# THE ROLE OF FAMILY MEMBERS

# IN ENTREPRENEURIAL NETWORKS:

# BEYOND THE BOUNDARIES OF THE FAMILY FIRM

Alistair R. Anderson,
Director of the Charles P Skene Centre for Entrepreneurship
Aberdeen Business School
The Robert Gordon University
Garthdee
Aberdeen
AB 10 7QE

E-mail a.r.anderson@rgu.ac.uk

Sarah L. Jack,
University of Aberdeen

Sarah Drakopoulou Dodd,
Athens Laboratory of Business Administration (ALBA), and
The Robert Gordon University

# THE ROLE OF FAMILY MEMBERS
# IN ENTREPRENEURIAL NETWORKS:
# BEYOND THE BOUNDARIES OF THE FAMILY FIRM


ABSTRACT

Research has traditionally concentrated on formal kin involvement in the family business. This study investigates if, to what extent, and how entrepreneurs capitalised on resources embedded in the family, but beyond the formal traditionally-defined boundaries of the family firm. Employing both quantitative and qualitative approaches, the study finds that about one quarter of our sample's entrepreneurial network ties were kin, and that most of these worked outside the formal family firm. These ties provided a range of very important resources, both professional and affective in nature. Such beneficial ties extend the family firm without incurring the typical hazards of external linkages.



Key words- family business, family ties, entrepreneurial networks, resource acquisition.



Special thanks are due to the incomparable Sue Birley, for continuing to trust us with the networks survey, and to the most valuable comments made by two anonymous referees - and the editor – of the Family Business Review.

**THE ROLE OF FAMILY MEMBERS**

**IN ENTREPRENEURIAL NETWORKS:**

**BEYOND THE BOUNDARIES OF THE FAMILY FIRM**

## Introduction

The sister disciplines of entrepreneurship and family business scholarship have, with some notable exceptions, addressed themselves to the study of two separate conceptualisations of independent business. Entrepreneurship has focused on the pursuit of opportunities through the creation and growth of business organisations, paying special attention to the individuals and teams which undertake such activities, and the industrial, economic and social environments in which they are located. Family Business Scholarship has concentrated on the governance, management, development and succession of the family firm. Whilst relevant literature has periodically breached the gulf between the two fields, there are clear indications that the two fields are moving ever closer together. Evidence for this trend can be seen in the recent (2003) special issues of leading entrepreneurship journals dedicated to the family business (JBV 18:4,5, and ETP 27:4) , as well as to its inclusion as a theme in major entrepreneurship conferences (2001 Babson Kauffman Conference). The increasing recognition of the significance of family matters to entrepreneurship has its roots in theoretical developments concerning the socio-cultural context of entrepreneurship, perhaps embodied most clearly in the research stream dealing with entrepreneurial networks. It is therefore not surprising that it is the doyen of entrepreneurial networks scholarship, Howard Aldrich, who has made the strongest call for recognition of the role of the family in entrepreneurship:

> "The family embeddedness perspective on entrepreneurship implies that researchers need to include family dimensions in their conceptualizing and modeling, their sampling and analyzing, and their interpretations and implications" (Aldrich and Cliff, 2003).

At the same time as entrepreneurship has begun the process of embracing the family embeddedness perspective, the field of family business scholarship has also been challenging the traditional boundaries of its research, in particular questioning the necessity of a dichotomous approach to definitions of the family firm (Astrachan and Shanker, 2003, Astrachan *et al*, 2002). The upshot of these two trends is that there is a convergence of interest in the interplay between the family and independent business, and in the interstices between the two disciplines. The present study attempts to peer into this gap, to examine the influence of family upon those entrepreneurial businesses which fall outside the traditional definitions of the family firm. To achieve this objective, we utilize the theoretical concepts of the entrepreneurial network, focusing especially on the role of family members in these sets of social relationships. The paper continues with a short introduction to the issue of defining the family firm, before progressing to discuss extant material on the role of family in supporting independent enterprise, particularly through entrepreneurial networks. From this literature review, we next develop exploratory research questions, which we empirically investigated in a multi-method study. Our findings indicate that, for our Scottish sample, about one quarter of key entrepreneurial network ties were kin, and that most of these family contacts worked outside the family firm. These ties provided a range of very important resources, both professional and affective in nature. Family are frequently integrated into entrepreneurial businesses, even when their involvement falls outside the broadest definition of the family firm. The study also makes a practical contribution, by demonstrating that the family as virtual enterprise offsets some of the liabilities of the family firm, whilst retaining its strengths.

## Beyond Dichotomy: Extending Definitions of the Family Firm

Although family business is now a major field of inquiry, there is no generally accepted definition of what is meant by the term "family business" (Litz, 1995, Fox et al, 1996). Various definitions have been offered in the literature but ambiguities exist. Most researchers tend to adopt a pragmatic definition, viewing family involvement as ownership and management and/or the owner/managers perception that a business is a family business (Westhead and Cowling, 1996; Handler, 1989). Upton and Petty (2000) define the family business as a firm owned and operated by two or more family members. Carsrud (1994) defines a family business as one in which ownership and policymaking are dominated by members of an "emotional kinship group". James (1999:45) defines a family firm as a privately-held company that will be inherited and controlled by one or more of the proprietor’s children upon his retirement. Researchers generally agree that family involvement in the business is what makes the family business different (Miller and Rice, 1967). Conventional definitions of family firms can thus be seen to concentrate on those owned and operated by two or more family members and where “ownership and policymaking are dominated by members of an emotional kinship group”. Family businesses are presented as a bounded entity, restricted to those businesses directly involving family members. This definitional issue is not merely semantic but reflects upon the unit of analysis for empirical work; shapes the conceptual framework underpinning family business research and may have implications for support policies. The lack of a clear definition also inhibits cross-study comparisons. Two recent solutions to this problem have been proposed, both of which move away from dichotomous definition of what is, or is not, a family firm[1].

The F-PEC scale (Astrachan *et al* 2002) avoids the dangers of a Boolean yes / no definition of the family firm by development of a series of instruments allowing researchers to position firms according to three key variables: power, experience and culture. This permits robust comparisons across studies and samples, as well as a more detailed examination of the relationship between family and business, even for those firms not included in any of the traditional definitions of family business. Our study is in the spirit of such inquiry, and

[1] These articles also provide a more detailed review of family firm definitions than space permits here.

represents an attempt to move beyond received definitional family-firm boundaries to study the role of family in the entrepreneurial firm.

Astrachan and Shanker (2002) propose a set of three definitions of the family firm - narrow, middle, and broad – which are successively more inclusive of family participation. Their broad definition of the family firm encompasses those businesses where a family controls the strategic direction of the firm, and also participates in the business. In the middle definition, additionally, the business is run by a founder or descendant, and is intended to remain in the family. For the narrowest definition of the family firm, the extra criteria of multiple-generation participation in business, and more than one member of the owner's family having management responsibility, are added. These three definitions are diagrammatically arranged in a target-like format of concentric circles, with the narrow definition at the centre of the target, the "bull's eye".

Definitions of both family business, and entrepreneurship, have until recently been mutually exclusive. This has led to a conceptual gap between the two areas of study, with the impact of the family on entrepreneurial firms being sadly under-explored. By extending the Bull's Eye model, so as to move still further beyond the constraints of traditional definitions, this study adds a new conceptual dimension to the study of the inter-relationship between family and entrepreneurship.

This model can provide a conceptual basis for linking together the two research fields of entrepreneurship and family business scholarship, for modelling family-firm interactions in a wider sense, and for highlighting under-researched areas. The role of the family in the entrepreneurial business is, as already mentioned, an every more important research topic. A fine example of such work is Birley *et al*'s (1999) typology of relationships between the family and the entrepreneurial business. Following a survey of more than 500 entrepreneurs, three types of family-business cluster were identified. One group, "Family Rules" saw the family and business as a single unit, whilst for the "Family Out" cluster, the two should be kept as far apart as possible. The third group, "Family-Business Jugglers" were concerned to balance the interests of both parties, and maximum formal family involvement was restricted to the employment of a few kin in the firm. Nonetheless they were comfortable with, and accepting of, some degree of overlap between the two domains.

Relating this typology to the Astrachan and Shanker bull's eye model, the following observations can be made: the "Family Rules" group encompasses the first (narrow definition), second (medium definition), and third (broad definition) circles of the model. The "Family-Business Jugglers" group are clearly beyond the scope of the three circles, since their enterprises cannot be classified as family firms, even under the terms of the broadest definition. Nonetheless, the role of kin for these entrepreneurs may be substantial. Finally, the "Family Out" group reject all links between family and business, and, again cannot be mapped onto the Bull's Eye model. By extending the Bull's Eye model to incorporate Birley *et al*'s typology, we can show two additional possibilities for the interaction between family and business. The first of these two new circles, "Family-Business Jugglers", makes informal use of family members in the running of the firm. The second, “Family Out” avoids all interaction between family and firm. Figure One shows the extended Bull’s Eye model in diagrammatic form. The diagram also helps to focus attention on a serious research gap: entrepreneurship is guilty of spending, until very recently, far too much attention on those in the outer circle (“Family Out”), or, worse still, assuming that most entrepreneurs fall into this group. Family Business studies have, not surprisingly, given the definitional issues involved, focused on the inner three circles, the “Family In” group. The “Family Jugglers” group, which Birley *et al* estimated to include about a third of all entrepreneurs, has been woefully neglected. The aim of this study is to redress this neglect, by exploring the nature, extent and impact of informal family contributions to the entrepreneurial firm, using the lens of entrepreneurial networks as the means of so doing. In other words, we intend to examine the role of family members in entrepreneurial networks, beyond the formal boundaries of the family firm. The following theoretical discussion builds on extant literature to develop a set of research questions contrasting the commercial benefits and hazards encountered through family-business inter-relationships, for the “Family-Business Jugglers”, and “Family In” groups respectively.

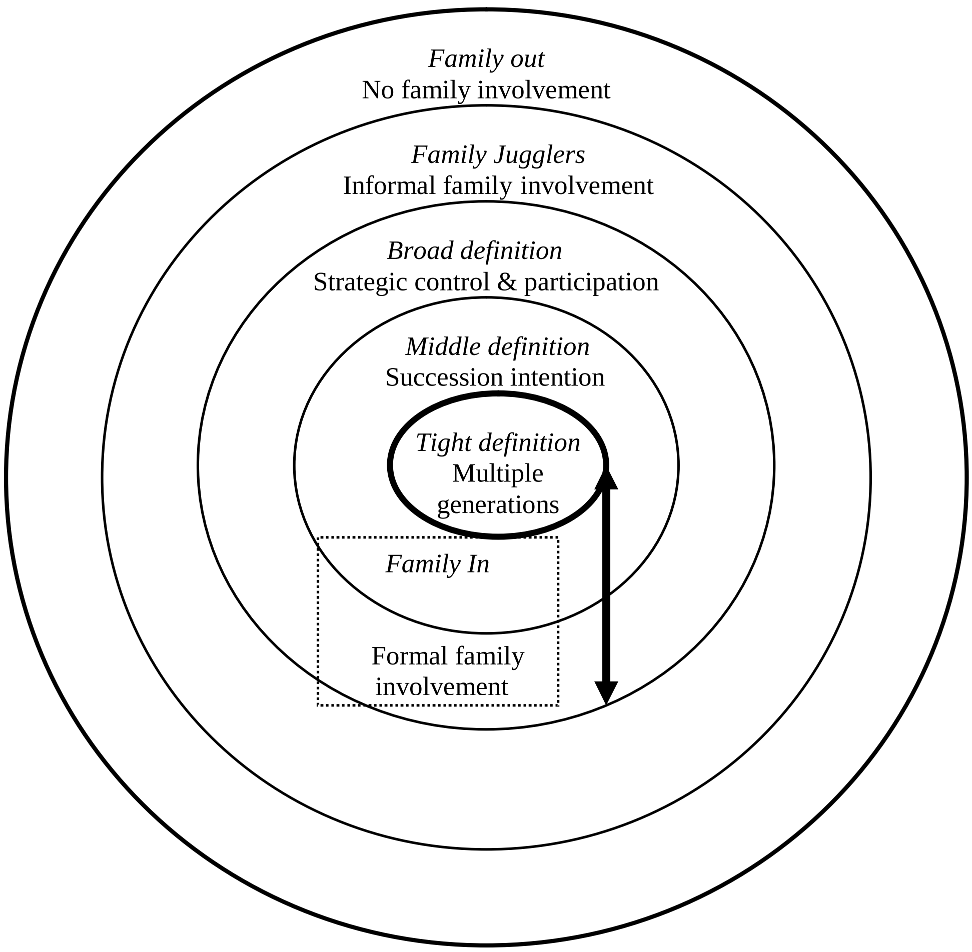
## The Role of Family in Supporting Independent Enterprise

As with many studies of entrepreneurial networks, the approach we adopted focused on the *ego-centred network* of the entrepreneur (Greve and Salaff 2003, p 9, see also Barnir and Smith, 2002, p 221, Burt and Minor, 1983; Knoke and Kuklinski, 1982; Suitor, Wellman and Morgan, 1997). The ego-centred approach is especially appropriate for samples where those studied have a diverse network, not contained with a single social structure. This is certainly the case for entrepreneurs, as has been repeatedly shown, with their networks containing a mixture of business, friendship, and kin ties. Entrepreneurial networks are thus a complex mixture of multiplex social and professional ties, all of which tend to contain both affective and instrumental elements, bonded by trust. We concentrated our study on the 5 main personal network contacts of our sample, for both the quantitative and qualitative phases of the study, since evidence shows that recall is strong for these relationships (Greve and Salaff 2003, p 9, Burt and Ronchi (1994)). In Granovetter's terms, then, we were interested in the *strong ties* of our entrepreneurial sample, or, to use Uzzi's similar concept, *embedded ties*, those with whom entrepreneurs regularly discussed their business, and where relationships are tightly-coupled amalgams of the personal and the professional Uzzi 1996 p 682. The governing mechanism of such networks is trust:

> "trust is a governance structure that resides in the social relationship between and among individuals and cognitively is based on heuristic rather than calculative processing... trust is fundamentally a social process, since these psychological mechanisms and expectations are emergent features of a social structure that creates and reproduces them through time" (Uzzi 1997)".

Although there has been scant direct research into the informal inter-relationship between family and business in entrepreneurship, nonetheless, studies do exist which highlight the importance of kin to enterprise creation and development. Ram (2001) has emphasised family culture, and its influence on social relations in small firms, and the importance of the “family” in creating and sustaining such businesses. For example, dependence upon family members for labour within small firms is common and, within the UK, recent work indicates that this is the norm rather than the exception (Rosa et al, 1994; Baines and Wheelock, 1998).

Figure One: A Continuum of Family – Enterprise Interactions
*Extending Astrachan and Shanker’s Bully’s Eye Model*



"The initial capital…generally comes from personal and family assets…In some instances, an entrepreneur's family or extended family not only provides needed capital, but provides other resources such as access to markets, sources of supply, technology, and even new ideas" (Dyer and Handler, 1994, see also Reynolds *et al* 2004).

It is the growing interest in the socio-cultural context of entrepreneurship, though, which has led to heightened awareness of the importance of familial relationships to the entrepreneur, and especially those studies which take a network perspective. All economic activity is embedded in social context (Granovetter, 1973), but this is especially so for entrepreneurship, where the person of the entrepreneur provides the focus, the decision-making centre, the information-gathering hub – the embodiment – of the firm. Entrepreneurs have a strong tendency to personalise their business activities, working with and through other people to identify and validate business ideas (Hill et al, 1999; de Koning 1999), to access resources (Ostgaard and Birley, 1994), to manage supplier and customer systems (Larson, 1992; Uzzi 1996, 1997), to interrogate the wider commercial environment, and to both develop and implement strategies (Burt, 1992; Hill et al, 1997). The slowly-developing set of relationships which entrepreneurs enact, as they carry out these highly-personalised processes, are termed *entrepreneurial networks*. In general, the literature distinguishes between two types of network tie, both of which are needed in an effective entrepreneurial network (Granovetter, 1973). Strong tie network contacts are those people with whom the entrepreneur has a close personal relationship, and with whom they interact quite frequently. Weak ties, on the other hand, are more distant emotionally, and may only be activated infrequently. Strong tie contacts are often friends or family, whereas weak ties are more likely to be defined as business associates. Strong ties have been found to provide very high quality resources – especially information - which is often not commercially available, and which is very well focused on the specific needs of the entrepreneur and their business. However, because family and friends tend to move in the same circles as the entrepreneur, these resources may not offer much beyond the entrepreneur's own scope; that is, they may not be adequately diverse in nature. The main benefit of weak ties is that they are able to access heterogenous information (and other resources), acting as a bridge across social structural holes (Singh, 1999).

Literature on the changing nature of enterprises suggest that the boundaries around organisations have become much more permeable, with concepts such as strategic alliances, networks, and virtuality replacing clear delineation of organisational limits. Building upon relationships with individuals and organisations beyond formal firm boundaries is increasingly seen as essential in generating optimum business performance. This is especially so of entrepreneurial, independently-owned and managed businesses - a category which includes the vast majority of family firms (see, especially, Szarka, 1990), as the foregoing discussion of entrepreneurial networks has shown. Business assistance provided by those outside the firm can also be conceived of in terms of virtuality. In a virtual organisation, physical proximity and formal ownership/employment ties are rejected, in favour of exchange relationships based on trust, mutual benefit, and a sense of belonging (Barnatt, 1997, Alexander, 1997). Boundaries are permeable, and must be managed in such as way that advantages are not outweighed by corresponding disadvantages from impaired interaction relationships (Alexander, 1997:124). Trust plays a major role in the successful management of such relationships (Larsen and McInerney, 2002; Nonaka and Takeuchi, 1995; Handy, 1995). Again, it seems feasible to argue that appropriate kin outside the formal boundaries of the family firm, working in physically and organisationally distinct loci, may prove excellent virtual members of a family firm. Trust, and a sense of belonging, are provided by the family context, which also mediates relationships interactions in a positive manner. The benefits that these possible kin network contacts, or virtual members of the family firm, provide to the family firm are likely to be enhanced by their emotional commitment, and long-term understanding of the firm. Informal inter-relationships between strong-tie family network contacts and the entrepreneurial firm can thus be argued to provide flexibility and diversity in their resource provision, beyond that which can be provided by family-employees, but with greater levels of trust and commitment than that exhibited by non-family strong-tie contacts.

As we have seen, the family plays a crucial role in the development of new firms, and this is not least because kinship relationships provide the strongest of strong ties. Stewart (2003) provides the most detailed review of work which examines the role of kin in entrepreneurial networks, although he focuses on kin employed within the family business. Stewart lists the benefits of kin-based network ties as including commitment, extensive tacit knowledge, access to information, reliability, and a willingness to make sacrifices in terms of time, money and effort. (This list can be seen to be a heightened version of that describing the benefits of strong-tie network contacts in general.) We would argue that these benefits would also obtain for kin-based network ties with those relatives who are not formally employed within the family firm. Indeed, the very fact of their following a different career path may also proffer a more diverse and richer range of resources to their family's business. However, the liabilities of strong ties may also accrue to these relationships, most especially homogeneity and sterility in terms of resource provision. Indeed, these liabilities are likely to be especially pronounced for family strong-tie network contacts, given the high degree of social, educational and professional homophily within immediate kinship groups.

The foregoing discussion allows us to draw the following tentative conclusions. The literature suggests that informal inter-relationships between strong-tie family members and the entrepreneurial firm will deliver many of the benefits associated with strong-tie family-employees, including the provision of high quality, well-focused, low-cost resources in a timely fashion. However, it is also likely that these informal inter-relationships will particularly exhibit the liabilities of strong-tie network couplings, including excessive homogeneity, and sterility of resource provision. Notwithstanding this point, the potential contributions of family members outwith the organizational borders of the firms are likely to deliver greater diversity than those within its formal employ.

Beyond these theoretical arguments, little is known about the scale and character of kin strong-tie network contacts employed outwith the entrepreneurial venture. A series of international studies into entrepreneurial ventures, discussed in more detail below, indicates that between 13% (Ireland, Japan) and 31% (Greece) of an entrepreneur's five most important network contacts are family members. However, we do not yet know what proportion of these work outside the family firm, what kinds of assistance they provide, nor the relevance and quality of this support. Since so little information is available, it is not yet viable to develop formal testable hypotheses, but rather to develop a series of exploratory research questions. Research attempting to generate understanding, *verstehen*, is required, before more specific *erklarüng* studies can analyse the details of cause and effect. In order to begin developing our understanding of "Family-Business Jugglers", and to build on the theoretical discussion above, the following research questions need to be addressed:

RQ 1: What is the extent of informal family support for entrepreneurs, as members of their strong-tie network?

RQ 2: How do kin-based strong-tie network contacts differ from non-kin contacts?

RQ 3: What is the nature of support which is provided by family strong-tie network contacts outside the boundaries of the family firm?

RQ 4: What is the quality of this support provision?

## Methodology

### *A Multi-Method Approach*

Literature-driven theoretical considerations led to the selection of entrepreneurial networks as a potentially rewarding perspective from which to study the impact of family upon entrepreneurial firms. Having used the literature to generate four research questions, the next stage in the project was designing a method to address these issues. Several considerations needed to be borne in mind at this stage, including generalisabilty, data requirements, methodological rigour, and operationalisability. These requirements led to the development and implementation of a two-stage research project, which utilised both quantitative and qualitative techniques.

So as to be able to extrapolate our findings to a wider population, we elected to utilise a well-established research instrument, specifically a questionnaire into entrepreneurial networks which has formed the basis of a number of international studies (Aldrich *et al* (1989)- USA and Italy; Aldrich and Sakano, (1995) – Japan, Birley *et al* (1991) – Northern Ireland; Drakopoulou Dodd and Patra, (2002) – Greece; Greve and Salaff (2003) – Norway; Johannisson and Nilsson, (1989) - Norway, Staber and Aldrich, (1995) - Canada). Comparing our findings to extant international results permits the similarities and differences between our sample, and its international counterparts, to be laid bare, and thus for strong arguments to be made regarding possible generalisability. The internationally-recognised survey instrument is especially well suited to eliciting data with regard to network structure, composition, and content. We followed Drakopoulou Dodd and Patra (2002), in adding several further questions relating to the content of network exchanges. Simple quantitative analysis was carried out on data derived from the survey, to establish the size, scale, and significance of informally-linked strong-tie family network contacts.

Many argue that richer and deeper data of the dynamics, processes and complexities of networks is best accessed through qualitative methodologies, (Chell and Haworth, (1992), O'Donnell et al (2001), Hill et al, (1999), Hoang and Antoncic, (2003), Johannisson, (1996), Johannisson and Mønsted (1997), Larson, (1992), Lechner and Dowling, (2003), Uzzi, (1997), Zeleny, (2001) ). Our hypotheses address both types of data, and therefore required both methodologies. The second stage of the study involved qualitative research, using semi-structured interviews to probe in more detail into the relationship between family and entrepreneurship, paying special attention to the family –business jugglers group.

*Stage 1: The Quantitative Study*

Our sample frame was derived from the 1997 edition of the Grampian Business Directory, a local government publication which provides a comprehensive listing of all firms in the Grampian region. Grampian was selected as the locus for the study, because it is an economic environment in which the three authors are well-embedded, and because it represents a discrete, geographically bounded area. The selection of a single cognate region was intended to limit the effects of social and economic geography upon the data. Grampian, in the North East of Scotland, is centred around the City of Aberdeen, the ‘oil capital’ of Europe. The city has a long history of international trade and merchant venturing dating back (at least) to the middle ages. It is also, however, physically distant from the Central Scotland belt (Glasgow, Stirling and Edinburgh), and has retained a distinct character. Grampian combines some oil-related industries with the more traditional whisky, fishing, food-processing and textiles sectors.

The regional business directory details the size and sector of firms, and provides some indication of ownership/legal status. The directory was used to generate a total regional population of 786 owner-managed firms, with between zero and 200 employees. We then randomly selected somewhat over one third of this population and thereby arrived at our final sample of 271 entrepreneurial firms. All of these firms were contacted in a telephone survey carried out between May and June 2000, and their entrepreneurs were invited to participate in the survey by responding to the extended questionnaire over the telephone. The survey generated 68 useable responses, equating to a 25% response rate for the sample**.** Whilst this is a fairly low response rate, it is not untypical for studies of networks, which entrepreneurs often show a marked reluctance to discuss (Johannisson and Mönsted, 1997). Furthermore, the telephone survey method reduces response rate by requiring that the respondent deals with the survey at a given moment in time, which is especially difficult for busy entrepreneurs. Nevertheless, the multi-method nature of the study, and the representativeness of our sample to the overall regional population, provide assurances of the quality of the data, low response rate notwithstanding.

*Stage 2: The Qualitative Study*

In the second stage of our empirical study, we applied a qualitative methodology to conduct a series of 12 extended in-depth interviews to generate a fuller, richer appreciation of the dynamics of the family in business. All respondents to the telephone survey were invited to participate in the second stage of the study. From this group, twelve respondents were purposefully selected for in-depth interviews. This purposeful sampling method, recommended for qualitative studies, enabled the researchers to use their judgement to select respondents and cases that were particularly informative (Neuman, 1991) and which would help to achieve the objectives of the research (Saunders et al, 1997). We used information provided during the quantitative survey to identify a set of respondents who, between them, represented the complete continuum of family-business relationships, and who also mirrored the wider regional population in terms of gender, age, sector, and business size. Each respondent was interviewed for between two and four hours at various times throughout the summer of 2000. Interviews were carried out at the respondents' premises, since relaxed and open discussion is facilitated by familiar surroundings (Hill *et al* 1999, p 75; O'Donnell *et al* 2001, p 756). The interviews were carried out by two of the researchers. Questions were asked and explanations sought about the types of network ties used, the areas which respondents tended to discuss with each strong tie, the kind of help these people provided, and how often, where and when they interacted with their ties. Respondents were also invited to describe the relationship they had with each strong tie, and to recount the history of these relationships, with special emphasis on their relevance for the entrepreneurial venture. Questions were not asked in any specific order, but were governed instead by the actual situation (Gummesson, 2000).

Interviews tapes were transcribed verbatim, and examined using well-established qualitative data analysis methods (Miles and Huberman, 1994, Glaser and Strauss, 1967), which have become the accepted approach for handling entrepreneurial network analysis (Human and Provan, 1996, Hill *et al*, 1999 p 76). Specifically, the transcripts were read and re-read, with notes on emergent themes contemporaneously entered into a research diary (Easterby-Smith *et al* 1999). The research diary was reviewed to clarify these emergent themes, and we then revisited the transcripts for initial coding. This re-vistitation continued until few new insights occurred (Human and Provan, 1996). The initial coding was discussed and clarified by the research team, and categories agreed. Next, the transcripts were surveyed again for complete identification of examples matching the agreed thematic categories. We followed Hill *et al* 's technique of physically cutting and pasting these examples into separate files (1999, p 76) to facilitate examination. Completing the laborious task of categorisation, replete with illustrative examples, we simultaneously continued the interrogation of the data, in relationship to the four research questions developed from the literature.

Finally, we produced an illustrated summary of the major themes and the relationships between them, presented below.

We recognise these research techniques have some inherent limitations. The study area was restricted, and both the small number of respondents to the quantitative survey, and the nature of qualitative methodologies, inhibit generalisability (Larson, 1992). Conducting both quantitative and qualitative studies, as well as comparing our findings to other extant work from the literature stream, mitigates some of these limitations by triangulating findings. The use of a well-established survey instrument also allows us to position our findings in their international context. Furthermore, the value of qualitative research design lies in its capacity to provide insights, rich detail and thick description (Geertz, 1973) and to produce a grounded model which can generate hypotheses for further testing (Larson, 1992). This is an especially valuable contribution for such an under-researched area.

## Findings

### ***Quantitative Findings-*** *Network Composition*

The quantitative data was used to provide an indication of overall trends. Respondents were asked to name up to up to five main personal network contacts, the people with whom they most frequently discussed their business. Background information on these contacts was elicited, including the nature of their relationship to the entrepreneur, and their occupation. In terms of international comparisons, our Scottish sample reported spending more time on maintaining their existing tight circle of strong ties, than on developing new relationships.

Their networks were relatively small, and contained about the same proportion of kin (24%) as their European neighbours (Greece, 31%, Italy: 23%, Sweden 24%), although considerably more than entrepreneurs from other nations (Canada 18 %, Ireland 13%, Japan 13%, USA 14%[2]). As Table One shows, these family ties were more likely to be employees of another firm than either friends or business associates. Given the small cell sizes, statistical testing is not appropriate in this case, but the data point to clear trends, nevertheless.

**Table 1**
**Nature of strong-tie, and occupation of strong-tie contact**

| | Family Ties | Friendship Ties | Business Ties |
|---|---|---|---|
| % of total ties<br>N = 182 | 24%<br>N = 44 | 15%<br>N = 28 | 61%<br>N = 111 |
| Occupation of strong tie contact, by nature of tie | | | |
| Professionals | 4% | 7 % | 31% |
| Partners / co-directors | 25% | 10% | 34% |
| Entrepreneurs | 16% | 39% | 3% |
| Employed (external) | 42% | 32% | 22% |
| Employee (internal) | 2% | 4% | 6% |
| Other | 11% | 7% | 4% |
| Total | 100% | 99% | 100% |
| Occupational locus of strong tie contact, by nature of tie | | | |
| Internal / quasi internal | 31 % | 21 % | 73 % |
| External | 69 % | 78 % | 27 % |
| Total | 100% | 100% | 100% |

[2] See Drakopoulou Dodd and Patra (2002) for a summary of these international studies, and the methodology section for a full set of references. Drakopoulou Dodd et al (2002) provide a detailed overview of the comparison between this Scottish sample and their international counterparts.

Table One also shows that family ties were fairly heterogeneous, in terms of professional locus, with 69% working in a different business, either for themselves or someone else. Well over two thirds of the family members to whom entrepreneurs turned for help with their business work outside the formal boundaries of the family firm, confirming once again the importance of such relationships. Friendship ties, although a much smaller overall percentage, are even more externally focused (78%). Compare this to the business ties, where 73% are either internal (partners/co-directors, and employees), or quasi-internal (closely-linked professionals). These family members – named among the five most important personal network contacts of the sample respondents – perhaps because of their heterogeneous working environment - were reported as providing a wide and diverse range of assistance to the business, throughout its existence.

*Nature of the help provided*

Respondents were asked to identify, from a list of 12 possible areas, which management areas they discussed with their contacts and, from a list of 7 potential types of help, what type of help was provided. We examined discussion content, and type of support provided, by nature of tie (business, family, or friend). We calculated the importance of each discussion topic, and support type, as a percentage of the total reported for each of the three groups. Table 2 shows the findings of the analysis into discussion content, which are then illustrated graphically in Figure 2.

**INSERT TABLE 2 ABOUT HERE**

**INSERT FIGURE 2 ABOUT HERE**

These data show that, while content discussed with friends varies somewhat from the overall trend, the findings for family and business ties are very similar in many respects. Whilst the small sample size prevents any meaningful statistical analysis from being carried out, the trend is strong enough to take seriously, and is especially evident in Figure Two. Our respondents were as likely to discuss a range of highly instrumental and functional topics with their family contacts as with their business contacts. Indeed, for some topics, they were more likely to seek discussion with family, than with business ties. These subjects were found to be tax issues, advertising and promotion, managing production and operations and managing staff. However, in general, the data showed a great similarity between the ways family and business ties were used.

There are two possible explanations for this finding. On the one hand, it may be that the entrepreneurs choose to discuss a range of functional issues with their family, regardless of family members' expertise and experience. If this is so, the content of discussions with family members may be a hazard for the entrepreneur and his business, given the possible low-calibre nature of the information and advice thus provided. A more positive reading of the data would suggest that where experience and expertise on a given area is available within the family circle of the entrepreneur, advice and information will be solicited from this source, rather than from business contacts. One of the reasons that we embarked upon the second phase qualitative study was to address this issue more directly.

**INSERT FIGURE 3 ABOUT HERE**

When we turn to the type of help provided, again, there is less difference between family and business ties than might have been expected. Figure 3 shows these findings, which indicate that, as expected, family help is more likely to be emotional support than is help from business contacts, although assistance provided by friends is still **more** likely to be emotional in nature. Family help is also often in the form of advice, problem solving, and information provision. Again, family support for the entrepreneur seems to be almost as practical in nature as that provided by business contacts.

*Summary*

The picture which our quantitative study allowed us to develop, then, was one in which the assistance provided by family members to the entrepreneur appeared to be focused and functional in nature. We have already reported that the vast majority of these family ties, unlike the business ties, were external to the firm, thereby offering better potential for accessing otherwise unavailable resources and information (technically termed *the bridging of structural holes*). As strong ties, family contacts would also be expected to provide help at negligible cost, with a high degree of attention, and in a timely and pro-active fashion. The entrepreneur's family would be functioning as a cost-effective, high-quality, virtual business. The quantitative study provides some answers to our research questions; family strong tie contacts are indeed an important element of entrepreneurial networks, and they provide a range of professional support to the firm. They differ from friendship ties, counter-intuitively, in being used to provide commercial support, and from business ties in being - again, counter-intuitively – located mostly outside the formal boundaries of the entrepreneur's busness.

However, the quantitative instrument used did not permit us to assess the quality of support provided by specific family ties, and this is clearly a crucial issue in assessing their value to the firm.

### ***Qualitative Findings***

#### *The Family in Business*

The findings from the qualitative study confirmed the earlier findings that most entrepreneurs made extensive use of family members in the running of the business. This was often so, even when there was no formal involvement of family members with the firm. Using Birley et al's (1999) typology, we found that five of the 12 entrepreneurs we interviewed had chosen to employ members of their family formally, and/or to encourage family equity stakes in the business. These entrepreneurs have chosen the "Family In" grouping. Two of the entrepreneurs studied were firmly opposed to any form of family involvement in the firm, and did not even discuss work at home over dinner in the evening! It would be hard to find clearer examples of the "Family Out" group. The third group of five entrepreneurs were the most interesting for the purposes of this study. Although there was no formal family link to the business, either through employment or ownership, nevertheless kin constituted an important part of the entrepreneurs' networks. Table Three presents short overviews of the 12 respondents and their businesses.

**INSERT TABLE THREE ABOUT HERE**

*Start-up Help*

Our findings confirmed, as Dwyer and Handler (1994) suggested, the importance of family involvement at the start-up phase. Critical forms of family support as businesses were created were promotion of the entrepreneurial concept, help with opportunity identification and, especially, provision of finance. For the "Family In" group, entrance to entrepreneurship had been especially facilitated by kin, either through inheritance, or very extensive provision of finance and other resources. One respondent, Nigel founded his first business in his very early twenties and faced all the usual legitimacy gap problems of the very young entrepreneur. His father-in-law allowed him to use the name of his own business to generate credibility, which in turn delivered, "*recognition, good credit standing…a cheap office*", as well as providing one member of staff salary-free from his own business (his daughter, now the entrepreneur's wife).

Interestingly, however, kin had played a highly significant start-up role for the "Family Jugglers" group of sample entrepreneurs providing entrepreneurial stimulus, finance, advice and other resources. As an example of the type of help offered to the jugglers, let us tell the story of another respondent, Adam. Adam has a father-in-law who had enjoyed a career as one of the country's top businessmen, and remained exceptionally influential and well-connected in the commercial world. It is hard to imagine a more appropriate and high-quality tie for a new, young entrepreneur. Adam told us how father-in-law conceived the original business idea, provided technical expertise and access to a network of contacts and had acted as a "business sage": *"Father-in-law was saying, "why don't you start your own business", which was a bloody stupid idea! I had no money, no assets, nothing…He convinced me you don't need money…and away we went"*.

As a contrasting case, Kathy's husband had lent her money to start her business whilst her father had guaranteed a bank loan. Both husband and father provided advice and support during these early days. Mary's husband had been a key initiator of her business, bought her a computer and trained her in the basic skills needed to produce marketing materials. He had also introduced her to several of her early clients. Stuart's parents had acted as important sources of support and some finance. Stuart also emphasised how important it had been for him to know that they were happy with and proud of his move into entrepreneurship.

Assistance from relatives at the start-up point is perhaps understandable. When the business has no track record it is a difficult task for the entrepreneur to leverage resources and information from the market place. Family, however, already trust each other and usually have a desire to see each other succeed. Assistance in the very early stages of the new firm's life was thus especially important to the entrepreneurs in both the "Family In" and "Jugglers" groups.

*Continuing Support*

Although family help was especially important at the start-up stage, in later years family members outside the business continued to act as key network contacts and provided a range of assistance to entrepreneurs. For the "Family In" grouping, this is not surprising, as kin continued to be formally involved with the firm as employees and investors. In some cases, additional family members took on informal roles, or moved between formality and informality. For example, retired parents continued to provide hands-on assistance, helping with day-to-day business tasks in pressing times.

The "Family Jugglers" also continued to make extensive use of their relatives, in the provision of professional advice, as links to other people, and as sounding boards for entrepreneurs to bounce ideas off. The nature of their support has developed and changed, in line with the dynamics of the entrepreneur's needs, so that Adam's father-in-law is now helping him by "*talking in more detail, ins and outs, balance sheet details….the conversation has moved*". Similarly, Kathy told us that since her business is now so much larger than her father's had been, she now uses him for more general, less specific advice. More important for her now is the specialist advice provided by her sister, "*an extremely high-flying HR senior consultant*". Her husband also acts as a "*good sounding board…this can provide you with the reassurance about whether your ideas are reasonable*".

*The Benefits of External Family Support*

Our respondents ascribed several key benefits to the support provided by family members outwith the formal borders of the firm. The most important of these were: the high quality of the help provided; the heterogeneity of resources and viewpoints made available; the rapidity of the service provided and its low or non-existent cost. Much of the assistance provided by external family members was explicitly and spontaneously praised by our respondents for its quality: "*Well it's easy really, my brother-in-law is an accountant, so I get the best advice for my business"* (William). Kathy's HR consultant sister "*knows her stuff inside-out and upside down"*.

Network theory suggests that a danger in strong ties is the likelihood of homogeneity, which in turn dilutes the richness of information and other resources available to the entrepreneur. Conversely, we found many instances where respondents valued the *heterogeneity* of family ties. The family members filled an additional role of offering diverse ways of viewing issues, or access to technical, organisational, or interpersonal skills that the entrepreneurs lacked. Kathy explained about her husband: *"He comes from a completely different angle, - he's an engineer, and as you know, engineers think in a completely different way from normal people"*. Graeme, talking about his wife's impact on the business, said: *"A woman's view on the sort of stuff we do is tremendous; in fact, it's made me… I describe myself as a recovering engineer…if I go back there I'll start thinking like that again"*.

The rapidity of family response to entrepreneur's needs is also mentioned frequently as a benefit by our sample, who often said "I just have to pick up the phone". Similarly, the fact that these services were not only made available quickly, but at virtually no cost, was seen as a major benefit by several respondents: "*it's also cheaper talking to her about legalities and so on*" (Kathy).

*Hazards of Family Involvement*

In our interviews just two examples of family conflict were raised, both of these in the "family In" group. Stuart's relationship with his parents-in-law, who had done so much to help start the business, have deteriorated to the point where very serious arguments have taken place. William had extreme difficulties managing a family employee, and had to rely on an external (non-family) adviser to resolve the situation. None of the "Family Jugglers" group reported any conflict with their relatives related to their business. Interestingly, the reasons which the two "Family Out" respondents gave for maintaining the boundaries between work and home/family were derived from the desire to avoid typical family firm conflicts. Barry had refused to allow his son to join his business, because he did not want any nepotism in the firm and because he thought it would damage his son's development. Tony explicitly referred to the high failure rate of second generation firms as his reason for not involving his offspring in the business.

## Discussion of Findings

Our first research question asked what is the extent of informal family support for entrepreneurs, as members of their strong-tie network? The quantitative survey findings indicate strongly that family outside the boundaries of the firm are indeed very important for entrepreneurs. A quarter of the most important network contacts in our survey were kin and the majority of them worked outside the family's company. The qualitative stage of our research revealed that these external family ties were especially important for the "Family Jugglers" group, the *missing middle* in entrepreneurship and family business research.

How do kin-based strong-tie network contacts differ from non-kin contacts? Whilst family involvement is indeed of special importance at the start-up stage, family members, who do not work for the family firm, continue to also provide a wide range of help and assistance to entrepreneurs in later years.

What is the nature of support which is provided by family strong-tie network contacts outside the boundaries of the family firm? Their help was typically instrumental and functional in nature, very similar to that of business ties.

What is the quality of this support provision? Entrepreneurs placed special value on the high quality of the help provided by kin; the heterogeneity of resources and viewpoints; the rapidity of the service provided and its low or non-existent cost. No conflicts were revealed by the "Family Jugglers" group of respondents, although some had indeed occurred within the boundaries of traditional family firms. Their avoidance was why some entrepreneurs had self-selected the "Family Out" grouping.

What are the implications of these findings? For those advising entrepreneurs in traditional family firms, our findings indicate that many of the hazards associated with this type of organisation can be mitigated by the adoption of more fluid boundaries between family and business. There are also many benefits for the family firm in promoting the development of a strong network of family members outside its boundaries. Similarly, “Family Out” entrepreneurs may find the middle path to their benefit, since it permits family involvement in their firm, without risking the hazards they so fear. The quality and reliability of kin-based virtual organisations, as well as its cost implications, have much to offer family and non-family entrepreneurs alike. Indeed, the very high quality, rapidity and flexibility of the resource provision offered by these especially strong ties make them a highly strategic asset for the entrepreneurial firm. Furthermore, and in contrast to the predictions of the literature, these family strong-tie contacts were found to be helpfully heterogeneous from their entrepreneurial relatives, so that the anticipated liabilities of extreme homophily did not prevail.

For entrepreneurship scholars, the study highlights the importance of the recent move towards taking family issues seriously. The study also indicates that the neglected middle ground between entrepreneurship and family business research is worth considerable further investigation. Our exploratory work provides the basis for other scholars to develop testable hypotheses on the inter-relationship between non-employee family members and the entrepreneurial firm using quantitative surveys. However, in order to fully appreciate the dynamic nature of these processes, longitudinal studies are likely to be of special value, especially those adopting qualitative techniques which permit privileged access to these complex phenomena.

## Conclusions

Family members outside the (family) firm offer a range of very important resources to entrepreneurs, which are both professional and affective in nature. They offer many benefits of the benefits of the traditional family firm, whilst not incurring their hazards.

Extending Astrachan and Shanker's Bull's Eye model, to encompass the full range of potential family-business inter-relationships, provided a strong conceptual basis for this study. It also highlighted how fertile the no-man's land between entrepreneurship and family business scholarship is, drawing attention to a significant research agenda for both disciplines.

This study has demonstrated that, in the interstices between the traditional interests of entrepreneurship and family business, there is indeed a "missing middle" which merits analysis. Our extension of the Bull's Eye model to cover all family-enterprise relationships, from the most intense to the loosest, is hence provided some initial validation. Additionally, we have shone some light on the nature of family-enterprise interactions, using network approaches, for the hitherto "missing middle" group. Clearly, this is an area which merits further substantial research.

## Acknowledgement

The authors would like to thank the editor and anonymous reviewers for their helpful comments and discussion of this paper.

References:

Aldrich, H and Cliff, J (2003) “The pervasive effects of family on entrepreneurship: toward a family embeddedness perspective”, Journal of Business Venturing, September 2003, 573 - 596

Aldrich, H, Reese, PR, Dubini, P, Rosen, B, and Woodward, B. (1989), “Women on the Verge of a Breakthrough: Networking Between Entrepreneurs in the United States and Italy”. Entrepreneurship and Regional Development, 1, 339-356.

Aldrich, H., and Sakano, T. (1995), “Unbroken Ties: How The Personal Networks of Japanese Business Owners Compare to Those in Other Nations”. In Fruin, M (ed.), *Networks and Markets: Pacific Rim Investigations*, New York, Oxford, pp17 – 45.

Alexander, M. (1997) “Getting to Grips with the Virtual Organization”. Long Range Planning, 31(1), 122-124.

Astrachan, J, Klein, S and Smyrnios, K (2002) “The F-PEC Scale of Family Influence: A Proposal for Solving the Family Business Definition Problem”. Family Business Review XV: 1, 45-58

Astrachan, J and Shanker, M (2003) “Family Businesses’ Contribution to the U.S. Economy: A Closer Look”. Family Business Review XVI (3), 211-219

Baines, S. and Wheelock, J. (1998) “Working for Each Other: Gender, the Household and Micro-business Survival and Growth”. International Small Business Journal, 17(1): 16-31.

Barnatt, C. (1995) “Office Space, Cyberspace and Virtual Organization”. Journal of General Management, 4: 78-91.

Barnatt, C. (1997) “Virtual Organisation in the Small Business Sector: The Case of Cavendish Management Resources”. International Small Business Journal, 15(4): 36-48.

Barnir, A. and Smith, K. (2002) “Interfirm Alliances in the Small Business: The Role of Social Networks”, Journal of Small Business Management, 40(3):219-

232.
Birley, S., Cromie, S., and Myers, A. (1991), "Entrepreneurial Networks: Their Emergence in Ireland and Overseas", International Small Business Journal, 9 (4) 56-74.
Birley, S., Ng, D. and Godrey, A. (1999) "The Family and the Business". Long Range Planning, 32(6): 598-608.
Burt, R. S. (1992) *Structural Holes.* Cambridge, MA: Harvard University Press.
Burt, R.S. and Minor, M.J. (1983). Applied Network Analysis: A Methodological Introduction. Beverly Hills, CA: Sage Publications.
Burt, R. and Ronchi, D. (1994). "Measuring a Large Network Quickly". Social Networks, 16(2):91-135.
Byrne, J. (1993) "The Virtual Corporation". Business Week, February 8: 37-41.
Carsrud, A.L. (1994) "Meanderings of a Resurrected Psychologist or Lessons Learned in Creating a Program". Entrepreneurship Theory and Practice, 19(1): 39-48.
Chell, E and Haworth, JM (1992) "The development of a research paradigm for the investigation of entrepreneurship: some methodological issues", UIC / AMA Research Symposium on Marketing and Entrepreneurship, INSEAD, France.
Chesbrough, H.W. and Teece, D.J. (1996) "When is Virtual Virtuous?: Organising for Innovation". Harvard Business Review, 74(1).
Chua, J.H., Chrisman, J.J. and Sharma, P. (1999) "Defining the Family Business by Behaviour". Entrepreneurship Theory and Practice, 23(4): 19-35.
Cromie, S., Stephenson, B. and Monteith, D. (1995) "The Management of Family Firms: An Empirical Investigation". International Small Business Journal, 13(4): 11-35.
Davis and Taguiri, (1989) "The Advantages and Disadvantages of the Family Business", Owner Managed Business Institute.
Denzin, NK (1978) "The research act: a theoretical introduction to sociological methods" 2nd ed McGraw-Hill, New York
O'Donnell, A, Gilmore, A, Cummins, D, Carson, D (2001) "The network construct in entrepreneurship research: a review and critique", Management

Decision 39(9) 749 – 760
Drakopoulou Dodd, S, Jack, S., Anderson, A.R. (2002) "Scottish Entrepreneurial Networks in the International Context", International Small Business Journal, 20(2) 213-19
Drakopoulou Dodd, S. and Patra, E. (2002), "National Differences in Entrepreneurial Networking", Entrepreneurship and Regional Development, 14:117-134
Dyer, W.G. and Handler, W. (1994) "Entrepreneurship and Family Business: Exploring the Connections". Entrepreneurship Theory and Practice, 19(1): 71-84.
Easterby-Smith, M, Thorpe, R and Lowe, A (1991) "Management Research: AN Introduction" Sage Publications, London
Fox, M., Nilakant, V., Hamilton, R.T. (1996) "Managing Succession in Family-owned Businesses". International Small Business Journal, 15(1) 15-26.
Geertz, C.A. (1973) The Interpretation of Culture. New York: Basic Books.
Glaser, B.G. and Strauss, A.L. (1967) The Discovery of Grounded Theory: Strategies for Qualitative Research. New York: Aldine.
Granovetter, M. (1973). "The Strength of Weak Ties". American Journal of Sociology, 78(6) 1360-1380.
Greve, A. and Salaff, J. (2003) "Social Networks and Entrepreneurship". Entrepreneurship: Theory & Practice, Fall2003, 28 (1) 1-23
Handler, W.C. (1989) "Methodological Issues and Considerations in Studying Family Businesses". Family Business Review, 4(2): 257-276.
Handy, C. (1995) "Trust and the Virtual Organization". Harvard Business Review, 73(3), 40-50.
Hill, J, McGowan, P and Drummond, P (1999) "The development and application of a qualitative approach to researching the marketing networks of small firm entrepreneurs", Qualitative Market Research 2(2) 71-81
Hills, G.E., Lumpkin, G.T. & Singh, R.P. (1997) "Opportunity Recognition: Perceptions and Behaviours of Entrepreneurs." In *Frontiers of Entrepreneurship Research*.. Wellesley, MA: Babson College
Hoang, H and Antoncic, B (2003) "Network-based research in entrepreneurship:

A critical review", Journal of Business Venturing 18(2) 165-187
Human, S and Provan, K (1996) "External Resource Exchange and Perceptions of Competitiveness Within Organizational Networks: An Organizational Learning Perspective" . Frontiers of Entrepreneurship Research Babson College, Wellesley MA
James, H.S. (1999) "Owner as Manager, Extended Horizons and the Family Firm". International Journal of the Economics of Business, 6(l): 41-53.
Johannisson, B (1986) "Network Strategies: Management Technology for Entrepreneurship and Change", International Small Business Journal, 5(1): 19-30.
Johannisson, B., and Nilsson, A. (1989), "Community Entrepreneurs: Networking for Local Development", *Entrepreneurship and Regional Development*, 1(1)3-19.
Johannisson, B and Monsted, M (1997) "Contextualizing Entrepreneurial Networking", International Journal of Management and organization Fall 1997 27(3) 109 – 137
Kepner, E. (1983) "The Family and the Firm: A Co evolutionary Perspective". Organisational Dynamics, 12: 57-70.
Knoke, D. and Kuklinksi, J.H. (1982) Network Analysis. Sage University Papers No.28, Newbury Park, CA.
Larsen, K.T.R. and McInerney, C.R. (2002) "Preparing to Work in the Virtual Organisation". Information Management, 39, 445-456.
Larson, A. (1991) "Partner Networks: Leveraging External Ties to Improve Entrepreneurial Performance". Journal of Business Venturing, 6: 173-188.
Larson, A. (1992) "Network Dyads in Entrepreneurial Settings: A Study of the Governance of Exchange Relationships". Administrative Science Quarterly, 37(1): 76-104.
Lechner, C and Dowling, M (2003) "Firm networks: external relationships as sources for the growth and competitiveness of entrepreneurial firms". Entrepreneurship and Regional Development 15, 1 -26
Lee, MS, (1996) "Comparison of Small Family businesses with Family Participation versus Small Businesses Without Family Participation: An

Investigation of Differences in Goals, Attitudes, and Family/business Conflict “, Family Business Review, IX(4) 423-438

Littunen, H, Hyrsky, K. (2000) “The early entrepreneurial stage in Finnish family and nonfamily firms”, Family Business Review, XIII (1) 41-54

Litz, R.A. (1995) The family business; Towards definitional clarity, Family Business Review, VIII (1) 71-81

Madore, J. (1993) “Holding a Family Firm Together Takes Hard Work, But is Worth it”. The Buffalo News, October, 18.

Miles, R. and Snow, C. (1992) “Causes of Failure in Network Organizations”. California Management Review, 28, Spring: 62-73.

Miles MB and Huberman AM (1994) “Qualitative Data Analysis” Sage Publications, London

Miller, E.J. and Rice, A.K. (1967) Systems of Organizations. London: Tavistock.

Neuman, W.L. (1991) Social Research Methods. London: Allyn and Bacon.

Ostgaard and Birley, (1994) “New venture growth and personal networks”, Journal of Business Research, 36: 37-50

Papenek, G. (1962) “The Development of Entrepreneurship”. American Economic Review, 52(2): 46-58.

Pistrui, D., Welsh, H. and Roberts, J. (1997) “The (Re-)emergence of Family Businesses in the Transforming Soviet Block: Family Contributions to Entrepreneurship Development in Romania”. Family Business Review, 10(3): 239-262.

Porter, A.L. (1993) “Virtual Companies Reconsidered, Technology Analysis and Strategic Management, 5(4): 413-420.

Ram, M. (2001) “Family Dynamics in a Small Consultancy Firm: A Case Study”, Human Relations, 54(4): 395-418.

Reynolds, P, Bygrave, W, Autio, E and others (2004) GEM 2003 Global Report, Kauffman Foundation

Riordan, D. (1988) “The Nature and Effectiveness of Management Control in Small Family Businesses”. Unpublished Doctoral Dissertation, Virginia

Polytechnic Institute and State University, Blacksburg, Virginia.
Rosa, P., Hamilton, D., Carter, S. and Burns, H. (1994) “The Impact of Gender on Small Business Management: Preliminary Findings of a British Study”. International Small Business Journal, 12(3): 25-32.
Rubenson, G.C. and Gupta, A.K. (1996) “The Initial Succession: A Contingency Model of Founder Tenure”. Entrepreneurship Theory and Practice, 21(2): 21-36.
Saunders, M., Lewis, P. and Thornhill, A. (1997) Research Methods for Business Students. London: Pitman.
Singh, R., Hills, G.E., Hybels, R.C., Lumpkin, G.T., (1999) Opportunity Recognition Through Social Network Characteristics of Entrepreneurs. Frontiers of Entrepreneurship Research. Wellesley, MA: Babson College.
Stavrou, E.T. and Swiercz, P.M. (1998) “Securing the Future of the Family Enterprise: A Model of Offspring Intentions to Join the Business”. Entrepreneurship Theory and Practice, 23(2): 19-35.
Staber, U. and Aldrich, H. (1995) “Cross-National Similarities in the Personal Networks of Small Business Owners: A Comparison of Two Regions in North America”, *Canadian Journal of Sociology*, 20, 4, pp441 – 465.
Steier, L. (2001). Family Firms, Plural Forms of Governance, and the Evolving Role of Trust, Family Business Review, XIV(4) 353-368
Stewart, J (2003) “Help one another, use one another: Toward an anthropology of family business”, Entrepreneurship Theory and Practice, Summer 2003, 383
Suitor, J.J., Wellman, B. and Morgan, D.L. (1997) “It’s About Time: How, When and Why Networks Change”, Social Networks, 19(1):1-17.
Szarka, J. (1990) “Networking and Small Firms.” International Small Business Journal, 8: 10-22.
Upton, N. and Petty, W. (2000) “Venture Capital Investment and US Family Business”. Venture Capital, 2(1): 27-39.
Uzzi, B. (1996) “The Sources and Consequences of Embeddedness for the Economic Performance of Organizations: The Network Effect.” American Sociological Review, 61: 674-698.
Uzzi, B (1997) “Social Structure and Competition in Interfirm Networks”,

Administrative Science Quarterly, 42(1):37-70.
Westhead, P. and Cowling, M. (1998) “Family Firm Research: The Need for a Methodological Rethink”. Entrepreneurship Theory and Practice, 32(1): 31-54.
Zeleny, M (2001) “Autopoiesis (self-production) in SME networks”, Human Systems Management, 20 (2001) 201-207

| Table 2: Discussion Content by Nature of Tie | | | |
|---|---|---|---|
| | Business | Family | Friend |
| Finding new customers | 11.7 % | 9.5 % | 12.9 % |
| Selecting suppliers | 8 % | 8 % | 6.5 % |
| Recruiting Employees | 8.1 % | 7.6 % | 3.2 % |
| Seeking Finance | 8.5 % | 8.4 % | 7.5 % |
| Business Growth | 12.8 % | 11.6% | 15.1 % |
| Export Possibilities | 5.4 % | 3.6 % | 6.5 % |
| Accounting and credit management | 7 % | 6.9 % | 5.4 % |
| Tax Issues | 6.7 % | 8 % | 6.5 % |
| Advertising and Promotion | 7.8 % | 10.2 % | 11.8 % |
| Managing Production and Operations | 7.8 % | 9.5 % | 7.5 % |
| Legal Issues | 7.6 % | 7.6 % | 10.8 % |
| Managing Staff | 8.6 % | 9.1 % | 6.5 % |

**Table 3: Overview of respondents' businesses**

| Respondent | Activity | Firm started | Background and route to entrepreneurship | No. of employees |
|---|---|---|---|---|
| *Family In Group* | | | | |
| Nigel | Freight Forwarder | 1992 | Freight forwarding, set-up own business in competition to in-laws | 35 |
| Shaun | Stationery supplies | 1983 | Took over family business | 2 |
| Grant | Chemical supplies | 1981 | Accounting and business degree. Gradually taking over family business | 5 |
| William | Light Engineering | 1973 | New venture based on technical innovation | 5 |
| Bill | Light Engineering | 1989 | University, professional career, then creation of "life-style" business | 1 |
| *Family Out Group* | | | | |
| Barry | Computing services | Various dates | Originally employed in oil industry but then started a number of businesses | 160 |
| Tony | Construction | 1974 | Management buy-out | 100 |
| *Family Jugglers Group* | | | | |
| Mary | Counselling services | 1997 | Housewife who identified need through own experience | 0 |
| Graeme | Computing services | 1990 | Worked for major oil company allowing him to recognise related opportunities | 19 |
| Stuart | Language school | 1995 | Various jobs on leaving university. Turned hobby into business | 1 |
| Kathy | Video production | 1985 | Sales and marketing, set up business with partner when employer (same industry) went into liquidation | 15 |
| Adam | Manufacturing | 1977 | Identified a local opportunity | 25 |

Figure 2 - Discussion Content, by Nature of Tie

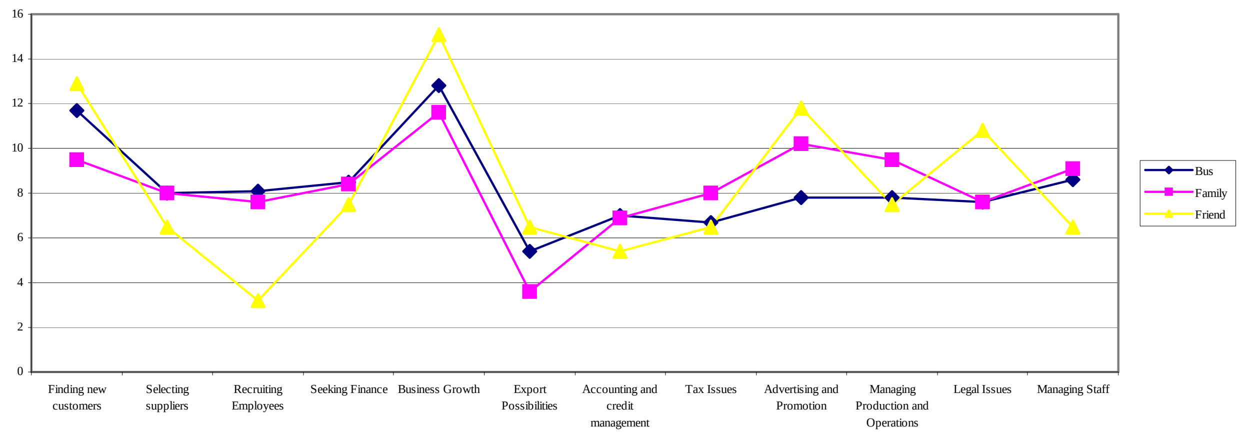



**Figure 3: Type of Help Provided by Nature of Tie**