

**ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS**

**INTRODUCTION**

While studies of entrepreneurship traditionally focused on the individual or the firm, there is now a much greater appreciation of the need to understand the role of the family and household in which the entrepreneur is embedded and from which the firm emerges. To a large extent, this shift in emphasis has emerged as a consequence of two distinctive developments. Firstly, family business studies has emerged as a separate but related field of enquiry (De Massis, Sharma, Chua and Chrisman, 2012), prompting wider awareness that business decisions are frequently influenced by family members and broader family issues (Chua, Chrisman and Sharma, 1999; James, Jennings and Breitkreuz, 2012; Litz, Pearson and Litchfield, 2012). Secondly, there is a newfound appreciation of the importance of context in understanding entrepreneurial behaviours, processes and outcomes (Welter, 2011; Zahra, 2007; Zahra and Wright, 2011). Both developments have resulted in an enthusiasm to better understand the role of the entrepreneurial household in business start-up and growth decisions. While the focus on the household may be relatively new to entrepreneurship scholars, sociologists have long argued that the household is the smallest social unit where human and economic resources are administered (Wheelock and Oughton, 1996), and that a focus on household strategies “can help to elucidate the social factors underlying economic behavior” (Wallace, 2002:275).

In this chapter, we consider the entrepreneur within the context of the family and the household. This is not a chapter about family business, but about family in business – an important distinction. Household structure is a broader unit of analysis than family structure and, while it includes people that may or may not be family members, it typically comprises the nuclear or extended family (Brush and Manolova, 2004). We explore how families and households interact with and influence business decisions, and attempt to give equal prominence to the role of family strategies as well as to business strategies in understanding the development of the family in business. Further, the issue of intra-firm succession, which is so central to family business research, is replaced with a focus on intra-family entrepreneurship (Discua Cruz, Howorth and Hamilton, 2013). This acknowledges that the continuation of business activities in entrepreneurial families may occur, and indeed is more likely, through new business founding by a household member rather than through family business succession. We also acknowledge a distinction between a household and a family. While the two concepts partly overlap, a focus on the household allows consideration of economic activities, work and residence, while a focus on the family is confined to issues such kinship and marriage relationships that bind individuals together (Gullestad, 1984; Wiborg, 1995).

Following this introduction, the chapter explores the relationship between the household and the enterprise, drawing attention to the intricate relationship that exists between the two spheres. While entrepreneurship researchers have tended to shy away from discussions of the role of the household in business decisions, other subject disciplines, in particular rural and economic sociology, have examined the relationship in some

depth. To illustrate the ways in which the household may influence business decisions within emerging and small-scale businesses, we use insights and material drawn from case studies of diversified enterprises emerging from farm households to illustrate some of the key features of entrepreneurial households. Other disciplines, notably sociology and anthropology, have also provided valuable insights into the nature of household dynamics and kinship, which are also discussed within this chapter. These factors are known to have a profound influence on both the tangible and intangible resources that may be available to entrepreneurial ventures, but have rarely been the focus of study by entrepreneurship researchers. This chapter addresses some of the omissions of the entrepreneurship subject domain by focusing attention on household dynamics, kinship relations and the role of the household in recognizing opportunities and providing resources to new and existing ventures. Although we aim to draw attention to the important role played by the household in the emergence of new ventures and to encourage further research into the household-business nexus, it is not our intention to view this relationship uncritically. Studies have demonstrated that while entrepreneurial households are a source of business opportunities and resources, these resources may be inappropriate and insufficient and may prove to be liabilities. Nor is it our intention to present an overly rosy view of household-business dynamics. As we explain within this chapter, our knowledge of the effect of households on business development and growth is limited, as is our understanding of the effect of the businesses on a household's social and economic well-being. This chapter attempts to summarize our knowledge of the business-household relationship and also to highlight areas where further work is required.

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

While there is now a broader recognition of the importance of the entrepreneurial household, this context remains under-researched. To a large extent this reflects a distinction within the broader management literature in which business and household have been traditionally regarded as separate spheres. However, there is a longstanding realization that the two institutions are inextricably linked (Mulholland, 1996; Wheelock and Mariussen, 1997; Ram, 2001), coupled with persuasive calls to embed entrepreneurship research within the context of the family (Aldrich and Cliff, 2003). It has also been argued that the household offers interesting perspectives on entrepreneurship as it provides a setting “where normative systems (affect, altruism, tradition) and utilitarian systems (economic rationality) are combined” (Brannon, Wiklund and Haynie, 2013:111). A household perspective implies that one views entrepreneurs within the context of his or her immediate family unit, implicitly recognizing the blurred boundaries between the business sphere and the private sphere. These two spheres are often inextricably linked for small firm owners; household decisions and business decisions are both made within the household, and business strategies are interwoven with household strategies. Hence, the decision to found a new business or to start an additional enterprise may be the outcome of a household, rather than an individual or business strategy.

The extent of family influence in business can be demonstrated by the number of small businesses that depend on family labour, management and ownership. Within the UK, for example, it is estimated that 62 per cent of SME employers are family-owned

businesses, defined as being majority-owned by members of the same family, and that 61 per cent of multiple-management enterprises had more than one person from the same family as a director/partner in day to day control of the business (BIS, 2013). In Sweden it is estimated that between 50 and 75 per cent of all businesses are family businesses depending on the definition applied (Melin, 2012). In Norway, family businesses count for more than 50 % of employment in private firms (Grimsby, Grünfeld and Ullstein, 2012). Family-owned businesses tend to be older than other businesses. In the UK, 71 per cent of businesses founded over twenty years ago are family-owned, suggesting that formal family involvement in ownership and governance tends to increase over time as businesses become more established (BIS, 2013). However, family involvement is also evident even among very new businesses - 49 per cent of those founded up to two years described themselves as family-owned. Family ownership is more typically found in the primary sectors (86 per cent of firms), construction (72 per cent) and transport, retail and distribution (70 per cent), but even in sectors where family involvement is less marked, such as business services, family-ownership was a feature of 50 per cent of businesses (BIS, 2013). Very similar trends are apparent in other developed as well as in developing economies (Chua, et al., 1999; De Massis et al., 2012).

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

2011; Fuller, 1990; Jervell, 2011). Within this body of literature, the household is an appropriate empirical setting to explore relationships, not only because the (farm) business and the household are typically co-located but also because of the longstanding tradition in the agricultural sector of farm household pluriactivity (Fuller, 1990), the engagement of the farm household in income generating activities in addition to agricultural production (Alsos, Carter, Ljunggren and Welter, 2011; Carter, 2001; Fuller, 1990). Taking the household as the social and economic unit of analysis, ‘pluriactive farm households’ allocate resources between farm and non-farm activities, including diversified business activities (De Silva and Kodithuwakku, 2011; Efstratoglou-Todoulou, 1990). While farm and non-farm businesses are often analysed separately, there is growing appreciation that there are many similarities between small-scale farm businesses and small-scale non-farm businesses (Alsos et al., 2011; Carter, 1996). One of the key similarities can be seen in the prevalence of entrepreneurial households that contain portfolios of interconnected businesses (Carney and Gedajlovic, 2002; Discua Cruz, et al., 2013), a feature which is as widespread in the non-farm sectors as it is in farm sectors (Carter and Ram, 2003; Ucbasaran, Alsos, Westhead and Wright, 2008).

In considering the role of the household in entrepreneurial activities, we encompass family firms and firms physically based in the home, but pay most attention to the intermingling that occurs between the household and the business. Our interest in this subject was spurred by a research project exploring farm-based entrepreneurship where we found that the household acted as a virtual incubator for new businesses, often unrelated to agricultural production, and that these businesses were founded because of

changing household needs or because of new opportunities perceived by household members or the household as a unit. These could be the need of grown up children for a job and income, or the opportunities household members perceived by exploiting spare resources within the household's business portfolio, or the opportunities presented by resources brought into the family by recent marriage (Alsos, et al., 2012). In this work, attention was clearly focused on the role of household dynamics and household resources as central features determining the interconnectedness of business and household. Our study replicates and extends the findings of many other studies drawn from across developed and developing countries that have explored the development of new farm-based enterprises (cf. De Silva and Kodithuwakku, 2011; Ferguson and Olofsson, 2012; Grande, 2011; Jervell, 2011). However, we also draw upon entrepreneurship research from the non-farm sectors (Brush and Manolova, 2004; Jennings, Breitzkreuz and James, forthcoming), that has considered the role of the household in the development and growth of new and established enterprises. As Brush and Manolova (2004: 39) explain, “Household structure has an impact on venture creation because it is a direct determinant of the starting resource base for the entrepreneur”. Hence, while we focus most attention on examples from farm-based enterprises, the importance of households to nascent and small businesses in other sectors is evident.

### **Household Dynamics, Kinship and Resources**

All families are in a state of flux which occurs when new family members are born, grown-up children marry and may leave the family home, when couples separate and when older generations die. Collectively these changes in the structures of families can

be seen as household dynamics. As household size and composition changes over time, so too do the household's needs and resources. From a household perspective it is possible to view entrepreneurial activities as an adaptation to the changing needs of the family and household with regard to income, activity, spare capacity and human resources. Kinship and marriage are central to household dynamics. Kinship is defined by Holy (1996:40 and 166-167) as "the network of genealogical relationships and social ties modeled on the relations of genealogical parenthood." Kinship is hallmarked by a moral order which is distinctive and "at odds with the amoral logic of markets" (Stewart, 2003:385) and the place where these differing sets of morals meet is in the household or the family businesses. Kinship relations allow one to share 'without reckoning', resources are contributed without immediate or indeed any obligation for repayment, a feature that is usually impossible in market-based exchange systems.

Brush and Manolova (2004) described three main areas in which households influence entrepreneurship: potential start-up capital; social desirability and encouragement of entrepreneurial endeavours; and household commitments. Stewart (2003) similarly described the benefits of kinship to entrepreneurship as, *inter alia*, access to resources such as capital and in covering living expenses during the business start-up, long-term social support, mentoring, as well as access to business channels, markets, networks and information. With regard to the more tangible business resources such as finance, previous studies have shown that the provision of business start-up capital is influenced both by a range of factors, such as household composition, class, gender, race and ethnicity (Brush and Manolova, 2004), as well as household income levels (Gentry and Hubbard, 2004). With regard to the more intangible business resources, it is similarly



known that family members provide emotional support and to some extent also business guidance (Renzulli et al. 2000). Indeed, the role of emotional support and sanctions has garnered considerable interest from the family business research community in recent years (Brundin and Languilaire, 2012; Brundin and Wigren, 2012).

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

While households may be a rich source of business resources for the new and small firm, there are costs involved. Not only is it possible that the resources available within the household are inappropriate or insufficient for the business's needs, the effects of business ownership upon the household are largely unknown, but may be socially and economically detrimental. Questioning the effects of entrepreneurship upon family well-being, Jennings, Breitzkreuz and James (forthcoming) exhort scholars to pay more attention to the implications of business ownership for the family and, to paraphrase Jones and Ram (this volume), critically scrutinize the view that "all enterprise good,

more enterprise better”. Reviewing the effect of entrepreneurship on the economic well-being of households, Carter (2011) points out that in comparison with wage and salary rewards derived from employment, the financial rewards of entrepreneurship are both uncertain and irregular, and not only impact the individual entrepreneur but have wider repercussions on household members who also sacrifice certainty and regularity in household income. While entrepreneurial households can adjust expenditure to suit prevailing economic conditions, this is always tempered by the need for substantial savings in order to offset large future earnings risks. Hence, in comparison with employee households, entrepreneurial households are likely to be more typified by minimized levels of expenditure and higher levels of savings (Cagetti and De Nardi, 2006; Quadrini, 2000).

Adopting a household perspective on entrepreneurial activities clearly introduces a novel set of issues that can be introduced into the research process. These issues include the effect of household size and composition on decisions to start-up and grow an enterprise, income structure, the number of entrepreneurs within the household, the presence and relative age of children which may lead to them being perceived as liabilities or resources, the volume of work required to service businesses, household and employment, the effects of resource provision and resource depletion on both business and household, as well as the effects of entrepreneurship upon household social and economic well-being.

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

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

However, as noted above, the individual entrepreneur is not always the most suitable unit of analysis when examining how opportunities are identified and pursued, as many such processes involves teams of people working together (Lim, Busenitz and Chidambaram, 2013; Schjoedt, et al., 2013). Looking at enterprising families and taking the household or the family as the unit of analysis, it becomes clear that opportunities may also emerge as a result of joint efforts of several connected individuals. In their study of family entrepreneurial teams, Discua Cruz, et al. (2013) found that the search for entrepreneurial opportunities was a collective effort in which both the senior and the junior generation participated, and that it was the joint efforts that led to the specific

opportunities. While the older generation had seniority and strong influence over the family businesses, the opportunities sought were highly influenced by the skills and interests of the younger generation. Hence, if the younger generation's education and experiences were in areas similar to the family business, opportunities tended to be explored in the same area, but if their education and skills were in areas unrelated to the family business portfolio this led to opportunity identification outside existing areas of business and hence business portfolios became more diversified. This also illustrates the previous argument that the characteristics and strategies of the family may be just as important to business development as purely business strategies.

In a previous study of portfolio business households, we too found that business opportunities emerged from the interests and competence of family members (Alsos, et al. 2012). Opportunities were typically discussed and developed 'around the kitchen table' and involved a range of family members. Each family member may take a different role in this process. In one case, the older generation female (wife and mother) typically initiated opportunity identification, and these opportunities were then formalized and developed by her husband and grown-up children. The deep trust and shared knowledge between family members provides an environment for open discussions of potential opportunities. Children growing up in a family where opportunities are discussed around the kitchen table also learn from this experience. It has been argued that portfolio entrepreneurs are particularly good at identifying opportunities due to their prior experience as entrepreneurs (Ronstadt, 1988; Ucbasaran, Westhead, Wright and Binks, 2003). Similarly, for some children growing up in enterprising households the experience acquired during their childhood may enable

them to become more aware of entrepreneurial opportunities and emergence in adulthood. While previous studies focusing on the family firm have highlighted the dominant role of the senior generation in opportunity search, often in relation to succession (Handler, 1990), newer studies focusing on entrepreneurial families show that new business opportunities may be identified in the family household as a collective action. Opportunities are also identified as an alternative to succession, when an off-spring is grown up and ready for the responsibility of taking an entrepreneurial role (Discua Cruz, et al., 2013), when resources become available and can be put into use (Alsos, et al., 2012), or when the skills and interests of the younger generation are processed through the entrepreneurial actions of the enterprising family (Discua Cruz, et al., 2013).

However, it should be recognized that individuals have differing priorities and that disagreements and diverse interests are also a feature of entrepreneurial families (Steier, Chua and Chrisman, 2009). Family teams that include in-laws, different generations or family members with dissimilar levels of commitment may suffer from fault-lines between different parts of the enterprising family (Schjoedt et al, 2013). Such fault-lines may be destructive and strangle opportunity identification as they may introduce distrust and disengagement amongst family members. Though, there might be more productive processes leading from such differences, as subgroups of the enterprising family may be formed to identify opportunities and start new ventures (Discua Cruz, et al., 2013; Schjoedt et al, 2013).

Despite potential conflicts and indifferences, it has been noted that enterprising families often have a shared vision though not necessarily related to one single business. This shared vision may be related to stewardship of the family's assets and a collective commitment to build them through entrepreneurship (Alsos, et al., 2012; Discua Cruz, et al., 2013). Combined with such a vision, these assets may be a source of new opportunities. In previous studies we have often found that opportunities identified to start new business activities arise from the recognition of spare resources in an existing family business (Alsos, et al., 2012; Alsos, Ljunggren and Pettersen, 2003). One such case involved a family owned dairy farm located on one of Scotland's Western Isles. Excess milk was used as the main ingredient for farm-based cheese production, the wife's main business activity, and the whey by-product used to feed pigs, one son's main business activity. Similarly, a redundant farm building was used as source of storage space for another son's award-winning biscuit factory, while the farm's produce formed a main part of the menu for a third son's hotel restaurant. Studies have shown that there can be extensive resource transfer from existing to new business activities (Alsos and Carter, 2006) and, in many cases, these resources are crucial for the initiation of the new business. While there can be liabilities (Kim, Longest and Aldrich, 2013), resources accumulated from relationally embedded ties, such as family ties, can be extremely important for new business initiation (Newbert and Tornikoski, 2013). Enterprising families may actively invest in human and social capital across generations to exploit new business opportunities (Sieger et al., 2011).

In some cases opportunities are identified first and then an entrepreneurial team of family members come together to exploit it, while in other cases the team and decision

to start an additional venture comes first, and opportunities are then sought (Discua Cruz, et al., 2013). When an opportunity is identified and the decision is made to develop it, this can be organized within an existing business unit or as a separate firm, often referred to as mode of organizing (Shane and Venkataraman, 2000; Wiklund and Shepherd, 2008). One of the advantages of portfolio business owners is the opportunity to develop new business activities within existing firms, where the existing firm acts as a 'seedbed' or incubator of new ventures (Ucbasaran et al., 2008). The new venture can then rely on the resources of the existing business, reducing the risk and uncertainty associated with new venture development. In a study of new business development within the UK farming sector, Carter (1996) identified a three stage continuum; mono-active farmers, who were not engaged in new business activities; diversified farms, which had several business activities organized within the same firm; and portfolio entrepreneurs, who established new business activities as separate firms located on or off the farm. Hence, moving from organizing the venture within an existing firm to the establishment of a separate formal entity may be seen as a process depending on the stage of venture development. However, there may also be other reasons behind the choice of mode of venture organizing, related to the experience of the entrepreneur (Wiklund and Shepherd, 2008), the resource endowments needed to establish the new venture as well as issues related to ownership involvement (Iacobucci and Rosa, 2010). In a recent case, a woman employed in a tourism firm where her husband is one of three owners, started a new firm with her husband. She used her spare time as an employee to start the new venture and represented the new firm when she attended meetings for the existing firm - essentially 'piggy-backing' on the existing firm's contacts with customers and suppliers. The decision to start a new independent business rather than

exploiting the opportunity within the existing venture was based on considerations of ownership, organization (the option to build separate sets of routines for the new firm), and her ability to use a different pricing strategy in the new venture.

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

## **HOUSEHOLDS AND ENTREPRENEURIAL RESOURCES**

We have previously indicated that the relationship between the household and family and the family’s businesses includes resource transactions. Households administer the family’s economic and human resources (Wheelock and Oughton, 1996), and entrepreneurial households allocate resources between the various business activities operated by the family (Alsos and Carter, 2006; Alsos, et al., 2012; Sieger et al., 2011). We have also demonstrated that existing firms may function as seedbeds for the new business ventures of portfolio entrepreneurs (Ucbasaran et al., 2008), allowing new



ventures to utilize resources of an established business during the risky start-up phase and at a later stage being spun out into separate business units (Alsos and Carter, 2006; Carter, 1998).

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

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

In a study of enterprising families resources were found to play a central role in three different processes related to the building of the families’ business portfolios (Alsos,

Carter and Ljunggren, 2012). First, resource supply, sharing and withdrawal were central to the process in which business and household were inter-connected. It is often assumed that families are maintained by businesses from which they get their income. However, it is also clear that businesses are maintained by the household, for instance when family money is sent back to the firms, during crisis or when new opportunities arise. Second, family and kinship relations were clearly a business resource base from which the businesses could draw resources when needed for further development, including money, work force, equipment, facilities, premises and other tangible resources, but also competence, reputation, networks and other intangible resources. Third, resource sharing between ventures and resource flexibility between household and business were important in the way enterprising families took control over uncertainty and risk related to business venturing. The ability of entrepreneurial families to flexibly transfer and share resources between their businesses and between household and business can be seen as a way of managing resource scarcity and allowing business activity to grow through the development of new ventures, while simultaneously controlling insecurity. However, the focus on only using available resources may also limit enterprise development and growth. Moreover, resource transfer and sharing is not always the best option for new ventures, which sometimes need other types of resources than those immediately available (Alsos and Carter, 2006). Too strong a reliance on available resources may result in a lock-in situation and reduced performance.

Based on four in-depth longitudinal case studies from Europe and Latin America, Sieger et al. (2011) developed a model of how portfolio entrepreneurship evolves in family firms, focusing on resource deployment in the portfolio process. Generating important

insights into the strategic development of business portfolios in a family firm context, this study indicates that the family develops human, reputational and social capital from their enterprising experience. These valuable resources are further developed through new venture creation. A focus on enterprising families rather than on the single firm reveals that entrepreneurs may have more resources available to them than can be seen by using the individual entrepreneur or firm as the unit of analysis. For example, resources are handed over from one generation to the next, meaning that even first time entrepreneurs, such as grown-up children, do not start from scratch (Alsos, et al., 2012). Their embeddedness in the wider household provides access to a variety of resources, as well as knowledge, skills, social norms and attitudes applicable to enterprise development. That the relationship of the entrepreneur's family to the new enterprise can be significant for success or failure, has been previously noted (Dyer and Handler, 1994). Embedded relationships, such as family and kinship relations, may provide nascent entrepreneurs with access to low cost resources (Newbert and Tornikoski, 2013), though as we note earlier, resource transfer between households and businesses may have negative consequences for both. The family's willingness to support the venture financially may be critical for the possibility to acquire sufficient funding for a new start-up. The family may also provide other 'enabling resources' such as access to markets, sources of supply, technology or new ideas (Dyer and Handler, 1994) or a background, expertise and connections in business (Mulholland, 1997). The use of social networks, inevitably more extensive among the household than for an individual, may be particularly crucial. Long (1979:148), provided a detailed anthropological account of a successful Latin American entrepreneur from humble origins who benefited both from growing up within a close-knit kin network and developing a set of

affinal relationships through marriage, which opened up “new fields of participation, making available new types of material and non-material resources”.

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

given to each new business venture helps support individual and collective entrepreneurship, emotional capital also controls the behaviour of individual family members and serves to keep adult off-spring close to the household.

## **CONCLUSIONS**

In this chapter we have attempted to demonstrate how the entrepreneurial household can illuminate aspects of the entrepreneurial process that have hitherto been disregarded by the sole focus upon the individual or the firm. We argue that a focus on either the individual or the firm presents a partial and artificial view of the entrepreneurial process. While it has proven convenient for researchers to ignore the household context in which the entrepreneur is embedded, this is no longer justifiable. As Discua Cruz, et al. argue:

“by atomizing individual family businesses, researchers are in danger of providing a false representation of the entrepreneurial activities of families. The misconception that succeeding generations of family members lack the entrepreneurial drive that existed in the founding generations ... may prevail because the focus has been on the venture rather than on family members, who may be involved in a broad range of entrepreneurial activities.”

(Discua Cruz, et al. 2013:24)

A focus on the entrepreneurial household allows new insights into the creation or recognition of new opportunities as well as new perspectives on the role of household and existing business resources in supporting new ventures. While the household is clearly instrumental in business start-up decisions and activities, provides a wealth of business experience, access to low cost resources and serves to reduce the risk and uncertainty of new ventures, the household can also be seen to act as a potential brake on entrepreneurial ambition developing ventures that are broadly compatible in scope and scale with the original firm and dependent upon pre-existing resources that may not be appropriate for the new venture. Whether its effect is positive or negative, the household has a profound influence on the start-up ambitions and resources of a new venture. For this reason alone, it is vital that entrepreneurship researchers start to recognize the role of the household and incorporate a household perspective in future research studies.

## **RECOMMENDED READINGS**

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