THE INFLUENCE OF THE FAMLY ON RECOGNITION AND CREATON OF INTERNATIONAL OPPORTUNITIES: A RESEARCH AGENDA

Purpose of the project

We draw from diverse disciplines to offer a research agenda concerning the influence of the family on the recognition and creation of entrepreneurial opportunities across national borders around the individual – environment - opportunity nexus. In this paradigm, entrepreneurship occurs at the nexus of individuals and opportunities (Shane & Venkataraman, 2000). In a first perspective, entrepreneurship as a process unfolds as an alert individual recognizes and then exploits an opportunity (Bygrave & Hofer, 1991). An opportunity surfaces when situational conditions (in this work we will focus on family related conditions) allow an entrepreneur to create value through developing new means and/or ends (Casson, 1982). Entrepreneurs recognize opportunities when they bridge previously separated stocks of knowledge to envision a source of potential value (Baron & Ensley, 2006). Upon recognizing an opportunity, entrepreneurs then exploit opportunities by acquiring and leveraging resources to create new ventures that deliver value for society (Sirmon et al., 2007). While this definition emphasizes the individual, the entrepreneur may act alone, as part of a team (Shane, 2003), or some other form of collective (Peredo & Chrisman, 2006), or a family member, the member of a family business or family business group. In a second perspective, entrepreneurial opportunities are created or co-created. Here, the opportunity notion has been conceptualized as a social construction (Sarasvathy, 2001; Ardichvilli, Cardozo, & Ray, 2003; Saranson, Dean, & Dillard, 2006), emerging from the interactions and confrontations between the individual and his/her environment (Alvarez & Barney, 2007). Both perspectives occur at the nexus of individuals and opportunities and this nexus is embedded in an environment (Shane & Venkataraman, 2000; Saranson, Dean, & Dillard, 2006).

Gap in the literature

The internationalization of family businesses (FBs) is developing into a significant research area (e.g. Sciascia, Mazzola, Astrachan, & Pieper, 2010), and over the past 20 years scholars have conducted a substantial amount of research to examine the phenomena. The vast majority of this research has focused on phenomenological and issue-based questions without theoretical underpinning (Kontinen & Ojala, 2010). In addition, this body of knowledge focuses on the internationalization of family businesses *per se* (e.g. Abdellatif et al, 2010). Although this important is to understand because it can be the key to family firm growth or even survival, focusing on the firm level leads to focusing on the "what" aspect (phenomenon based) and precludes grasping the "how / why" questions (process / behavior based) (Kontinen & Ojala, 2010). Focusing on the family firm internationalization also leaves unexplored other important aspects and in particular how the family contributes to opportunity recognition or creation, be it for/by an individual member of the family, the family business or the family business group. Driven by the increasing interest more recently of entrepreneurship, family business and management scholars with international business activity, our effort seeks to frame existing research within the entrepreneurial opportunity research stream.

Importance of addressing the gap and manner in which we address it

Addressing this gap is important because understanding family influence on opportunity recognition and creation is the key to several different entrepreneurial outcomes. The first is the initiation and expansion of international activity of the family business. The second, equally important, is the international activity of the individual family members regardless of the family business. Others include family business spin-offs and expansion of the family business group through internationalization. Indeed, the weight of family businesses in modern economies (Feltham, Feltham, & Barnett, 2005; Kelly, Athanassiou, & Crittenden, 2000) is preponderant. In addition, there is growing evidence to suggest that many new businesses are

being generated by family business or business families (Dibrell and Craig, 2006). We address this gap by framing a research agenda to consolidate extant literature and support future research.

Methodology used in this research project

A systematic search of the literature leads to an overly-restrictive corpus of articles in that they focus on the internationalization processes of family businesses (e.g. Kontinen & Ojala, 2010; Pukall & Calabro, 2014). Starting from these two reviews, proper to family business *per se*, we expand our exploration to the entrepreneurship, internationalization and management literatures.

Summary of the results

As illustrated in Fig. 1, the respective scopes of the individual – environment - opportunity nexus address unique yet complementary aspects of opportunity recognition and creation. There are similarities but also significant differences that we will review. We see that although several theoretical frameworks can be used to understand both approaches, the pertinence or prevalence differs. First, if both motivational and resource theories inform individuals' opportunity recognition and creation, motivation theories will be more effective to understand the recognition of opportunities (here the individual has a deterministic mindset) while the human capital theory will be more effective to understand opportunity creation (here the individual starts with what he/she has). Second, while both institutional theory and resource theory can inform our understanding of the environment the first may be more effective to understand opportunity recognition (according to the *status quo* pervading the institution) while the second may be more relevant to shed light upon opportunity creation (the environment as breeding ground to develop the opportunity). Third, although transaction cost theory and network theory can be readily used to research opportunity, the first can more so for opportunity recognition (opportunities with higher perceived value will retain attention) and the

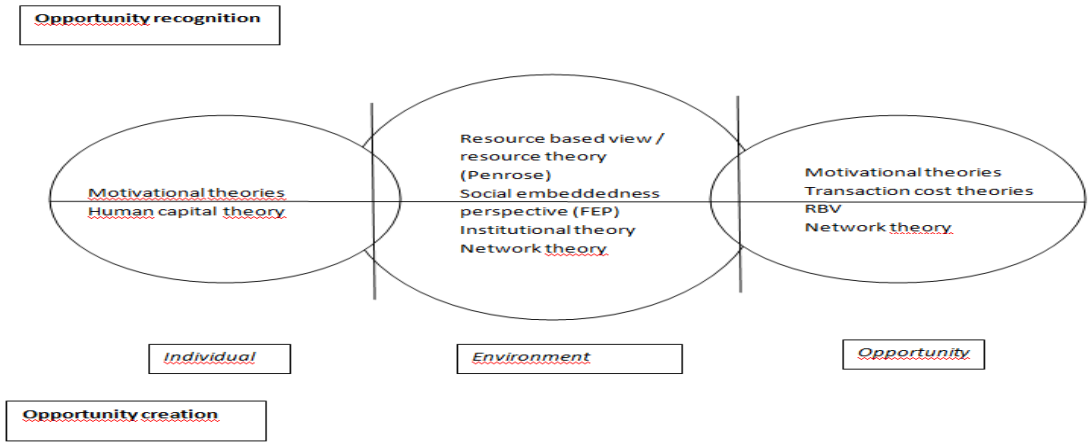
second for opportunity creation (the value of the idea evolves throughout the different phases of its creation).

Three important ideas are to be underscored. First, we note that although certain theories span two elements of the individual – environment - opportunity nexus, different aspects of these theories relate specifically to each element. Second, the influences of the family can be positive (inductive) or negative (hindering) (Pukall & Calabro, 2014). Third, the theories for deciphering the environment can be nuanced according to level of analysis (business family, family business, family business group) (Michael –Tsabari et al., 2014).

Implications of the findings for research and practice

Research: we give tools and an agenda to shed light upon this important perspective, until now ignored by mainstream family business and entrepreneurship scholarship. Practice will benefit from this research in that it directly affects survival and growth of the family firm, family business group. It can also lead to the creation of new independent ventures by individual family members.

Figure 1: The scope of theoretical frameworks in terms of the individual – opportunity nexus



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