

Why do some families spark entrepreneurs while others quietly hold them back?

A study of 8,162 Chinese households shows diversity and shared meals shape start-ups.

WEI WANG · KIMBERLY A. EDDLESTON · FRANCESCO CHIRICO · STEPHEN X. ZHANG · QIAOZHUAN LIANG · WEI DENG

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China climbed from one of the world's poorest economies to one of its largest in a single generation, and a flood of new businesses helped power the ascent. That makes a deceptively simple question worth asking: why does one person in a household start a venture while their relatives never do?

For years the standard answers were individual ones — a taste for risk, a promising idea, access to a little capital. Family scholars countered with a famous image, calling the family the oxygen that feeds the fire of entrepreneurship. Yet the evidence kept refusing to settle. Entrepreneurial parents sometimes inspire their children to start businesses and sometimes talk them out of it. Family money can launch a venture or quietly smother it. The family clearly matters; what it does is far less clear.

Wang and colleagues make one decisive move to cut through the confusion. They stop treating every family as the same kind of unit. Borrowing from the diversity literature on top management teams and boards — where mixed membership is famously a double-edged sword — they examine four kinds of difference inside the household: age and gender on the demographic side, industry and education on the knowledge side. Then they add a moderator nobody had tested in this setting: how often the family sits down to eat together.

WHAT WE STUDIED

The team built on the China Family Panel Studies, a nationally representative survey covering 25 provincial regions and roughly 95% of the country's population. Their working sample was 8,162 adults followed from 2014 to 2018. A business start-up was defined as a

change in occupational status — from employee or not working to self-employed. Across the window, 668 people made that move.

China is a pointed choice of setting. Multiple generations commonly share a home, so household diversity is real and measurable, and Confucian values give family relationships unusual weight in economic decisions. To capture diversity inside each home, the authors used established measures: a coefficient of variation for age, and Blau's index of heterogeneity for gender, for industry across 22 categories, and for education across four levels. Family meals were measured with one blunt but revealing question — how many times a week the person eats dinner with family. They also controlled for the usual suspects: individual age, gender and education, personal and family income, number of children, family size, having an entrepreneurial parent, and urban versus rural residence.

The analysis used a Cox proportional hazard model, which asks not just whether someone starts a business but when. Diversity was measured in 2014 and the start-up outcome in later years — a deliberate time gap to strengthen the causal read. Then came the stress tests. The authors re-ran the model with exponential, Gompertz, Weibull, logit, probit and complementary log-log specifications, and added a two-stage residual inclusion model with instrumental variables — the number of firms in a province, the number of generations in a family, the regional share of college graduates, car ownership and workplace attendance — to address endogeneity. The core findings held throughout.

One clarification matters. This is not a study of family firms. The households are ordinary, and the outcome is any new business, not succession into an existing one. For business families the relevance comes by extension rather than by design – though, as the authors note, the same logic is ripe for testing inside enterprising families themselves.

KEY INSIGHTS

Demographic diversity dampens the spark

Age and gender diversity both lowered the odds of starting a business. A one-standard-deviation rise in age diversity cut the hazard of entry by roughly 13%; the equivalent rise in gender diversity cut it by about 9%. Part of the mechanism is universal – mixed groups drift into in-groups and out-groups, which slows the communication and consensus a fledgling venture depends on. In the Chinese context it is sharpened by Confucian norms. Filial piety presses younger members to defer to elders and choose the safe, stable path, often to secure care for aging parents. Traditional gender expectations add their own friction once men and women in a household have to weigh a risky plan together.

Industry diversity is the clearest accelerator

When relatives work across different sectors, the chances of someone starting a business rise sharply. A one-standard-deviation increase in industry diversity lifted the hazard of entry by about 18% – the strongest positive effect in the paper. A household that spans, say, manufacturing, finance and agriculture functions like a private advisory board: broader know-how, wider contacts, and feedback examined from several angles. Exposure to how other industries operate also makes it easier to spot an opportunity and carry a practice from one sector into another. Confucian norms of cooperation and mutual support help that knowledge circulate rather than sit idle.

Education diversity sprang a surprise

This is where the study turns genuinely interesting. Drawing on top-team research, the authors expected mixed education levels to help; varied schooling usually widens the range of solutions a group can generate. The direct effect ran the other way – negative, and clearly so ($b = -0.886$). One plausible reading is that sharp differences in schooling create gaps in how relatives frame a problem and absorb a new idea, leaving an aspiring entrepreneur effectively talking past the people closest to them. It is the result that least fits the team's own theory, and to their credit they report it without varnish.

The family meal changes the math

Here is the twist that earns the paper its title. Meal frequency did nothing to the age and gender effects –

those stayed negative no matter how often the family gathered, as if the underlying norms operate with or without the shared table. But meals reshaped the knowledge-based effects entirely. With frequent shared dinners, the positive pull of industry diversity grew stronger, and education diversity flipped from a liability into a real advantage. The table is where varied knowledge gets pooled, argued over and converted into something a founder can actually use. Without that regular channel, the same diverse knowledge largely goes to waste.

TAKEAWAYS

The practical message is less about who your relatives happen to be and more about which kind of difference you draw on, and how regularly.

- If your household is wide in age or gender, expect caution as the default setting – and build a support network that reaches beyond the dinner table.
- If your relatives span different industries, treat them as a standing source of ideas, introductions and reality checks rather than background noise.
- If schooling levels differ sharply, regular shared time is the thing that turns that gap from a hindrance into an edge.
- If you advise founders, ask about the household and not only the individual; its composition is quietly shaping the decision long before a business plan exists.

IMPACT

The study pushes the family embeddedness perspective beyond its usual North American and European testing grounds and into a Confucian context, where the family rather than the individual is treated as society's basic unit. That has consequences for how far the results travel. The authors are appropriately cautious: in more egalitarian or lower power-distance cultures, age and gender diversity might not weigh on entrepreneurship in the same way, and could even cut the other direction.

The larger contribution is conceptual. By naming the family meal as a specific conduit – a recurring, observable setting where diversity becomes either fuel or friction – the paper hands future researchers something concrete to examine, rather than a general intuition that families are important. It also extends diversity research, long confined to firms and their boards, into the household itself.

Natural next steps follow. Qualitative work could open up what actually happens around the table during these conversations. Comparative studies could test the

framework in other Confucian societies and in more individualist ones. And the move into the family business setting is obvious: shared meals among relatives who co-own a firm may shape their appetite for growth, innovation and the next venture in ways this household-level study only begins to suggest.

RECOMMENDATIONS

1. Map your household's real diversity — age, gender, industry and education — before assuming family support is uniform or automatic.
2. Lean on industry-diverse relatives early, when opportunity recognition and resource scouting matter most.
3. Where education levels diverge, raise the frequency of shared meals or equivalent regular conversations so that knowledge has a channel to flow.
4. Where age and gender norms weigh heavily, deliberately seek mentors, incubators and funding outside the immediate family.
5. For policymakers and family business advisors, treat the household as a unit of entrepreneurship policy and recognise everyday rituals like the shared meal as low-cost infrastructure for new venture creation.

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CEFEO AUTHORS



Francesco Chirico

Professor

Jönköping International Business School

francesco.chirico@ju.se

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