Exploring the asymmetric influence of socioemotional wealth priorities on entrepreneurial behaviour in family businesses

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Abstract: The objective of this study is to determine the socioemotional priorities that influence the entrepreneurial behaviour of family businesses. The sample includes 214 small and medium-sized family firms in the region of Biobío in Chile. The analysis methods include partial least squares (PLS) and qualitative comparative analysis (QCA). The results obtained through PLS show the direct influence of corporate reputation and social ties on entrepreneurial behaviour. In addition, QCA shows how the presence and/or absence of different socioemotional variables determine entrepreneurial behaviour. Consequently, the study proposes new ways of measuring socioemotional wealth and identifies antecedents of entrepreneurial behaviour in family businesses.

Keywords: socioemotional wealth; entrepreneurial behaviour; partial least squares; qualitative comparative analysis; family businesses; small and medium-sized enterprises; emotional attachment; corporate reputation; social ties; family identity; family succession.


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1 Introduction

Family businesses are the most important organisational structures worldwide and across Latin American countries (Kotlar et al., 2017). These organisations represent over 80% of all businesses in free economies, and they generate over 70% of countries’ gross domestic product and employ between 50% and 75% of the workforce around the world (Poza and Dauguerty, 2013). Particularly in Chile, family firms are the main governance form and represent approximately 90% of all the firms (Torres et al., 2017). Some research on Latin American and Chilean family firms has been conducted, but most of these studies have focused on financial issues and large enterprises (e.g., Jara-Bertin and Sepulveda, 2016). Accordingly, little is known about issues related to small and medium sized family enterprises (SMFE) in Latin American countries.

For SMFE, it is important to understand what factors explain their entrepreneurial behaviour because these factors determine the capacity of family businesses to make efficient use of strategic resources, develop sustainable competitive advantages and transform them into greater profitability (Yunis et al., 2017). While there is still controversy regarding whether family businesses behave more or less entrepreneurially than their non-family counterparts, recent research has begun to focus on explaining the heterogeneous nature of family businesses’ entrepreneurial behaviour (e.g., Garcés-Galdeano et al., 2016; Sanchez-Famoso et al., 2015). With regard to entrepreneurial behaviour, it is possible to say that in family firms it most likely occurs in response to business and family challenges/priorities (Michael-Tsabari et al., 2014), and therefore, the socioemotional wealth (SEW) perspective is considered to be a solid framework for explaining it.

From this perspective, for these organisations, the main point of reference is SEW preservation rather than economic wealth maximisation. Normally SEW is assessed using the priority of control on ownership and management, but it can be driven by different dimensions (Berrone et al., 2012; Debicki et al., 2016; Hauck et al., 2016). Some of the dimensions mentioned in the literature have not been addressed yet, and neither is it clear how conflicting SEW priorities influence these firms’ behaviour (Vardaman and Gondo, 2014; Schulze and Kellermanns, 2015). This study examines the previously mentioned gaps and responds to how different socioemotional priorities (other than the priority for controlling ownership and management) influence the entrepreneurial behaviour of family businesses.

To answer this question, we have analysed and compared the results obtained through partial least squares (PLS) and the qualitative comparative analysis methodology (QCA). The use of these methodologies offers at least three important contributions. First, PLS allows us to measure the direct impact of different SEW priorities, other than control on ownership and management, on entrepreneurial behaviour. This study, therefore, complements the work of Berrone et al. (2012), Debicki et al. (2016) and Hauck et al. (2016) regarding the factors that could be used to assess SEW. Second, QCA allows us to