

An Experimental Examination of the FITS Family-Business Model

Chirico F. and Colombo G. (2008)

in Butler J.E. and Phan P.H. (eds). Theoretical developments and future research in family business . Information Age Publishing inc. USA (pp. 77-115)

ISBN 13-978-159311-552-4 (handcover)

ISBN 13-978-159311-552-7 (paperback)

Abstract

The present research sets out through computer simulations, using a system dynamics approach, the positive dynamic interconnections studied by Koiranen and Chirico (2006) between knowledge, capabilities, dynamic capabilities, entrepreneurial performance and transgenerational value in family business. New insights emerge when analyzing family inertia in the model (as a function of paternalism) that influences the creation of capabilities and dynamic capabilities negatively, although with some exceptions. We conclude that although a paternalistic behaviour can be positive in guiding and training offspring at the beginning of the activity, it may become less crucial if it persist over time preventing change even when it is needed. Family firms should be able to understand the long-term effects and results of actual events, decisions and behaviours, and, at the same time. Prevent their negative consequence.