

Corporate Entrepreneurship in Family Firms

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Entrepreneurship is recognized as a significant factor contributing to the success of a firm. Despite the imminent advantage of corporate entrepreneurship in sustaining the family firm across generations, corporate entrepreneurship has been under-researched in the family business literature. In order to improve the understanding of entrepreneurship in family firms, Kellermanns and Eddleston investigated how generational involvement, willingness to change, and the ability to recognize technological opportunities impact corporate entrepreneurship in family firms. The authors examined the role of strategic planning in family firms as a process that facilitates corporate entrepreneurship.

Conceptual Framework – The authors define corporate entrepreneurship as entrepreneurial activities within the organisation that are designed to revitalize the company's business by changing its competitive profile or by emphasizing innovation. They hypothesize that corporate entrepreneurship is influenced by the following –

1. **Willingness to change** - A firm's willingness to take risks and to induce change has been linked with entrepreneurial behavior. The authors therefore suggest that a family firm's culture that facilitates rapid and effective change would be conducive to the pursuit of entrepreneurial activities.
2. **Generational Involvement** - Though founders of family firms are entrepreneurial, some researchers suggest that over time, they become conservative and are unwilling to change. The authors opine that while first generation family firms tend to maintain status quo, later generations tend to push for new ways of doing things. Thus, the more generations are involved, the more entrepreneurial is the family firm expected to be.

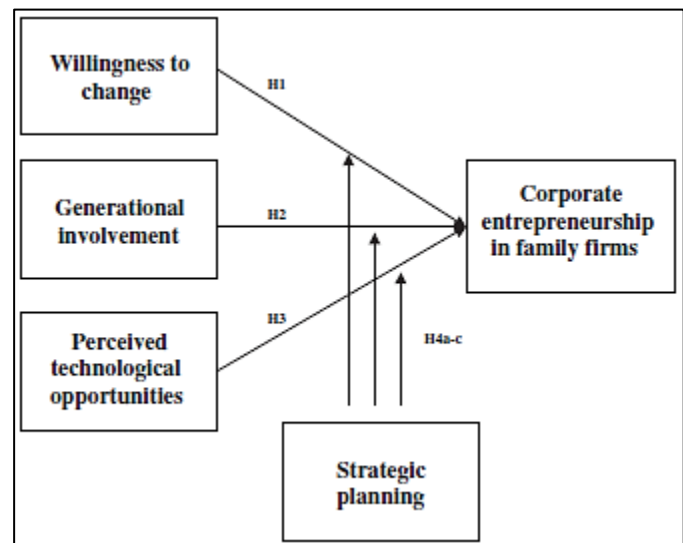


Figure 1. Conceptual Framework

3. **Perceived Technological Opportunities** - The ability to identify and exploit opportunities generated by environmental change is important to entrepreneurship. Technological change is a common trigger for environmental shifts and is therefore an important driver of entrepreneurship. Therefore, the authors theorize that the ability to

recognize technological opportunities should encourage a family firm to pursue entrepreneurial activities more enthusiastically.

4. **Strategic Planning** - Strategic planning helps integrate innovation and promote entrepreneurship. It can bring purpose to the family members and channelize them towards entrepreneurial behaviour. More so, if family members perceive technological opportunities and are actively involved in strategic planning, it should allow them to exploit these opportunities more efficiently. Thus, authors theorize that strategic planning facilitates corporate entrepreneurship in family firms.

Findings - The authors tested this framework by conducting a survey-based study in family owned firms. Their findings suggested that the ability to recognize technological opportunities, pursue organizational change, and exploit opportunities through strategic planning increased corporate entrepreneurship in family firms. However, generational involvement was not found to have a bearing on entrepreneurship.

The authors conclude that family members' willingness to change and recognition of technological opportunity positively influence corporate entrepreneurship in family firms. This highlights the significance of the family in understanding family firm entrepreneurship and success. In addition, the authors suggest that families who focus on strategic planning can further enhance the degree to which technological opportunities increase their firm's corporate entrepreneurship. Thus, it is advisable for the family members to be willing to accept changes and utilize the opportunities presented by technological advancements. Through employing strategic planning, family firms can positively influence corporate entrepreneurship in family firms.

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