

Why are some people in a business family more entrepreneurial than others?

Where you sit in the family and the firm shapes your entrepreneurial drive.

HOWARD E. ALDRICH · SHARON A. ALVAREZ · MARA BRUMANA · GIOVANNA CAMPOPIANO · TOMMASO MINOLA

Published on August 11, 2023

Family firms carry a split reputation. They get celebrated as dynasties that reinvent themselves across a century, and they get dismissed as cautious, slow, allergic to risk. Both pictures are accurate somewhere. The awkward part is that they describe the same kind of business.

This article, which opens a special issue of the *Journal of Family Business Strategy*, offers a way past the contradiction. Its authors argue that "the family firm" is the wrong unit to attach the entrepreneurship question to. Entrepreneurial energy sits in people, not in firms — and inside a single business family, different people occupy very different places. A founder's daughter running the original company is not embedded the way a cousin managing a side venture is, or the way a hired executive with no family ties is. Where each person stands shapes how willing they are to innovate, to gamble, and to move before the market forces their hand.

WHAT WE STUDIED

This is a conceptual paper, not a fresh empirical study. It introduces a special issue assembled after the 2019 IFERA conference in Bergamo, and it builds on roughly two decades of work on the *family embeddedness perspective* — the argument, traced to Aldrich and Cliff (2003), that entrepreneurial behaviour depends on the resources, norms, and transitions of the family a person is embedded in.

The authors push that idea in one direction: they treat embeddedness as multilevel. A person is rarely embedded in only one system. They are at once a family member — daughter, cousin, in-law — and an organisational actor — owner, chief executive,

manager, worker. The paper's central device is a grid that crosses three distinctions: family versus non-family member; the core firm versus a peripheral firm in the family's portfolio; and a top-management role versus an employee role. Cross those and you get eight positions a single person might occupy.

The outcome they track is **Individual Entrepreneurial Orientation**, or IEO — a person's measurable leaning toward three things: innovativeness, risk-taking, and proactiveness. The claim is that IEO is the missing link between the family and entrepreneurship at the level of the whole firm. If you want to know why one family business keeps launching new things while another sits still, the authors say, look first at the people and where they are positioned.

Four empirical studies in the special issue give the framework texture. A multi-case study of ten small artisan family firms finds that equal levels of entrepreneurial orientation can arise from quite different blends of firm factors (how decisions get made, how conflict is handled) and family factors (relationships and values). A multi-country, multi-generational sample shows that a family's commitment to the business — loyalty, pride, willingness to put in extra effort — builds the human, social, and financial resources that in turn feed firm innovativeness. A dyadic study of owner-managers and non-family employees in nine German firms examines what drives non-family staff to act entrepreneurially. And a study of 109 German-speaking families running single-family offices shows that whether the original core business is still in family hands changes how the office invests.

KEY INSIGHTS

Position beats pedigree

Belonging to the family is not a single condition. The framework's eight positions make that concrete: a family member who leads the core company faces a different mix of expectations, resources, and freedom than a family member working inside a smaller venture, and both differ again from a non-family manager. The same family can produce an aggressive risk-taker and a cautious steward, and the difference is largely structural rather than a matter of temperament.

For owners, this reframes a familiar worry. If a successor seems risk-averse, the cause may be the seat rather than the person — the weight of the core business, or a role with little discretion, can quietly suppress the very orientation the family hoped to see.

Every advantage of embeddedness can also be a brake

This is the part of the paper worth reading slowly. The authors trace three mechanisms that link a person's position to their IEO, and each one runs in both directions.

Learning and socialisation. Growing up around the business, or working inside the core firm, transfers knowledge and confidence that can raise innovativeness. The same deep immersion breeds groupthink and path dependency that lower it.

Power and access to resources. A seat on the top team, or in the core firm, brings authority and capital that make bold moves possible. Yet a large endowment also sharpens the fear of losing it, and fear pushes people toward caution. Family financial support, as Sieger and Minola memorably put it, can be a "poisoned gift."

Normative support and legitimacy. Strong identification with the family legacy can hand a person courage and a sense of mandate. It can just as easily lock them into defending what already exists.

This double-edged logic is the most useful idea in the paper, and it is easy to miss. It explains why simply adding more resources, more heritage, or more family involvement does not reliably make a person more entrepreneurial. Past a certain point, each can do the opposite.

Non-family employees absorb the family too

One of the special-issue studies, on nine German firms, shows that non-family employees — though they sit outside the enterprising family — are still shaped by its norms and values, transmitted through the business. Their motivation to act entrepreneurially inside the firm is influenced by a family they do not belong to. The line between "family" and "non-family" turns out to be far more porous than it looks on an org chart.

IEO is the bridge to firm-level entrepreneurship

Why insist on the individual at all? Because, as the authors note, macro-level predictions built without micro-foundations tend to be wrong or incomplete. Corporate entrepreneurship rarely runs deep unless people throughout the organisation carry the orientation themselves — not just the founder, and not just the top floor. IEO is where family embeddedness becomes visible in behaviour, and eventually in what the firm actually does.

TAKEAWAYS FOR FAMILY BUSINESS LEADERS

The framework is abstract, but it converts into a few practical habits for owners, successors, and advisors.

Stop grading "the firm" on entrepreneurship. Ask instead who in the business is positioned to push forward and who is positioned to protect. Both roles are needed; trouble starts when the wrong people sit in the wrong seats.

Read resources as double-edged. When a venture or a successor enjoys abundant family backing, watch for the conservative pull that comes with having a lot to lose — not only the freedom the funding was meant to buy.

Use peripheral ventures deliberately. Side businesses, further from the family's core identity and its heaviest expectations, are often where autonomy and risk-taking have the most room to grow. Treat them as proving grounds, not afterthoughts.

IMPACT AND WHAT COMES NEXT

The paper closes by opening three lines of inquiry, and two of them carry a sharper edge than a typical research agenda.

The first is about individual cognition — how a person's position shapes what they notice, what they feel they must protect, and how they define themselves in the space between family and firm. This ties the framework to research on socioemotional wealth and on family business identity.

The second is a pointed challenge to the field's own habits. The authors observe that scholars tend to take the "enterprising family" for granted as a cultural category worth preserving, even as the economic reality has shifted: families are now marginal players beside investor-owned giants, and mobilising the capital to start and grow a business is harder than it was decades ago. They press researchers to make that inherited script explicit rather than assume it, and to ask which historical conditions actually kept particular family firms alive.

The third is more hopeful. Drawing on the idea of the family as a "common ground" — a shared store of beliefs, language, and knowledge — they suggest the enterprising family can be a launchpad for creating new markets, not merely spotting existing ones. A family that already trusts one another and speaks a common language can imagine a product as if its market were already there, develop it together, and back the experiment long enough to find out whether it is.

RECOMMENDATIONS

1. Map the people before judging the firm. List who sits where across the family-and-business grid, and match your entrepreneurial expectations to the realities of each position.
2. Audit where your strongest resources and your strongest sense of legacy are concentrated, and treat those spots as places where caution may be quietly building.
3. Give peripheral or newer ventures genuine autonomy and discretion, especially when you want them to take risks the core business cannot.
4. Do not assume non-family managers are immune to family norms; the culture reaches them through the business, for better and worse, so make the norms you want explicit.
5. Treat the family's shared language and mutual trust as an asset for creating opportunities, and protect the honest, experimental conversations that asset makes possible.

Spotlight by CeFEO, *Why are some people in a business family more entrepreneurial than others?* Where you sit in the family and the firm shapes your entrepreneurial drive.. Downloaded on 1 June 2026 from <https://spotlight.cefeo.se>

CEFEO AUTHORS



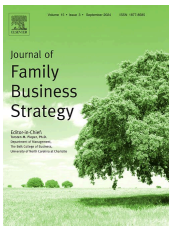
Mara Brumana

Affiliated Researcher

University of Bergamo

mara.brumana@ju.se

PUBLISHED IN



Aldrich, H. E., Alvarez, S. A., Brumana, M., Campopiano, G., & Minola, T. (2023). Entrepreneurship in family firms: What's next? Multilevel embeddedness and individuals' cognition. *Journal of Family Business Strategy*, 14(3), Article 100583. <https://doi.org/10.1016/j.jfbs.2023.100583>

<https://doi.org/10.1016/j.jfbs.2023.100583>

Spotlight is an online magazine that translates research from the [Centre for Family Entrepreneurship and Ownership \(CeFEO\)](#) at Jönköping International Business School, Jönköping University, into accessible insights for family business owners, practitioners, and policymakers.

Spotlight is supported by the [WIFU Foundation](#). This partnership advances dialogue and education in responsible family entrepreneurship and ownership.
