business.* Palgrave: New York.
[42] K.E. Gersick, J.A. Davis, M. McCollom Hampton & I. Lansberg (1997). *Generation to generation. Life cycles of family business*. Harvard Business School Press: Boston.
[43] R.S. Carlock & J.L. Ward (2001),…*op. cit.*

Partnership → Controlling Owner; Siblings Partnership → Siblings Partnership. Controlling Owner as a predecessor encompasses two forms of possessing: the sole owner or the spouses as an owner (copreneurs). However, the Controlling Owner as a successor consists of two closely related forms: the sole owner (the only child) and the sole owner (the rest of siblings omitted and/or chosen their own careers outside the firm). Siblings Partnership regardless of predecessor or successor takes the form of quasi-parental arrangement, where the one of the siblings plays the main role like parent; first among equals; or siblings team[44].

Family dynamics and entrepreneurship

The great accent laid recently on the family as a basic unit of analysis when researching entrepreneurship in family firms[45] indicates the family should be in the central place when investigating the influence of ownership succession (transition) on entrepreneurship in family firms. Following the proposition of Aldrich and Cliff that the interaction between transitions in family, set of values and resources results in opportunity recognition one have to realize the necessity of taking a more broaden perspective of family dynamics. The wider perspective will permit us to follow the early influence of marital relationships set by young couple, the work-family relationships on socialization of children and other constituents of family dynamics. The inner, continuous interactions within the family along with the natural transitions comprises the fundaments on which the more particular interplays impacting the entrepreneurial behavior take place. One can posit it obvious that when the spouses decided to have children the transmission of the general knowledge, behaviors, norms and values will shape children's way of perception of real world. Children brought up by entrepreneurial parents will be instilled into the specific set of values, norms and behaviors that influence their personality and make them easier to take the bold, entrepreneurial actions when adults. Potential entrepreneurs must have an entrepreneurial mindset that enables opportunity recognition, and must perceive entrepreneurial activities as both desirable and feasible[46]. When we add the secondary socialization that takes place in the firm as the transmission of the idiosyncratic (tacit) knowledge possessed by their parents there is the great possibility of increasing children's awareness of taking over the firm and directing their life choices toward the active, deliberate preparation of necessary skills much needed as they will become the owners of the business. Contradictory impact may have the early experiences of firm-parent competition when the business had been placed in the children's consciousness as a rival for their parents' love. Such an experience amplified by work frustration brought into home arena by their parents may irreparably harm the children's attitudes toward the firm. However, the entrepreneurs focus on the past and current problems as the good occasion to dwell on rather seldom because they are future-minded individuals highly motivated by the opportunities to create and develop something new. They enjoy their work, and willingly work longer hours expecting the same attitude in others[47]. Summing up one can state that the initial career decision will depend on the above influences. Given the methodological assumptions one can easy see the role of time (the decisions to get married, set up a firm, having babies, processes of primary and secondary socialization, choosing a career path) and flow (the interactions between individuals within the family, especially the reciprocal causation). The intertwined role of both above assumptions is

---

[44] K.E. Gersick *et.al*. (1997),…*op. cit.*
[45] E.G. Rogoff & R.K.Z. Heck (2003). Evolving research in entrepreneurship and family business: recognizing family as the oxygen that feeds the fire of entrepreneurship. *Journal of Business Venturing*, 18(5): 559-566; H. E. Aldrich & J.E. Cliff (2003),… *op. cit.*; W.G. Dyer, Jr. (2003). The Family: The Missing Variable in Organizational Research. *Entrepreneurship Theory & Practice*, 27(4): 401-416; P. Davidsson & J. Wiklund (2000). Conceptual and empirical challenges in the study of firm growth. In D. Sexton & H. Landström (Eds.), *Handbook of entrepreneurship* (26-44). Oxford: Blackwell in T.G. Habbershon & J. Pistrui (2002),…*op. cit.*
[46] R.D. Hisrich & M. O'Brien (1982). The woman entrepreneur as a reflection of the type of business. In K.H. Vesper (Ed.), *Frontiers of entrepreneurship research* (54-67). Wellesley: Babson College.
[47] B. Bird & M. Jellinek (1988). The Operation of Entrepreneurial Intentions. *Entrepreneurship Theory & Practice,* 12(2): 21–29.

noticeable when looking at the intergenerational interactions. The career decision of a young man/woman (child-the would-be successor) impacts both the senior generation willingness to retire and the succession process itself as this decision conditions the length of the succession process being simultaneously in the reciprocal causation relationship with the ways of successor's preparation (e.g. summer jobs[48]; early entry in the firm[49]; education[50]; outside experience[51]; different tasks[52]; mentoring[53]). The long phase of successor's preparation encompasses the above mentioned elements aiming at developing proper skills and knowledge that should enable him/her managing the firm effectively. They can be divided into two sources of gaining the needed capabilities: the inner, taking place in the firm consisting of summer jobs, early entry in the firm, different tasks and mentoring referring to the second (business) socialization, and the outside the family and firm, i.e. education and outside experience. The elements of inner preparation facilitate the profound knowledge of the firm to adopt and strength the successor's commitment to the firm. Successor is gaining early experiences and meeting the role models being the triggers of entrepreneurial career. On the other hand, increased successor's commitment and identification with the firm may get him/her less willing to continue or begin entrepreneurial actions and more inclined to conservative behaviors. However the education and outside experience are the source of idiosyncratic knowledge conditioning the opportunity recognition described in subsequent chapters.

Raising children is an important process in entrepreneurial families having the strong impact on the career decision of children in the future conditioning not only the entry in the business but foremost the entrepreneurial behavior of theirs. Singaporean research done recently infers that the entrepreneurial attitude and abilities in a successor may be the key to success in family firm succession[54]. This can be treated as a proof of very close and positive relation between entrepreneurship and succession especially in the light of unconscious assumption that just the successful succession can trigger the entrepreneurial behaviors. It also means that waiting for entrepreneurial actions after the succession while not preparing the successor appropriately earlier before the succession has been completed is a misleading way of reasoning and just the shaping of attitude and developing the successor's abilities, in particular these entrepreneurial ones, is the best way of increasing entrepreneurship in family businesses. In such a way one can notice the influence of entrepreneurship on the family business success that makes them real overlapping domains as suggested by Hoy and Verser[55], but moreover also the overlapping areas of human activity.

---

[48] D.M. Ambrose (1983). Transfer of the Family-Owned Business. *Journal of Small Business Management*, 21(1): 49-56; A.B. Ibrahim & W.H. Ellis (1994). *Family Business Management: Concepts and Practice*. Iowa: Kendall/Hunt Publishing; E. Kepner (1983). The Family and the Firm: A Coevolutionary Perspective. *Organizational Dynamics*, 12(1): 57-70.

[49] In their study of entrepreneurial careers, Dalton and Holdaway noted that many of the entrepreneurs they interviewed reported that they had significant family responsibilities at a young age and were given opportunities by the family to engage in entrepreneurial activities. G.W. Dalton & F. Holdaway (1989). Preliminary findings-entrepreneur study. Working Paper, Brigham Young University in W.G. Dyer, Jr. & W.C. Handler (1994). Entrepreneurship and family business: exploring the connections. *Entrepreneurship Theory & Practice*, 19(1): 71-82.

[50] J.G. Longenecker & J.E. Schoen (1978). Management Succession in the Family Business. *Journal of Small Business Management*, 16(3): 1-6.

[51] J.G. Longenecker & J.E. Schoen (1978),…*op. cit.*; J.A. Barach, J. Ganitsky, J.A. Carson, & B.A. Doochin (1988). Entry of the Next Generation: Strategic Challenge for Family Business. *Journal of Small Business Management,* 26(2): 49-56; A.B. Ibrahim & W.H. Ellis (1994),… *op. cit.*

[52] J.G. Longenecker & J.E. Schoen (1978),…*op. cit.*

[53] C. McGivern (1978). The Dynamics of Management Succession: A Model of Chief Executive Succession in the Small Family Firm. *Management Decision*, 16(1): 32-41; W.G. Dyer, Jr. (1986). *Cultural change in family firms: Anticipating and managing business and family transitions*. San Francisco: Jossey-Bass.

[54] W. Tan & S.T. Fock (2001). Coping with growth transitions: The case of Chinese family businesses in Singapore. *Family Business Review*, 14(2): 123-152.

[55] F. Hoy & T.G. Verser (1994),...*op. cit.*

Social sciences defined the process of induction of an individual into the objective world as socialization and divided it into two phases[56]: primary that can be also labeled family, and secondary, labeled as business. Values, behaviors, knowledge are conveyed during the primary socialization. Children are equipped by their parents with the bundle of general knowledge of the real world and the basic values, norms, behaviors that enable them to live and find their own place in the world (live their own live without the protective parents' umbrella, earning a live, have their own family, etc.). If this happens in a nurturing, supportive, and challenging environment children are developing high need for achievement[57] and are immersed in family history step by step what is an excellent tool of transmitting family values and building the culture. This is the right time for familial fables that learned in childhood do impact upon future entrepreneurial actions[58]. From the entrepreneurship stance norms regarding family business interaction, attitudes toward work and family[59], e.g. work enjoyment and satisfaction brought into family circle, knowledge about business matters, can result in the increased interest in family firm encouraging children to take summer jobs, gaining work experience, enrolling the appropriate college courses increasing children awareness of taking over the firm. It seems to be characteristic that the right, supportive environment can have the second, "dark side of Venus", namely this environment is created by the active role of parents, and may influence the successor in an opposite way as "the less the expectation, the more enthusiastic the contributions of the next generation will be, since they are made as a matter of the child's choice, rather than the result of parental expectation" (Ward and Mendoza, 1996: 180)[60]. This stage of primary socialization is also the place where children meet the entrepreneurial culture of the firm influencing the entrepreneurial behavior.[61] Quite opposite situation where the family does not guarantee a favorable conditions of an entrepreneurial development results in an individual who is "often inconsistent and confused about his motives, desires, and wishes, a person under a lot of stress" (Kets de Vries, 1977: 35-36)[62]. The entry in the firm and acquisition of specific firm-related knowledge (tacit) takes place in this place as well as. Value of this knowledge is undeniable for it determines the innovation potential and the possible advantage the firm may gained[63]. Knowledge is transmitted on the base of high quality relationships[64] between predecessor, other family members, non-family employees and successor, and the quality of these relationships seem to be paramount as they condition the effectiveness of this process. The relationships are also the base on which the training of the successor in the firm is carrying out[65]. The training can be realized as a mentoring that is an excellent tool of transmitting knowledge, skills, experience and networks, but it is the need to say that mentoring must be adapted to successor's personality. Yet, it is still vague if the parent should be a mentor if not[66]. Beside the experience gained by the early entering the firm the college education is the second

---

[56] P. Berger & T. Luckmann (1966). *The social construction of reality: A Treatise in the sociology of knowledge*. London: Penguin Books.
[57] D.C. McClelland (1965). Achievement motivation can be developed. *Harvard Business Review*, 43(6): 6-24.
[58] R. Smith (2002). Inspirational tales: Propagating the entrepreneurial narrative amongst children. In W.D. Bygrave, C.G. Brush, P. Davidsson, J. Fiet, P.G. Greene, R.T. Harrison, M. Lerner, G.D. Meyer, J. Sohl & A. Zacharakis (Eds.), *Frontiers of entrepreneurship research* (101-114). Babson Park: Babson College.
[59] H.E. Aldrich & J.E. Cliff (2003),…*op. cit.*
[60] J.L. Ward & D. Mendoza (1996). Work in the family business. In H.Z. Lopata & A.E. Figert (Eds.), *Current Research on Occupations and Professions*, vol. 9 (167-188). Greenwich, CT: JAI Press.
[61] T.K. Lant & S.J. Mezias (1990). Managing discontinous change: A simulation study of organizational learning and entrepreneurship, *Strategic Management Journal*, 11(Special issue): 147-179.
[62] Kets de Vries, M. F. R. (1977). The entrepreneurial personality: A person at the crossroads. *Journal of Management Studies*, 14(1): 34-57.
[63] G. von Krogh, K. Ichijo & I. Nonaka (2000). *Enabling knowledge creation: How to unlock the mystery of tacit knowledge and release the power of innovation*. Oxford University Press: New York.
[64] J.L. Ward (1987),...*op. cit.*
[65] K.C. Seymour (1993). Inter-generational relationships in the family firm: The effect on leadership succession. *Family Business Review*, 6(3): 263-281.
[66] K.E. Kram (1983). Phases of the mentor relationship. *Academy of Management Journal*, 26(4): 608-625.

source of training[67]. In the light of the above observations one can agree with Timmons's statement that there is increasing evidence that successful entrepreneurs emerge from a combination of work experience, study and the development of appropriate skills[68] though Mitton (1997: 192)[69] observed that "most entrepreneurs appreciate that experience is the best teacher".

Family firm culture and entrepreneurship

Culture in family firms is created by the interactions between family culture, particular family and non-family individuals and is strongly influenced by founder's posture[70]. Entrepreneurship is enmeshed with culture[71], and was proved to be a relevant framework in which entrepreneurial behavior had been studied[72]. In order the entrepreneurial behaviors and actions to find a fertile ground such a culture should be an effective one described by Ireland and Hitt (1999: 51)[73] as culture "in which organizational citizens understand that competitive advantage do not last forever and that the firm must move forward continuously". If the founders are opportunity-driven persons the entrepreneurial orientation and actions taken by the successor(s) will meet a positive feedback from parents. Also the actions themselves will meet a well-prepared ground in the firm as the employees' attitudes embedded in an open, innovation and change-oriented culture will be favorable of them. It seems that paternalistic culture, the oftenest one found in family firms, being a true intersection of strong authority and hierarchical relationships can be a hindrance for entrepreneurial actions, even if the founder was an opportunity seeker, when the firm grew considerably and "reached the plateau" as to its previous entrepreneurial drive focusing instead on stabile stream of income for family purposes. Culture created by him/her encompasses a pattern of obey, namely the entrepreneurial opportunities had been spotted, recognized, seized by the founder-owner-leader as a true helmsman of this family ship. These founders-entrepreneurs behave like monarchs from Sonnenfeld's typology[74] being not willing to pass the power on the successor till their end (serious illness, death). Both the founder's posture and the created by him/her culture do not comprise a favorable circumstances for entrepreneurship intensification. However, if the firm has been continuously run in the entrepreneurial manner, i.e. the founder's actions led the firm to the new areas of activities, namely markets and/or products, the entrepreneurial culture and the successor himself brought up in it will be prepared to continue this drive. There is every likelihood that founders behave so taking into consideration various founder's traits showed in the relevant literature that indicate them as high entrepreneurial persons. They are considered having high commitment to the business[75], having propensity for anticipating problems and dealing with them proactively[76], having intuition and management style allowing to effectively seizing opportunities[77], creative[78], commitment to customers[79]. If only the successor's personality

---

[67] K. Cabrera-Suárez, P. De Saá-Pérez & D. García-Almeida (2001). The succession process from a resource-and knowledge-based view of the family firm. *Family Business Review*, 14(1): 37-47.
[68] J.A. Timmons (1989). *The Entrepreneurial Mind*. Andover: Brick House Publishing.
[69]D.G. Mitton (1997). Entrepreneurship-One more time: Non cognitive Characteristics That Make the Cognitive Clock Tick. In P.D. Reynolds (Ed.), *Frontiers of Entrepreneurship Research* (189-203). Wellesley: Babson College.
[70] See: W.G. Dyer, Jr. (1986),…*op. cit.*
[71] R. Peterson (1988). Understanding and encouraging entrepreneurship internationally. *Journal of Small Business Management*, 26(2): 1-7.
[72] L. Gundry & M. Ben-Yoseph (1998). Women entrepreneurs in Romania, Poland and the United States: Cultural and family influences on strategy and growth. *Family Business Review*, 11(1): 61-74.
[73] R.D. Ireland & M.A. Hitt (1999). Achieving and maintaining strategic competitiveness in the 21st century: The role of strategic leadership. *Academy of Management Executive*, 13(1): 43-57.
[74] J.A. Sonnenfeld (1988). *The hero's farewell: What happens when CEOs retire*. New York: Oxford University Press.
[75] R.M. Cyert & J.G. March (1963). *A behavioral theory of the firm.* Englewood Cliffs, Prentice-Hall: New York.
[76] J. Hornaday & J. Aboud (1971). Characteristics and Role Demands of Entrepreneurship. *Personal Psychology*, 24(2): 141-153.
[77] H.H. Stevenson, M. Roberts & H.I. Grousbeck (1989). *New Business Ventures and the Entrepreneur* 3rd ed. Homewood, Ill.: Richard D. Irvin.
[78] P.F. Drucker (1985). *Innovation and Entrepreneurship in the American Corporation.* New York: Harper & Row.
[79] D.C. McClelland (1987). Characteristics of Successful Entrepreneurs. *The Journal of Creative Behavior*, 21(3): 219-233.

resembles his/her antecedent's there is no need to changes. He can start the entrepreneurial activities straight away.

Laissez-faire culture is more open one due to the lower family authority. One can say the formal side of power is still in family hands, but the informal one is weaker making place for the employees to engage in entrepreneurial actions. In these firms the employees can be an entrepreneurial engine pulling the firm in the new market/product combinations. What can seem paradoxical, these actions can be blocked by the top management/owners acting here more conservatively. This kind of family firm culture may occur after founder-monarch departure who suppressed the innovativeness and proactiveness of the staff and find a fertile ground under the new owner reign. Strong hierarchical dependency with a weak exercise of authority causes the specific situation where the employees may behave more entrepreneurial then the owner-manager, when s/he has an administrative mindset. Then the basic problem emerging from such a coupling is the bottom-up relations between the employees and the owner and the number of levels of management within the firm (size of the firm). If they fail the entrepreneurial power will be wasted, but if the will be based on good relations the spotted opportunities can wait till their implementations.

When the high level of family authority meets the low hierarchical relationships then the participative type of family culture occurs. This rather rare one in family firms may be the case when a firm was established by the partners-siblings or other relative combinations who wields the power as equal leaders or when the firm was passed down to the children of retired/dead founder. Their stance may facilitate group collaboration and this kind of culture may unravel an entrepreneurial opportunity seeking on both levels: the higher represented by family owners and the lower by employees. It seems that opportunity recognition broadened in such a way may result in the increased chance of choosing the best possible one. But there is also the second dark side of this culture, namely the problems emerging during evaluation and selection. Plethora of various opportunities spotted by many individuals who differs as to their way of perception will result in more formal, protracted evaluation and selection processes loosing the right time to seize them. The owners act as ambassador and are so treated by employees since they created a collaborative climate in the firm they are no longer perceived as the power holders. Hence, the problem of quick and effective chose of opportunity is the crucial one in this culture framework. However, orientation toward employees, group collaboration is the strong side of the firm. Thus, the proper coordination of opportunity recognition process will shorten the time needed to pursue an opportunity and amplify the entrepreneurial mindset.

There can be various reasons that lead the family firms to the decision of entering the road of professionalization. Moreover, there are various paths of its implementation. As a rule, the wholly professionalized ones have been emerged within the space of many years. Although they are very rare, there is also a possibility of being a professional family firm in the first generation or at least when the successor(s) took it over (the case of a technological firm run by high educated, experienced professionalists of one family who set up their small firm that serves an earlier noticed niche or the firm inherited by the successor(s) excellent prepared to taking over and running the firm). The high awareness of the rapid breakthrough changes occurring in the technological sector and the necessity of continuous pursuing new knowledge and methods of implementation in order to meet customer's demand make the founder to assume a governor posture and make the succession process well prepared and smoothly processed. Nevertheless, the easier communication as a result of loosen hierarchical relationships and lower pressure of family authority may lead to concentration on current operation tasks paying no attention to opportunity seeking thus decreasing the entrepreneurship level in the firm. In order to avoid this scenario one need to assure an effective leadership. Family owner has to demonstrate here the clear vision of the firm with strong, opportunity-driven mindset supported by appropriate leadership skills that enable the firm take the right course. Of course, there is also the second possibility where the rather liberal family impact by low hierarchical relationships and family authority release the huge amount of entrepreneurial behavior (OR) that need only a coordination efforts.

The above coupling of four family firm cultures and founder's type are made for the sake of research model. It is very clear and helps capturing the distinctive traits of each of the juxtaposed pair. It can be used here in describing the model relationships only and by no means can be generalized to the entire population of family firm as in the real world there are many other combinations of them. The above description is relevant to the situation where family business culture is created under the great influence or, even more bluntly, dominance the founder's strong personality. Such assumption is true given that most firms, not only family ones, are set up by a sole owner-entrepreneur who had the clear vision of his firm and motivation to pursue it. Yet, there are also firms established by a few founders. If the case of family firms these are marital couples, siblings or much seldom, the other combination of relatives. Then, the culture is not so strictly linked with one person but the influences of founders are mixed. The result of such a mixture is a firm culture which resembles family culture more unlike founder dependent one. The distinction between cultures influenced by a sole and a few family members with reference to entrepreneurship has been presented recently[80]. This framework can be used in the situation of ownership succession where two siblings (heirs) are in charge of the firm.

Entering the succession-adults relationships in family firm

Of great importance is here the cross-generation communication and cooperation, because it warrants the surviving of the firm deciding in such a way if the firm will be passed on to the children and the entrepreneurial odyssey will be perpetuating. If the parents, maybe with the help of the grandparents or other family members, are willing to establish a good communication patterns with their children since they are still small kids and the children want to take up the challenge the succession may occur an obvious and smooth task having no wrong impact on the process itself. The proper intergenerational relations facilitate the succession: each side of the process knows its own role and engages only in these activities that are heading for the set goal of passing down/taking over the firm. Such cooperation aims at shortening the process in order not to loose family and firm energy, resources, good relations with inner and outer non-family stakeholders. The sooner and easier the firm completes this task the lesser family resources-"familiness"[81] will be lost allowing the firm concentrates on the entrepreneurial activities just after the succession. The second implication emerging from the good communication and cooperation is the willingness of the founder to let go[82] and transfer the family leadership to the next generation. It is important to emphasize the will of predecessor who decided to hand the baton of family leadership down to the successor. If it happened one has to state that the most frequent fears associated with the succession within the firm and family have been overcome. Lansberg (1988, 1991)[83] identified the oftenest fears of succession: fear of differentiation among siblings; offspring's fear of being perceived greedy; spouses fear of loose identity and activities; family's fear of the leader's death; becoming less relevant; being forgotten. Overcoming these fears must precede the launching of entrepreneurial actions. If not, the successor decisions may be paralyzed.

---

[80] A. Hall, L. Melin & M. Nordqvist (2001). Entrepreneurship as radical change in the family business: Exploring the role of cultural patterns. *Family Business Review*, 14(3): 193-208.
[81] T.G. Habbershon & M. Williams (1999). A resource-based framework for assessing the strategic advantages of family firms. *Family Business Review*, 12(1): 1-22.
[82] Founder's resignation is not a specialty of family businesses; also non-family founders have the same problems, e.g. G.C. Rubenson & A.K. Gupta (1992). Replacing the founder: Exploding the myth of the entrepreneur's disease. *Business Horizons*, 35(6): 53-59; G.C. Rubenson & A.K. Gupta (1996). The initial succession: A contingency model of founder tenure. *Entrepreneurship Theory & Practice*, 21(2): 21-35; I. Adizes (1999). *Managing corporate life cycles*. Englewood Cliffs, NJ: Pretince Hall; S.T. Certo, J.G. Covin, C.M. Daily & D.R. Dalton (2001). Wealth and the effects of founder management among IPO-stage new ventures. *Strategic Management Journal*, 22(6-7): 641-658; W. Boecker & R. Karichalil (2001). Entrepreneurial transitions: Factors influencing founder departure. *Academy of Management Journal*, 45(3): 818-826.
[83] I. Lansberg (1988). The succession conspiracy. *Family Business Review*, 1(2): 119-143; I. Lansberg (1991). On retirement: A conversation with Daniel Levinson. *Family Business Review*, 4(1): 59-73.

Taking into account the founder's typology proposed by Sonnenfeld (1988)[84] it is clear that monarchs and generals will be unwilling of letting go and even try to get back the lost heroic stature and mission when they had to retire earlier. However, the ambassadors and governors will act having in mind the wellness of the whole family and firm even supporting the successor's actions to the best of their ability. This can enable the new leader to take the entrepreneurial actions without hesitation. After the succession is over the new owner-manager-leader with his family is the focal point of research as the main theme of the dissertation is the relation between ownership succession and entrepreneurship. Now, when the successor runs the firm the entire cycle of family and family involvement commences once again except that the successor in contrast to the senior generation does not launch the completely new business but managing the existing firm may change the direction by entering new market/releasing product or setting up new ventures. Nevertheless, as it was in the case of parents the owner has to establish relationships with his/her spouse, children and extended family and work-family relations as well. These will have the considerable impact on the entrepreneurial behavior of the owner and may even decide if the firm will increase the entrepreneurship when the weakness of the owner will be taken advantage of by his/her family sponging off him/her. Considering the family dynamics there is the need to pay greater attention to the role of founder (parent) who does not want to reconcile himself to the fact of loosing the first position in the firm frequent amplified by the prepared by the successor changes resulting from the opportunity-driven son/daughter who intends making redirection current strategy of the firm. Tagiuri and Davis reported the fathers' complaints about the speed of their sons' progress[85]. In order to the entrepreneurial changes will come true the owner has to "reinterpret the entrepreneurial hero, challenge past strategy paradigms" (Harris, Martinez, Ward, 1994: 165)[86]. Family firms are peculiar businesses where the emotional bonds between family members can make the firm reluctant to changes and continuing the service of the same markets and holding on to the same products. New owner faces then the incredibly hard task of changing the old philosophy where the opposition consists of the retired parent who may use his good relations with the staff, because founders tend to influence the direction of the firm even they formally passed the firm on the children[87]. Then he can play the role of savior of the firm especially when the staff got used to his way of managing the firm and the expected changes are not welcome. Thus, he can hinder the entrepreneurial behavior of the new owners (children) counting on their own authority in the family and the relations with children and especially with the firm's staff that can exhibit the huge amount of organizational inertia facing the profound changes coming with entrepreneurial orientation and opportunity seeking approach. If the successor is too weak to overcome his parent influence the firm will be achieving the founder-dependent strategy[88]. It is especially true, if we pay attention to the fact that ownership succession is "accomplished slowly or even avoided in order for the predecessor to maintain control"[89] (Handler, 1990: 48).

The strong emotional bonds may have here the second dangerous side, namely siblings' rivalry if they are successors simultaneously. Such a rivalry oftener happens between brothers[90]. One has to notice that rivalry may have its roots in the childhood period of siblings as a result of strong competition between the children when each of them tried to capture more parents' love and

---

[84] J.A. Sonnenfeld (1988),...*op. cit.*
[85] J. Davis & R. Tagiuri (1989). Life stages and father-son work relationships. In C.E. Aronoff, J.H. Astrachan & J.L. Ward (Eds.), *Family Business Sourcebook II* (421-432). Marietta: Business Owners Resources.
[86] D. Harris, J.I. Martinez & J.L. Ward (1994). Is strategy different for the family business? *Family Business Review*, 7(2): 159-173.
[87] W.G. Dyer, Jr. (1986),…*op. cit.*; W.C. Handler (1994),…*op. cit.*; E.H. Schein (1995). The role of the founder in creating organizational culture. *Family Business Review*, 8(3): 221-238; M.F.R. Kets de Vries (1996). *Family business: Human dilemmas in family firms*. London: International Thompson Business Press.
[88] J.H. Astrachan & C.E. Aronoff (1997). *Preparing your family business for strategic change*. Family Business Leadership Series, No 9. Marietta: Business Owner Resources.
[89] W.C. Handler (1990). Succession in family firms: A mutual role of adjustment between entrepreneur and next generation family members. *Entrepreneurship Theory & Practice*, 15(1): 37-51.
[90] H. Levinson (1971). Conflicts That Plague the Family Businesses. *Harvard Business Review*, 49(2): 90-98.

attention at the expense of the other, but they may occur in the adulthood as well without connection with their background. Regardless the causes the rivalry may destroy siblings' cooperation resulting in poor firm's performance as the family conflict[91] spreads swiftly reaching the business. If the conflicting situation will be protracted the entrepreneurial actions cannot be launched. As for opportunity recognition, taking entrepreneurial orientation or moving toward entrepreneurial continuum[92] family owners-managers, if they are successors and co-owners of the firm, have to work out the coherent vision of the firm. One can assume that if the senior generation decided to hand the firm down on the two or more children they prepared their children to run the firm as a team. Of course, it may be true but quite often parents want to divide the firm into their children regardless their personalities and skills as if the firm would be the parents' love[93]. If it happened so, the development of the firm will not be possible. Taking the above into account the family business comprises the platform on which various views clash endlessly, resulting in the conflicts. It suggests that they are potential ideal places where the "renaissance management"[94] referring to happy medium principle can occur in the form of reconciliation of rivalry and cooperation, i.e. coopetition.

Environment, business and entrepreneurship

Notice should be taken of the size of the business and firm life cycle stage here. It is obvious that firm's size will be associated with the possibility to increase the entrepreneurship in the firm. The small firm may behave more entrepreneurially due to lesser formal coordination and closer relationships between all family firm stakeholders. It is not at variance with the fact of entrepreneurial large firms' occurrence (e.g. 3M). But if we overlap the size of the firm with the life cycle stage one can spot that small firm does not have to be entrepreneurial one due to the mature stage of the firm. Also each stage of development is accompanied by peculiar problems[95] that must be resolved before the firm enters the next one. The importance of the firm life stage has to be relevant since there appeared the scientific claims reporting the joint impact of life sage and role requirement on the perpetuating the entrepreneurial direction commenced by the founder[96]. Depending on the specific combination of the two factors mentioned above the successor should or not take on the entrepreneurial actions has been doing so far. Thus, the business itself and the environment are important variables in entrepreneurship theory influencing opportunity

---

[91] S. Swartz (1989). The challenges of multidisciplinary consulting to family-owned businesses. *Family Business Review*, 2(4): 329-339; R.A. Prince (1990). Family business mediation: A conflict resolution model. *Family Business Review*, 3(3): 209-223; K. Kaye (1991). Penetrating the cycle of sustained conflict. *Family Business Review*, 4(1): 21-44.

[92] H.H. Stevenson (1983). A perspective on entrepreneurship. *Harvard Business School Working Paper*, 9-384-131; H.H. Stevenson & J.C. Jarillo (1986). Preserving entrepreneurship as companies grow. *Journal of Business Strategy*, 6(5): 10–23; H.H. Stevenson & J.C. Jarillo (1990). A perspective of entrepreneurship: entrepreneurial management. *Strategic Management Journal,* 11(1): 17–27.

[93] K.E. Gersick *et al*. (1997),…*op. cit.*

[94] S. Carter (1999). *Renaissance Management. The rebirth of energy and innovation in people and organizations*. Kogan Page: London.

[95] L.E. Greiner (1972). Evolution and Revolution as Organizations Grow. *Harvard Business Review*. 50(4): 37-46.

[96] N. Churchill & V. Lewis (1983). The five stages of small business growth. *Harvard Business Review*, 61(3): 30-50; S. King, G. Solomon & E. Winslow (1996). Entrepreneurial Leadership: Interrelationships among Adult Development, Leadership Characteristics and Organizational Lifecycle. *Journal of Management Systems*, 8(1-4): 39-49.

recognition[97]. Yet not the environment itself but the way of perception of it by the entrepreneurs determines their behaviors[98].

Psychological process of entrepreneurship in family firm

If the successor will continue or begin the entrepreneurial path not only the business related issues have an impact, for intentionality distinguishes the entrepreneur[99]. Hence, there is the need to understand the role of the individual who triggers that process[100] as an act of human volition[101].Thus, one can assume that personal traits (personality) along with social and cultural factors shaping them[102] influence on the successor choices concerning entrepreneurship in the family firm. Yet, entrepreneurship scholars who have tested the existence of personality traits stated that the traits are common also to several other groups of people[103]. For example, Amit, Gloster and Muller (1993) reported these psychological traits do not distinguish the entrepreneur from the manager[104]. Moreover, Baron (2002: 227)[105] has stated recently that "efforts to study entrepreneurs-their characteristics, their behavior, their skills, or their aptitudes-constituted a dead-end strategy which would ultimately add little to our understanding". Nonetheless, the founders are often entrepreneurs bold enough to start their own business career showing their need for achievement and being their own men/women[106]. Entrepreneurs had been also characterized on the

---

[97]W. Long & W.E. McMullan (1984). Mapping the New Venture Opportunity Identification Process. In J.A. Hornaday (Ed.), *Frontiers of Entrepreneurship Research* (567-591). Wellesley: Babson College; H.H. Stevenson & D.E. Gumpert (1985). The Heart of Entrepreneurship. *Harvard Business Review*, 63(2): 85–94; C.M. Gaglio & P. Taub (1992). Entrepreneurs and Opportunity Recognition. In N.C. Churchill (Ed.), *Frontiers of Entrepreneurship Research* (136-147). Wellesley: Babson College; M.P. Bhave (1994). A Process Model of Entrepreneurial Venture Creation. *Journal of Business Venturing*, 9(3): 223–242.

[98] There was found a relationship between the way of perception of environment as a complex, unstable and uncertain and the proactive behaviors. See: A. Mukhejri & P. Hurtado (2001). Interpreting, categorizing and responding to the role of culture in strategic problem definitions. *Management Decision*, 39(2): 105-112.

[99] B. Bird & M. Jellinek (1988),…*op. cit.*

[100] J.W. Carland, F. Hoy & J.A. Carland (1988). Who is an Entrepreneur? Is a Question Worth Asking. *American Journal of Small Business*, 12(4): 33-39.

[101] C.W. Hofer & W.D. Bygrave (1992). Researching entrepreneurship. *Entrepreneurship Theory& Practice*, 16(3): 91-100.

[102] A. Shapero & L. Sokol (1982). The social dimension of entrepreneurship. In C.A. Kent, D.L. Sexton & K.H. Vesper (Eds.), *Encyclopedia of entrepreneurship* (72-88). Baylor University Press.

[103] M.B. Low & I.C. MacMillan (1988). Entrepreneurship: Past Research and Future Challenges. *Journal of Management*, 14(2): 139-161.

[104] R. Amit, L. Glosten & E. Muller (1993). Challenges to Theory Development in Entrepreneurship Research. *Journal of Management Studies*, 30(5): 815-833.

[105] R.A. Baron (2002). OB and entrepreneurship: The reciprocal benefits of closer conceptual links. In B.M. Staw & R.M. Kramer (Eds.), *Research in Organizational Behavior* (225-269). JAI Press: New York.

[106] There is a huge literature describing the entrepreneurial personality. Authors pointed to need for achievement D.C. McClelland (1961). *The achieving society*. Princeton: Van Nostrand; B. Johnson (1990). Toward a multidimensional model of entrepreneurship: The case of achievement motivation and the entrepreneur. *Entrepreneurship Theory and Practice*, 14(3): 39-54; need for independence C.W. Golby & G. Johns (1971). Attitude and Motivation. *Committee of Inquiry on Small Firms.* Research Report 7. London: H.M.S.O; need for control R.H. Brockhaus (1982). The Psychology of the Entrepreneur. In C.A. Kent, D.L. Sexton & K.H. Vesper (Eds.), *Encyclopedia of Entrepreneurship* (288-307). Baylor University Press; locus of control J.B. Rotter (1966). Generalised Expectancies for Internal Versus External Control of Reinforcement. *Psychological Monographs Whole* No. 609, 80; becoming their own men/women D.J. Levinson (1978). *Seasons of a man's life*. New York: Basic Books; commitment and determination, opportunity obsession, tolerance of risk, ambiguity and uncertainty, creativity, self reliance and ability to adapt, motivation to excel and leadership J.A. Timmons, L.E. Smollen & A.L.M. Dingee (1990). *New Venture Creation Entrepreneurship in the 1990's* (3rd edition). Homewood: Irwin; risk-taking, innovativeness, entrepreneurial drive J.W. Carland, J.A. Carland & F. Hoy (1992). An entrepreneurship index: An empirical validation. Paper presented at the Babson Entrepreneurship Conference. Fontainebleau: France, July; J.A. Carland, J.W. Carland & W.H. Stewart (1996). Seeing what's not there: The enigma of entrepreneurship. *Journal of Small Business Strategy*, 7(1): 1-20. Other personal characteristics of entrepreneurs one can find in: R.H. Brockhaus (1980). Risk taking propensity of entrepreneurs. *Academy of Management Journal*, 23(3): 509-520; W.C. Dunkelberg & A.C. Cooper (1982). Entrepreneurial typologies. In K.H. Vesper (Ed), *Frontiers of entrepreneurship* (1-15). Wellesley: Babson College; R.H. Brockhaus & P.S. Horwitz

matrix having the creativity and innovativeness as one continuum and management skills and business know-how on the second one[107]. Nonetheless, there is also the second side of entrepreneur's personality encompassing distrust, poor communication and authoritarian style of leadership[108] that strongly impact his/her ability to run a family business. These traits can decide if their offspring as successors will be entrepreneurs as well in two ways: the dependent and independent ones. As for the former the child's rearing in the entrepreneurial surroundings with the father/mother or both entrepreneurial ones influence its character. Parents have here the free space in which they can consciously shape their children personality or leave the development of their children course of events. The letter way of gaining the entrepreneurial personality, i.e. set of entrepreneurial traits characteristic of a given person, is the genetic hereditary that lay beyond the intention of parents/children[109]. Taking the above contradictory findings into consideration one can posit that the traits solely are not sufficient in explaining entrepreneurial activities and should be coupled with other factors. Since there are divergent opinion concerning the importance of traits in distinguishing entrepreneurs from entrepreneurs and the question if there is an entrepreneurial personality needs to be answered the necessity of juxtaposing the personal (psychological) and interpersonal (social) models arises. Taking into account the trait, interactive and social development models one can explain the phenomenon of entrepreneurship more effectively. In short, the interactive model[110] posits the interactions between the individual (here: successor) and the environment resulting in subjective interpretation of reality impacting the person's beliefs. Beliefs condition the attitudes that according to Fishbein resulting in intentions that are the predictors of behavior[111]. Therefore Fishbein's sequence serves here as a juncture between personality and behavior with intermediates cognitive mechanisms, beliefs, attitudes and intentions. The interactive approach can be fit into the social development model[112] in which one of the constituencies of entrepreneurial personality, i.e. entrepreneurial identity is shaped as a result of interactions of the person (here: successor) with the various situations with the help of reference groups[113]. One needs to posit that reference groups encompass the outside groups, e.g. entrepreneurs, college fellows, and the family as a group in which the successor found the earliest possibilities of comparison. The successor's personality and preparation is the starting point if the entrepreneurial career[114] is to be considered. Essentially launching such a career is a true intersection of personal traits and successor's experiences gained during his/her preparation. If the

---

(1986). The psychology of the entrepreneur. In D.L. Sexton & R.W. Smilor (Eds.), *The Art and Science of Entrepreneurship* (25-48). Cambridge: Ballinger; A.L. Carsrud, K.W. Olm & G.G. Eddy (1986). Entrepreneurship: Research in quest of a paradigm. In D.L. Sexton & R.W. Smilor (Eds.), *The Art and Science of Entrepreneurship* (367-378). Cambridge: Ballinger; J.W. Carland & J.A. Carland (1991). An Empirical Investigation into the Distinctions between Male and Female Entrepreneurs and Managers. *International Journal of Small Business*, 9(3): 62-72.

[107] N.D. Fast (1982). Venture capital investment and technology development. In K.H. Vesper (Ed.), *Frontiers of Entrepreneurship Research* (288-293). Wellesley: Babson College; J.A. Timmons (1994). *New Venture Creation, Entrepreneurship for the 21st Century*. Irwin, Burr Ridge: Illinois.

[108] M.F.R. Kets de Vries (1985). The dark side of entrepreneurship. Harvard Business Review, 63(6):160-167.

[109] The influence of genetically hereditary traits has been examined recently on a small sample of MBA students. Although the results are tentative they showed a positive relationship between level of testosterone (biological heredity) and entrepreneurial behavior; testosterone level and risk propensity (psychological heredity); risk propensity and the likelihood of entrepreneurial experience. Authors indicated further, more detailed examination of findings. See: R.E. White, S. Thornhill & E. Hampson Entrepreneurs and evolutionary biology: The relationship between testosterone and new venture creation. Under first review at Organization Science.

[110] E. Chell (1985). The Entrepreneurial Personality: A Few Ghosts Laid to Rest? *International Small Business Journal*, 3 (3): 43–54.

[111] M. Fishbein & I. Ajzen (1975). *Belief, Attitude, Intention, and Behavior: An Introductory to Theory and Research*. New York: Addison-Wesley.

[112] A. Gibb & J. Ritchie (1981). Influences on Entrepreneurship: A study over time. In Bolton Ten Years On. *Proceedings of the UK Small Business Research Conference*, Nov. 20-21. Polytechnic of Central London.

[113] A. Gibb & J. Ritchie (1981),… *op. cit.*; M.J.K. Stanworth & J. Curran (1976). Growth and the Small Firm-An Alternative View. *Journal of Management Studies*, 13(2): 95–110.

[114] W.G. Dyer, Jr. (1992). *The entrepreneurial experience*. San Francisco: Jossey-Bass.

role models encountered at home, i.e. parents working on their own[115], will be taken into account the whole picture of factors determining entrepreneurial career is completed. Launching a career, regardless of in or outside the family business, means a concrete behavior. Hence, the entrepreneurial career in the family firm on which the successor decided obviously shapes his/her behavior. Individual's personality comprises also the base of cognitive mechanisms. It is suggested that as there exists the entrepreneurial personality as the specific entrepreneurial cognition does. The entrepreneurs are considered having the five cognitive mechanisms as the other people have but to a much more degree. These mechanisms are placed between the personality and beliefs and these are in particular: alertness[116], planning fallacy and counterfactual thinking[117], heuristics[118], overconfidence[119] and self-efficacy[120] being suggested the key component in entrepreneurial potential[121]. In order to fully capture the path leading from personality to behavior one need to add the demographic traits influencing the intentions through attitudes[122] However, the intentions themselves were broken into two categories of thinking, i.e. rational and intuitive[123], comprising the system of thinking used by entrepreneurs. Both are equally important as the intuition-the irrational component of cognition-can comprise an advantage when is coupled with the rationality. Recently McGrath & MacMillan (2000: 3)[124] have suggested that habitual entrepreneurs avoid "analyzing ideas to death" and may therefore avoid deliberate, time-consuming and analytically correct models clearly indicating the difference in decision making between entrepreneurs and managers as using the rational decisive schemas.

Social context of entrepreneurship in family firm

Families are entities based on ties, especially emotional and kinship, making them coherent groups of people bonded by strong ties that live and often work together. Thus, living and working in concert make them more inclined to reciprocity, hard working for the family[125], committed[126]

---

[115] Entrepreneurs often come from homes where the father or mother was self-employed: R. Ronstadt (1984). *Entrepreneurship: Text, cases, and notes*. Dover: Lord.

[116] S. Kaish & B. Gilad (1991). Characteristics of opportunities search of entrepreneurs versus executives: Sources, interest, general alertness. *Journal of Business Venturing*, 6(1): 45–61.

[117] R.A. Baron (1998). Cognitive mechanisms in entrepreneurship: Why and when entrepreneurs think differently than other people. *Journal of Business Venturing*, 13(4): 275–294.

[118] L.W. Busenitz & J.B. Barney (1997). Differences between entrepreneurs and managers in large organizations: Biases and heuristics in strategic decision-making. *Journal of Business Venturing,* 12(1): 9–30.

[119] L.W. Busenitz & J.B. Barney (1997),…*op. cit*.; D. Kahneman & D. Lovallo (1993). Timid choices and bold forecasts: A cognitive perspective on risk taking. *Management Science,* 39(1):17–31; L.E. Palich & D.R. Bagby (1995). Using cognitive theory to explain entrepreneurial risk-taking: Challenging conventional wisdom. *Journal of Business Venturing,* 10(6): 425–438.

[120] N.G. Boyd & G. S. Vozikis (1994). The Influence of Self-Efficacy on the Development of Entrepreneurial Intentions and Actions. *Entrepreneurship Theory and Practice*, 19(3): 63–77; and C.C. Chen, P.G. Green & A. Crick (1998). Does entrepreneurs self-efficacy distinguish entrepreneurs from managers? *Journal of Business Venturing*, 13(4): 295–316; on the basis of A. Bandura (1977). Self-efficacy: Toward Unifying Theory of Behavioral Change. *Psychological Review*, 84: 191–215; R. Wood & A. Bandura (1989). Social cognitive theory of organizational management. *Academy of Management Review*, 14(3): 361–384.

[121] N.F. Krueger, Jr. & D.V. Brazeal (1994). Entrepreneurial potential and potential entrepreneurs. *Entrepreneurship Theory & Practice*, 19(3): 91–104.

[122] N.F. Krueger, Jr. (1993). Impact of Prior Entrepreneurial Exposure on Perceptions of New Venture Feasibility and Desirability. *Entrepreneurship Theory & Practice*, 18(1): 5–21.

[123] B. Bird (1988). Implementing Entrepreneurial Ideas: The Case for Intention. *Academy of Management Review*, 13(3): 442–453.

[124] R.G. McGrath & I.C. MacMillan (2000). *The entrepreneurial mindset: Strategies for continuously creating opportunity in an age of uncertainty*. Harvard Business School Press: Boston.

[125] B. Benedict (1968). Family firms and economic development. *Southwestern Journal of Anthropology*, 24(1): 1–19; E. Oxfeld (1993). *Blood, sweat, and mahjong: Family and enterprise in an overseas Chinese community*. Ithaca, NY: Cornell University Press; M. Ram & R. Holliday (1993). Relative merits: Family culture and kinship in small firms. *Sociology*, 27(4): 629–648.

[126] P. Mattessich & R. Hill (1976). Family enterprises and societal development: A theoretical assessment. *Journal of Comparative Family Studies*, 7(2): 147–158.

and the thorough knowledge of each other easies them to be flexible[127], what suggests the psychological conditions are not the only ones having an influence on entrepreneurial behavior manifesting itself in the opportunity recognition. The situations experienced in[128] and outside[129] the family and family firm are especially important as for the opportunity recognition. Lansberg and Astrachan (1994)[130] stated that experience gained in and outside the family firm is considered important and there are also claims linking the experience with entrepreneurship[131]. One must add here the importance of education that is believed to indicate an individual's knowledge and skill base, cognitive base, receptivity to innovation, and problem-solving abilities comprising[132] the base for the idiosyncratic knowledge gained by the successor outside the family firm, i.e. this kind of specific knowledge that is not a tacit knowledge. The presence of the successor in various kinds of situations is the source of personal events that enrich the successor's idiosyncratic knowledge[133]. The amount of this knowledge is increased by the right way of successor's preparation. Family firms are here the more favored business entities then non-family ones as their successors have the chance of gaining work experience quite early when they are young children and can easily add new experiences from work outside their family firms. Both education and work experience that the successor can gain enrolling a business college and having internship in other family business boost the idiosyncratic knowledge[134] that influences opportunity recognition[135]. The process of opportunity recognition must take place in the some context not in a void. This is a social context encompassing social networks, life course stage, ethnic identification and population ecology stage[136]. From these constituencies the network of social ties (strong ties between the closest relatives and friends and weak ties linking the individuals with casual acquaintances)[137] has the strongest influence on recognition of the opportunities and is the most profound tested concept. Hills, Lumpkin, and Singh (1997) reported that entrepreneurs who used social network sources to learn of entrepreneurial opportunities recognized significantly more opportunities than those who recognized the opportunities for their firms individually[138]. Therefore, weak ties are supposed have the positive influence on the entrepreneurship as they deliver unique information whereas the

---

[127] B. Benedict (1968),…*op. cit.*; M. Ram & R. Holliday (1993),…*op. cit.*
[128] L. Danco (1982). *Beyond survival: A guide for the business owner and his family.* Cleveland: University Press; S. Nelton (1986). *In love and in business: How entrepreneurial couples are changing the rules of business and marriage.* New York: Wiley; I. Lansberg & J.H. Astrachan (1994). Influence of family relationships on succession planning and training: The importance of mediating factors. *Family Business Review*, 7(1): 39-59.
[129] R. Donnelley (1964). The family business. *Harvard Business Review*, 42(3): 93-105; L.B. Barnes (1988). Incongruent hierarchies: Daughters and younger sons as company CEOs. *Family Business Review*, 1(1): 9-21; R.W. Correll (1989). Facing up to moving forward: A third-generation successor's reflections. *Family Business Review*, 2(1): 17-29.
[130] I. Lansberg & J.H. Astrachan (1994),...*op. cit.*
[131] G. Carroll & E. Mosakowski (1987). The career dynamics of self-employment. *Administrative Science Quarterly*, 32(4): 570–589. A. Cooper, C. Woo & W. Dunkelberg (1989). Entrepreneurship and the initial size of firms. *Journal of Business Venturing*, 4(5): 317–332.
[132] D.C. Hambrick & P.A. Mason (1984). Upper echelons: The organization as a reflection of its top management. *Academy of Management Review*, 9(2): 193-206; A.C. Cooper, F.J. Gimeno-Gason & C.Y. Woo (1991). A resource-based prediction of new venture survival and growth. Academy of Management Best Papers Proceedings; M.K. Fiegener, B.M. Brown, R.A. Prince & K.M. File (1994). A comparison of successor development in family and nonfamily businesses. *Family Business Review*, 7(4): 313-329.
[133] S. Venkataraman (1997). The distinctive domain of entrepreneurship research. In: J.A. Katz (Ed.) *Advances in Entrepreneurship. Firm Emergence, and Growth*, vol. 3 (119-138). JAI Press: Greenwich.
[134] S. Shane (2000). Prior knowledge and the discovery of entrepreneurial opportunities. *Organization Science*, 11(4): 448–469.
[135] S. Shane & S. Venkataraman (2000). The promise of entrepreneurship as a field of research. *Academy of Management Review*, 25(1): 217–226.
[136] P.D. Reynolds (1991). Sociology and entrepreneurship: concepts and contributions. *Entrepreneurship Theory & Practice*, 16(2): 47-67.
[137] M.S. Granovetter (1973). The Strength of Weak Ties. *American Journal of Sociology*, 78(6): 1360-1380.
[138] G.E. Hills, G.T. Lumpkin & R.P. Singh (1997). Opportunity Recognition: Perceptions and Behaviors of Entrepreneurs. In P.D. Reynolds (Ed.), *Frontiers of Entrepreneurship Research* (168–182). Wellesley: Babson College.

strong ties are rather negative. On the similar assumption arisen the concept of structural holes[139] as spaces between non-redundant contacts which may have the positive impact on opportunity recognition increasing the access to information that otherwise will never be accessible. As stated Stewart (1990) entrepreneurs should have extensive weak ties and strategic strong ties[140], and moreover, he reported the good use of weak ties by entrepreneurial families as for the access to information[141]. Unlike the above Barney, Clark and Alvarez (2002) pointed to family ties as providing an advantage in opportunity identification because of family members' greater willingness to share information with each other[142]. Completely contradictory findings are brought by earlier research on small businesses in Turkey. Author reported that family firms may be less innovative due to an over-reliance on obtaining information from family and friends[143], i.e. strong ties. Developing social networks has strong connections with the membership in ethnic group which comprises the primary base of customers for ethnic entrepreneurs and impacts the opportunity recognition. Thus, Reynolds included the ethnic identification in the social context as well. The ethical background, especially important when researching entrepreneurship in multicultural countries, has been considered relevant differentiation factor since entrepreneurship occurs differently in other nations[144].

Towards the measures of entrepreneurship in family firm after ownership succession

Although entrepreneurship is claimed to be a process that is started regardless of resources currently controlled[145] the resources themselves have an impact on opportunity recognition[146]. Also Covin and Slevin (1991: 15) have suggested that: "an organization's entrepreneurial capacity will be, to some extent, limited by its resource base"[147]. Opportunity recognition (OR) and entrepreneurship are very close concepts for opportunity recognition has been considered the core of entrepreneurship[148] to the degree of including OR in the definition of entrepreneur, e.g.: "An entrepreneur is someone who *perceives an opportunity* and creates an organization to pursue it"[149]. The importance of OR researching in family businesses has been risen by Lumpkin and Sloat[150]; Aldrich and Cliff suggested the necessity of linking it with the transitions within the family and family resources[151]. Notwithstanding, in order the OR to be realized the organizations and their owners foremost have to make radical changes in logic, beliefs and attitudes in their strategic

---

[139] R.S. Burt (1992). *Structural Holes: The Social Structure of Competition.* Cambridge: Harvard University Press.
[140] A. Stewart (1990). The Bigman metaphor for entrepreneurship: A "library tale" with morals on alternatives for further research. *Organization Science*, 1(2): 143–159.
[141] J. Schneider & P. Schneider (1976). *Culture and political economy in Western Sicily*. New York: Academic and L.A. Lomnitz & M. Pérez-Lizaur (1987). *A Mexican elite family, 1820–1980: Kinship, class, and culture*. Princeton, NJ: Princeton University Press in A. Stewart (2003). Help One another, Use One Another: Toward an Anthropology of Family Business. *Entrepreneurship Theory & Practice*, 27(4): 383-396.
[142] J.B. Barney, C. Clark & S. Alvarez (2002). Where does entrepreneurship come from: Network models of opportunity recognition and resource acquisition with application to the family firm. Paper presented at Second Annual Conference on Theories of the Family Enterprise, Philadelphia, December.
[143] G. Ozcan (1995). Small business networks and local ties in Turkey. *Entrepreneurship and Regional Development*, 7: 265-282.
[144] G.A. Giamartino, P.P. McDougall & B.J. Bird (1993). International entrepreneurship: The state of the field. *Entrepreneurship Theory & Practice*, 18(1): 37-42.
[145] H.H. Stevenson (1983),… *op. cit.*
[146] J.A. Timmons (1994),…*op. cit.*; T. Brown & B. Kirchoff (1997). The effects of resource availability and entrepreneurial orientation on firm growth. In P. Reynolds, W. Bygrave, N. Carter, P. Davidsson, W. Gartner, C. Mason & P. McDougall (Eds.), *Frontiers of Entrepreneurship* (32-58). Wellesley: Babson College.
[147] J.G. Covin & D.P. Slevin (1991). A conceptual model of entrepreneurship as firm behavior. *Entrepreneurship Theory & Practice,* 16 (1): 7–26.
[148] I.M. Kirzner (1979). *Perception, Opportunity and Profit.* Chicago: University of Chicago Press.
[149] W.D. Bygrave & C.W. Hofer (1991). Theorizing about entrepreneurship. *Entrepreneurship Theory & Practice*, 16(2): 13–22.
[150] G.T. Lumpkin & C.B. Sloat (2001). Do family firms have an entrepreneurial orientation. Paper presented at the Babson Kaufmann Entrepreneurship Research Conference. Jönköping, June 13-16.
[151] H. E. Aldrich & J. E. Cliff (2003),…*op. cit.*

behavior[152] and develop strategies of proactively managing change and exploit opportunities[153]. This means that owners must learn quickly in order their firms keep up with the competitive environment[154] and rest upon idiosyncratic attributes-"familiness"[155] to find their advantage[156]. This advantage can be achieved by taking the posture of continuous trying the new, the innovative, the adaptive[157] for the survival of family business is contingent on entrepreneurial capabilities[158]. There is the need to add that changes in the environment enforcing the changes of organizations, the occurrence of opportunities and the determining time left to learn are dependent on the markets on which the family firm operates, namely if it is a moderately dynamic market or high velocity market[159]. As the ultimate measure of entrepreneurship in the firm can be used the conceptions of: entrepreneurial orientation and entrepreneurial management. Both approaches have long tradition in the entrepreneurship field though the operationalization of the former has been done much earlier. Entrepreneurial orientation is built on the work of Miller who determines three correlates of entrepreneurship, namely risk-taking, innovativeness and proactiveness[160]. The Miller's concept has been broadened by adding the autonomy and competitiveness later on[161]. However, the operationalization of Miller's concept has been done earlier before Lumpkin and Dess broadened his concept[162]. The second measure of entrepreneurship is Stevenson's concept of entrepreneurial management built as a continuum ranging from administrative to entrepreneurial behaviors[163]. Although both the concepts have their origins in the early 80-ties, the operationalization of entrepreneurial management has been done recently[164]. These two models are taking into consideration in this research as the tools of measuring the changes in entrepreneurship in family firm after completed process of ownership succession.

---

[152] R.H. Amit, K. Brigham & G.D. Markman (2000). Entrepreneurial management as strategy. In G.D. Meyer & K.A. Heppard (Eds.), *Entrepreneurship as strategy* (83-100). Thousand Oaks: Sage.

[153] K.M. Eisenhardt, S.L. Brown & H.M. Neck (2000). Competing on the entrepreneurial edge. In G.D. Meyer & K.A. Heppard (Eds.), *Entrepreneurship as strategy* (49-62). Thousand Oaks: Sage.

[154] R.G. McGrath & I.C. MacMillan (2000),…*op. cit.*

[155] T.G. Habbershon & M. Williams (1999),…*op. cit.*

[156] S. Alvarez & J. Barney (2000). Entrepreneurial capabilities: A resource-based view. In G.D. Meyer & K.A. Heppard (Eds.), *Entrepreneurship as strategy* (63-81). Thousand Oaks: Sage.

[157] G. Miles, K.A. Heppard, R.E. Miles & C.C. Snow (2000). Entrepreneurial strategies: The critical role of top management. In G.D. Meyer & K.A. Heppard (Eds.), *Entrepreneurship as strategy* (101-114). Thousand Oaks: Sage.

[158] G.D. Meyer & K.A. Heppard (2000). The dominant logic of entrepreneurship. In G.D. Meyer & K.A. Heppard (Eds.), *Entrepreneurship as strategy* (1-22). Thousand Oaks: Sage.

[159] K.M. Eisenhardt & J.A. Martin (2000). Dynamic capabilities: What are they? *Strategic Management Journal*, 21 (10-11): 1105-1121.

[160] D. Miller (1983). The correlates of entrepreneurship in three types of firms. *Management Science*, 29(7): 770–791.

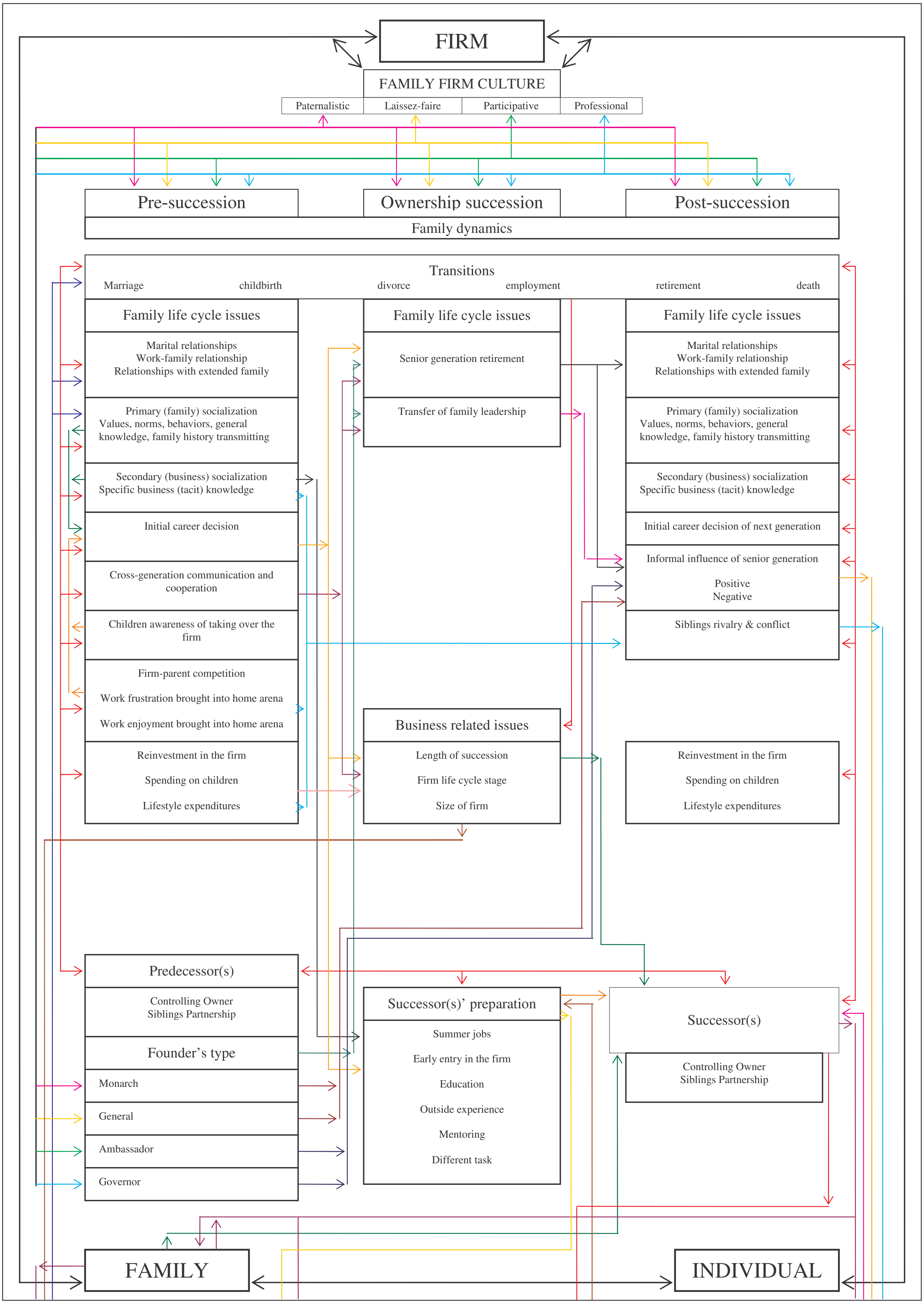
[161] G.T. Lumpkin & G. Dess (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review*, 21(1): 135–172.

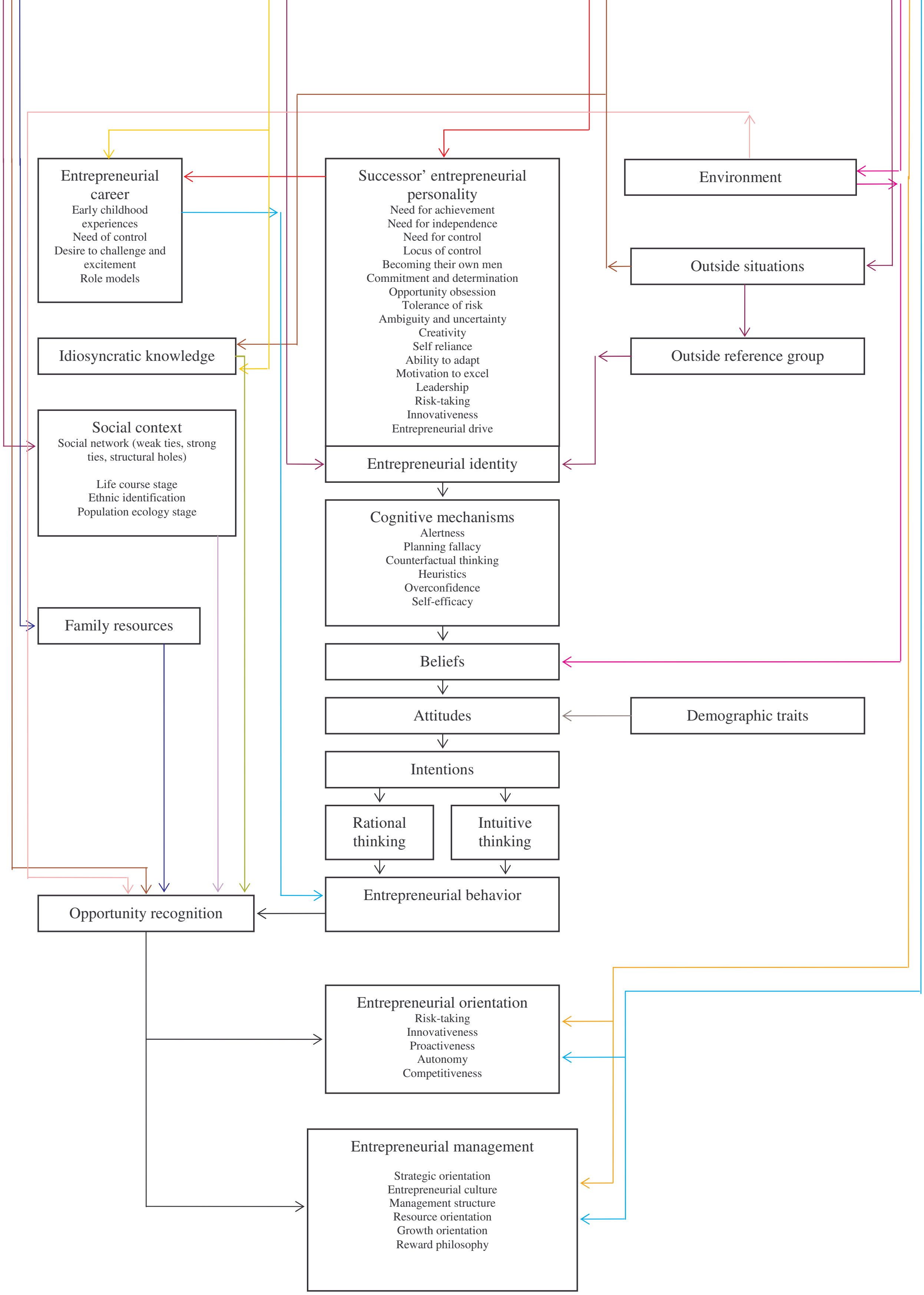
[162] J.G. Covin & D.P. Slevin (1986). The development and testing of an organizational-level entrepreneurship scale. In R. Ronstadt (Ed.), *Frontiers of Entrepreneurship Research* (628–639). Wellesley: Babson College; J.G. Covin & D.P. Slevin (1989). Strategic management of small firms in hostile and benign environments. *Strategic Management Journal*, 10(1): 75–87.

[163] H.H. Stevenson (1983),…*op. cit.*; H.H. Stevenson & J.C. Jarillo (1986),…*op. cit.*; H.H. Stevenson & J.C. Jarillo (1990),…*op. cit.*

[164] T.H. Brown, P. Davidsson & J. Wiklund (2001). An operationlisation of Stevenson's conceptualization of entrepreneurship as opportunity-based firm behavior. *Strategic Management Journal,* 22(10): 953–968.

A TENTATIVE MODEL OF OWNERSHIP SUCCESSION AND ENTREPRENEURSHIP IN FAMILY FIRMS




Entrepreneurial career
Early childhood experiences
Need of control
Desire to challenge and excitement
Role models
Successor' entrepreneurial personality
Need for achievement
Need for independence
Need for control
Locus of control
Becoming their own men
Commitment and determination
Opportunity obsession
Tolerance of risk
Ambiguity and uncertainty
Creativity
Self reliance
Ability to adapt
Motivation to excel
Leadership
Risk-taking
Innovativeness
Entrepreneurial drive
Environment
Outside situations
Outside reference group
Idiosyncratic knowledge
Social context
Social network (weak ties, strong ties, structural holes)
Life course stage
Ethnic identification
Population ecology stage
Entrepreneurial identity
Cognitive mechanisms
Alertness
Planning fallacy
Counterfactual thinking
Heuristics
Overconfidence
Self-efficacy
Family resources
Beliefs
Attitudes
Demographic traits
Intentions
Rational thinking
Intuitive thinking
Entrepreneurial behavior
Opportunity recognition
Entrepreneurial orientation
Risk-taking
Innovativeness
Proactiveness
Autonomy
Competitiveness
Entrepreneurial management
Strategic orientation
Entrepreneurial culture
Management structure
Resource orientation
Growth orientation
Reward philosophy