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# **Structural coupling in entrepreneurial families: How business-related resources create enterpriseness**

This paper examines how family members support each other's entrepreneurial activities through sharing resources created at the business-level. Drawing on the concept of 'enterpriseness' the study examines the flows between a family and the business and how it influences the impacts of the businesses on the family (enterpriseness). We capture the enterpriseness by focusing on entrepreneurial families where more than one member is an owner-entrepreneur. Through in-depth interviews with entrepreneurial families in Mexico, we show how different forms of capital resources emerging from multiple businesses flow back into the family and contribute to enterpriseness. The entrepreneurial family enables access to human, social and financial capital resources that are easily mobilised and combined by other members for their multiple firms, showing a subsequent effect to the business-level. Consequently, enterpriseness influences entrepreneurial behaviors which have a variety of consequences for the entrepreneurial family and their businesses. The paper concludes with a number of contributions to theory.

Keywords: enterpriseness, entrepreneurial families; family business; Mexico

## **1. Introduction**

Despite emerging studies which have sought to examine the intersection of family, family business and entrepreneurship (Randerson et al., 2015; 2017), understanding of the reciprocal impact of the family and the business is still limited (Rau, 2014; Hasenzagl, Hatak and Frank, 2018). Typically the household is the focus in examining the resource portfolio of family businesses (i.e. Alsos, Carter and Ljunggren, 2014; Danes et al., 2009; Rodriguez et al., 2009). While this research is highly valuable, it also leaves significant gaps, as the family can be socially constructed beyond the boundaries of a single household or nuclear family (Koerner and Fitzpatrick, 2002; Von Schlippe and Frank, 2013). The nuclear family is in fact becoming

a minority in most industrialised countries over other types of families (Randerson, Dossena, and Fayolle, 2016).

In this study, we focus on entrepreneurial families, where more than one member is an owner/entrepreneur who interact with other entrepreneurs members of the same family. In examining the entrepreneurial family we focus on members that are related by blood ties but that may not be part of the same nuclear family, consequently, we look at the family beyond the nuclear family and single household. As such, this conceptualisation of the family adds to both structural and transactional views of the family (Koerner and Fitzpatrick, 2002). Entrepreneurial families may be bound by biological and/or legal ties (structural view), but also by sharing family history and a sense of identity (transactional view) of being entrepreneurs. Entrepreneurial families operate within the intersection between family, family business and entrepreneurship, as such there is a need to look into the system where all entrepreneurs are embedded. This has thus far been neglected in family business and entrepreneurship research (Aldrich and Cliff, 2003; Randerson et al. 2015). Therefore, our paper seeks to fill this important gap in the literature through the examination of the impact that businesses have on families (Frank et al. 2019).

As the entrepreneurial family has multiple owner/entrepreneurs, it not only allows the influence of the family on the firms (familiness) but also the influence of these multiple businesses on the ‘enterpriseness’ on the family. Frank et al. (2019: 264) define enterpriseness as ‘those structures that the business family develops based on the structural coupling with its business and the family’. Enterpriseness is vital in entrepreneurial families because the support given to different members in the family normally comes from other existing firms owned by members of the family (Estrada-Robles et al., 2018). As such the directionality also occurs from business to family and not only from family to business (Frank et al., 2010). Further examination is needed to explore how the resources brought from enterprising members

influence enterpriseness to keep the family functioning (Frank et al. 2019). As such, we explore two key research questions:

RQ1. How do business-related resources flow to the entrepreneurial family and to other businesses owned by members of the family?

RQ2. How does the availability and use of these resources contribute to enterpriseness in entrepreneurial families?

Beyond business families with one or more businesses, our study contributes to family entrepreneurship by providing a fine-grained understanding of how enterpriseness induces entrepreneurial behaviors of family members and the consequences of those behaviors by examining families with multiple entrepreneurs. These consequences may include joining the core family business, diversifying the core family business, creating their own businesses either within the formal or informal economy, and supporting other businesses within the entrepreneurial family. They are thus not restricted to the household level or within one family business, but rather multiple opportunities and developing various entrepreneurial behaviors. The enterpriseness of the family considers the resources and decisions which the business family develops for itself as a result of the structural coupling between the family and the family business (Frank et al., 2019). While it has been acknowledged that families may own multiple firms (Habbershon and Pistrui, 2002; Sieger et al., 2011; Michael-Tsabari, Labaki and Zachary, 2014; Steier, Chrisman and Chua, 2015), the processes that occur in the entrepreneurial family with multiple firms are under-researched (Rosa, Howorth and Cruz, 2014).

We focus on the structural coupling between the entrepreneurial family and the multiple businesses within the family. We contribute to the literature by addressing enterpriseness in entrepreneurial families focusing on the different resource pools (human, social and financial capitals) emerging from the business setting that are available to family members through their interactions, in two key ways. First, we extend previous research on enterpriseness in business

families (Frank et al., 2019) to show that the outcomes of having multiple owner/entrepreneurs contribute to the availability of business-related resources in the entrepreneurial family. The impacts of the flow of resources also leads to a wider resource availability in the family and to expectations of the family to keep inducing entrepreneurial behaviors.

Second, we further research on the involvement and essence approach of enterpriseness (Frank et al., 2019) by unveiling the boundaries of the family and the decisions that lead to a two-way interaction between the business and the family. The study identifies not only the sources of capital but also the decisions behind their use for further development of enterpriseness of the entrepreneurial family. We show how the entrepreneurial family uses enterpriseness to act upon either family or business logic depending on the family's objectives and specificities of the context they operate in, in our case Mexico. This builds on the recurrent paradox that families in business live where decisions benefit one logic over another (Frank et al., 2019). In our entrepreneurial families this is highly related to the setting where they are embedded: pressing institutional challenges frame the priorities and objectives within the family (Estrada-Robles et al., 2018).

The remainder of the paper is structured as follows. First, we highlight the flow of resources in entrepreneurial families, the current state of enterpriseness and its link to entrepreneurial behaviors in entrepreneurial families. We then set out the empirical focus of our study and the methods employed. The findings are then presented, followed by the discussion and conclusions which offer a number of implications for academic theory. Finally, limitations and suggestions for future research are presented.

## 2. Literature Review

### 2.1 *Enterpriseness and capital resources in entrepreneurial families*

This research explores the enterpriseness of ‘entrepreneurial families’, where multiple entrepreneurs and businesses exist within a single family. Entrepreneurial families are unique because they are a result of the integration of family and business, and thus enterpriseness may influence members of such families differently to those within a traditional family business.

To understand enterpriseness it is needed to acknowledge familiness (Frank et al., 2010). The construct of “familiness” was initially defined as the idiosyncratic firm-level of resources and capabilities resulting from the interactions between the family, its individual members, and the business to create competitive advantage and wealth creation (Habbershon and Williams, 1999; Habbershon, Williams, and MacMillan, 2003). However, highlighting only one side of influence may lead to overlooking the complexity of dynamics between family and business (Frank et al. 2019). Further to familiness, the enterpriseness of business families expresses itself in the expectations of the business which are considered as meaningful in the business family, enterpriseness is defined as ‘those structures that the business family develops based on the structural coupling with its business and the family’ (Frank et al., 2019: 264). It is important to note that the two concepts are not a mirror image, as influences are perceived and processed according to the structures of each system (business and family).

Enterpriseness should not only assess the impact of business in family, or defining whether it is weak or strong but also highlighting the types of enterpriseness, these might include the rules and expectations behind managing both the business and family influences (Frank et al., 2010). Beyond rules and expectations, there is a need to analyse the consequences of enterpriseness on the members of the family and any subsequent effects to the business (Frank et al., 2019). Some consequences can cause paradoxical decisions because of the

different expectations in the family and the business (Zahra and Sharma, 2004); moreover, family structures are dependent on the business system (Frank et al., 2010).

Emerging research on enterpriseness has focused on employing a conceptual approach through the components of involvement and essence approach, and identity approach (Frank et al., 2019). The identity approach considers how the business family defines itself. The components of involvement approach addresses the boundaries, size and diversity of the family in business while the components of essence approach considers the behaviors and unique resources. Through the entrepreneurial family this study addresses both the involvement and essence dimension to enterpriseness through the social construction of the family and the particular behaviors exercised by their members as a consequence of enterpriseness.

Enterpriseness can be influenced by the range and amount of resources that the members in the family contribute to the operations of the entrepreneurial family (Frank et al., 2019). These resources can be financial but also come in other forms such as experience, capabilities or maintaining cohesion within the family. The portfolio of resources and decisions based on those resources are important to the interaction of the family and the business (Simon and Hitt, 2003), and include different forms of capital resources (Hoy and Sharma, 2010; Irava and Moores, 2010). Entrepreneurial families make decisions together related to their businesses and entrepreneurial behaviors while keeping the cohesion in the family (Estrada-Robles et al., 2018). The entrepreneurial family provides an ideal setting to study the two-way flow of resources from the family (different entrepreneurs) to their various firms; and vice versa the use of resources acquired from different firms that serve to other entrepreneurs in the family.

The dimensions of different forms of capital resources are not consistent across families and may influence the creation of capabilities in entrepreneurial families (Discua Cruz et al., 2013). These capabilities are the result of the unique combination of those dimensions of resources and the decisions that are made based on them (Pearson et al., 2008). It is of particular

interest in this study to identify the specific combination of capital resources in entrepreneurial families that lead to the flow of business-related resources that support enterpriseness among the family members and their other businesses. Considering that different forms of capital coexist simultaneously (Sharma, 2008), their flow can take the form of a two-way transmission between family owner/entrepreneurs and their businesses, showing the enterpriseness of the family (Frank et al., 2010). The availability and flow can be a result of the informal participation of family members, even those not employed in the business (Sorenson and Berman, 2009). In the case of entrepreneurial families, owner/entrepreneurs can be formally or informally involved in other businesses in the family and belong to different households.

As a result of the simultaneous participation of family members in business and family relationships, human capital is complex and unique to business families. Within the family context, human capital can have both positive and negative effects (Sirmon and Hitt, 2003), depending on the life-cycle stage of the family and the firms (Danes et al., 2009), or the quality of relationships in the family (Sorenson and Bierman, 2009). A unique feature of human capital is that stocks of this type of capital, when needed, can flow through the business, the family or governance systems (Sharma, 2008).

Sorenson and Bierman (2009) suggest that family relationships, derived from social capital, can attract family human and financial capital to the business. Relationships are the heart of the family, hence it is important to focus on them while studying the family (Aldrich and Cliff, 2003). The strength and structure of relationships in the family can influence entrepreneurial behavior of its family members through decisions made based on social capital (Randerson et al., 2016) while also motivating the mobilisation of different forms of capital to help other members in need (Dyer, Nenque and Hill, 2014).

In addition to human and social capital, financial capital refers to the sharing of financial resources or investments made by members in the family (Sharma, 2008; Sorenson and



Bierman, 2009). In this study, financial support is not exclusive on the wealth and income of one household for the creation of new ventures (Kim, Aldrich and Keister, 2006). Financial resources may flow from different businesses to multiple households in the entrepreneurial family.

## ***2.2 Enterpriseness and entrepreneurial behavior in entrepreneurial families***

The interactions between members provide support within entrepreneurial families (Estrada-Robles et al., 2018) showing that family relationships and interactions among members are key points where entrepreneurship meets the family (Randerson et al., 2015). This disentangles family entrepreneurship (Bettinelli et al., 2014) by examining the entrepreneurial family and allows exploration for the interactions between the members in the family, the behavior of the family acting together as result of enterpriseness and its effect back to the firms within the entrepreneurial family.

We thus extend the focus of Frank et al (2019) on business families to examining entrepreneurial families where not only the existence of multiple businesses impacts the family but also the existence of multiple entrepreneurs. By doing so, we are able to examine the behaviors and processes within the entrepreneurial family resulting from the available resources that every entrepreneur provides to the family and the way the entrepreneurial families as a unit decide to act upon these. In many cases, that results in portfolio entrepreneurship. There is growing recognition in investigating entrepreneurial activities that lead to a portfolio of businesses in the family (Schjoedt et al., 2013). which has been conducted mainly from the individual lead entrepreneur perspective (Plate, Schiede and von Schlippe, 2010) rather than from the collective. In other cases, entrepreneurial processes may result in growing the family business or creating new ventures (Discua Cruz et al., 2012); however, there is more complexity to this and entrepreneurial families provide an avenue to examine

other types of entrepreneurial behavior. Families in business may engage in a diversity of ventures at a time or simultaneously; however, the nature and amount of support influencing entrepreneurial activity is little understood (Lumpkin, Steier and Wright, 2011).

The literature review demonstrates that there are distinct gaps within the family entrepreneurship literature, and how a focus on entrepreneurial families can integrate the family dimension into family business research. We add to research on enterpriseness (Frank et al., 2019) by exploring multiple entrepreneurs within a family structure that is not limited to the household. In doing so, we examine the dynamic state of entrepreneurial families that are socially constructed and offer suggestions for how theory can be advanced.

### **3. Methodology**

#### **3.1. *Research design***

In order to examine enterpriseness in entrepreneurial families, we utilize an in-depth qualitative approach as it has the ability to explore new depths in entrepreneurship that are in constant change and shaped by the experiences and behaviors of entrepreneurs (Neergaard and Ulhøi, 2007). In the family business field, there are still several underdeveloped areas that could be answered with in-depth studies (Hall et al., 2005; Chrisman et al., 2009; Bettinelli, Fayolle and Randerson, 2014). Thus qualitative approaches have the potential to provide significant insights regarding the interaction between family and business (Reay, 2014). Furthermore richer descriptions are needed in developing economies to explain the complex relationships between the particular institutional environment, the impact on the business and the perceptions of the owner (Doern, 2009).

#### **3.2. *Empirical setting***

Previous research has shown that entrepreneurial families play an important role supporting their members in navigating the complex institutional environment in Mexico (Estrada-Robles

et al, 2018). Entrepreneurial families act as an intermediary through which social capital gives family members access to resources which enable them to overcome institutional challenges. Often, this support occurs through informal agreements originated from trust and shared language within the family (Estrada-Robles et al., 2018).

The importance of family values such as trust, cohesion and support are instilled in Mexican families even when new constructions of family are arising as a consequence of social changes (Arriagada, 2002). Shared vision and purpose to maintain family wealth is common in Latin American countries such as Mexico, this enables family members to act together in the decisions they make (Mani and Lakhali, 2015). As such, by examining entrepreneurial families in Mexico we are able to explore whether the country and cultural context impacts on the enterpriseness of entrepreneurial families.

Our study is focused on Toluca, the capital of the State of Mexico. The State itself is one of the economic and social engines of the country, and contains the largest focus of economic activity outside of Mexico City (INEGI, 2014). Toluca is characterised by its strategic location, close proximity to Mexico City and other key economic centres in the country, and is one of the most industrialised cities in the country. In addition, Toluca has been the focus of State and municipal policy attention with regards to the promotion and facilitation of entrepreneurship, including support for family entrepreneurship (Gobierno Toluca, 2015). The purpose of these programs is to create ‘strong’ families that wish to create a new venture and/or grow their existing one to foster employment generation in the city. The Institute of the Entrepreneur in the city aims to provide support to families to start and grow businesses, ‘Generating an entrepreneurial culture’ is one of the priority policies to develop and consolidate businesses. In summary, because of the richness and uniqueness qualities of the locality, the city was deemed suitable for the empirical focus of the study. In addition, because of the stress

on policy to promote entrepreneurship in families, the city of Toluca is an ideal setting to understand the processes within entrepreneurial families.

### **3.3. Participants**

Using the definition of entrepreneurial families outlined above, contacts from the Enterprise Incubator in Toluca were employed as an initial step to make the first contact with entrepreneurial families. Through this first stage, 8 entrepreneurial families were contacted and invited to take part in the research; further to this, because entrepreneurial families are hard to locate in the sense that there is no single database for them, snowball or chain sampling was employed as sampling instrument to help mitigate this limitation, with the respondents asked if they knew other families whose different members owned a business. The use of snowball sampling technique is consistent with that of past family business studies which have been limited by the unavailability of a database on family firms (i.e. Farrington, Venter, and Boshoff, 2012, Bettinelli, 2011; Lambrecht and Lievens, 2008). Once an entrepreneurial family was identified, they were invited to participate in the research study, and in total 14 families were selected as being suitable for the study as they fulfilled our entrepreneurial family definition. We acknowledge that snowball sampling is not fully random and subject to selection bias, however this technique also allows the researchers' high level of attentiveness to the focus of the study as they become immersed in the research area (Biernacki and Waldorf, 1981). According to Creswell (2013) in qualitative studies a general guideline for sample size is not only about the study of a few individuals but also to gather extensive detail about them. We ultimately examined 14 entrepreneurial families which fit our definition and interviewed 36 individuals and who offered extensive elucidation about the phenomena in question. The number of owner/entrepreneurs within the families ranged from two to five members within the same family. The total number of participants allowed us to achieve a deep understanding of how member entrepreneurs interact with each other in terms of their businesses and the

family where they belong. As we progressed in our research, taking each entrepreneurial family at a time, we found that we reached a saturation level showed by interviewees who expressed recurring responses; hence collecting sufficient high-quality data (Reay, 2014). All respondents' businesses were based in Toluca. To highlight the heterogeneity of families and businesses (Dibrell and Memili, 2019), we also took into account the number of entrepreneurs in the family, size of firms, age of business and diversity in firm sectors. Table 1 provides an overview of the participants regarding these dimensions. Interviews were conducted from February to May 2015 and lasted an hour on average. All interviews were conducted in Spanish, the first language of the interviewees and the interviewer, and then translated into English for analysis.

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Insert Table 1 about here  
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### **3.4. Procedure**

While much existing research in the field has normally depicted a single respondent, in-depth semi-structured interviews were conducted with multiple respondents of each entrepreneurial family. The use of interviews allowed the study to discover implicit and ambiguous connections within the family unable to gather employing quantitative methods (Hall et. al, 2005). All interviews were conducted in person following an interview guideline, this guideline was iteratively modified throughout the data collection process. The nature of semi-structured interviews allowed the emergence of relevant topics not in the interview guideline but mentioned by respondents and further explored in the study (Hatch, 2002). Flexibility during the interviews allowed the interviewer to encourage interviewees to share their thoughts and stories through open-ended questions. Written consent was obtained, interviews were recorded and transcribed, then thematically analysed and coded focusing on emergent topics. Transcripts resulted in a total of 412 pages alongside the notes made after each interview.

Multiple respondents were fundamental in this research to gain into insight the experiences and perspectives within an entrepreneurial families. It also contributed to understand better family interactions of the entrepreneurs and to mitigate flawed memory limitation.

### **3.5. Data analysis**

The inductive nature of the study aimed to discover themes and patterns. In line with Bryman (2012) the reliability of the coding was consistent and structured to avoid coder bias. Firstly, we analysed the data by creating individual entrepreneurial family summaries, analysing and comparing interview transcripts along with notes gathered after each interview.

Transcripts, summaries and notes were used employing an open coding process undertaken independently by the authors until predominant thematic categories emerged based on key themes (Creswell, 2013). The open coding process supported the interpretative approach of the study and continuous iteration throughout the process (Hall et.al, 2005). As such, this coding scheme was conducted by the authors, comparing results and identifying any discrepancies between the coders so that they could be revisited and agreed upon. This comparative method ensured inter-coder reliability and involved continually identifying emergent themes against the interview data and employed analytic induction to identify the nature of a relationship and develop the narrative (Silverman, 2000). A comparative method allowed to identify and analyse emerging themes against the data collected through an analytic induction process (Miles and Huberman, 1994). The methodological techniques contributed to gain a meaningful analysis of the entrepreneurial families embedded in the specific institutional context and allowed an in-depth understanding on how families can support each other's entrepreneurial activity. In the findings section, quotes were employed to provide insightful nuances and give voice to the study. The remainder of the article focuses on business-related resources within entrepreneurial families that have an effect on the family to keep being entrepreneurial.

## 4. Findings

This section advances the discussions outlined in the literature review by presenting an in-depth analysis of in the process by which entrepreneurial families utilise resources and contribute to enterpriseness. The findings are developed from the empirical data generated in the interviews and are presented in two sections: the first identifies the types of business-related resources in entrepreneurial families showing the way they are derived from the intersection of the family and the business in entrepreneurial families, showing how capital resources support other entrepreneurs in the family. The second section focuses on entrepreneurial activity in entrepreneurial families by examining how enterpriseness is created and its consequences. Figure 1 shows the model emerging from the results where the two-way flow is shown from familiness to enterpriseness through the resource availability and use of human, social and financial capital, and how that availability enables the family to make decisions that contribute to enterpriseness. As such, the outcomes of entrepreneurial activity through different businesses in the entrepreneurial family create enterpriseness which is transferred back to the family leading to a wider resource availability in the family to be shared by their members. Such resource availability may not be replicated in family businesses which lack this wider resource pool.

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Insert Figure 1 about here  
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### ***4.1. Forms of capital and enterpriseness in entrepreneurial families***

#### *4.1.1. Human capital resources*

We find that human resources manifest in entrepreneurial families and further on how enterpriseness is developed. Knowledge from family members coming from the different businesses is shared within the family through the multiple experiences of their members, and where there is trust and accessibility it is natural to approach other family members for support.

For example: ‘At a family dinner we can discuss things about our businesses. My dad or my mum ask us, how are things going with the business, either the one I run with my sister or my own’ [INT1/FAM1]. It is an advantage in the entrepreneurial family that other entrepreneurs are easily reached as they are family members, even if they do not share the same household. As one participant stated, ‘We have direct communication (with my son) around three to four times a week even when we don’t live together. We are independent in a way but we help each other with our businesses’ [INT21/FAM6]. This extends on research on household endowments (Alsos et al. 2014; Danes et al. 2009; Rodriguez et al. 2009), as we find that resource accumulation and mobilisation occurs in entrepreneurial families that not necessarily share the same household. This also reinforces suggestions on the importance of strong ties and stable family relationships for sharing resources across the family for entrepreneurial endeavours (Sorenson and Bierman, 2009). It also shows how strength and structure of relationships in the family can influence entrepreneurial behavior of its family members (Randerson et al., 2016). In Latin American countries, these relationships are affected by the nature and size of the family which may complicate the relationship between the family and business (Botero and Gomez Betancourt, 2016).

In contexts such as Mexico, some entrepreneurial families may not fulfil all of the legal requirements; thus, engage in informal economic activity. Some of the respondents stated that this occurred when they have projects alongside their main business that do not require them to have a registered business. Our research finds that informality often happens when the financial sustenance in the family comes from the main family business or other entrepreneurial ventures within the family. One interviewee commenting: ‘my mum has always liked selling things (informally) and is always spotting opportunities...she was the one who gave me the idea for my business [INT9/FAM3]. Another participant in the family agreeing from his perspective ‘One of my biggest support to make decisions in the business is my wife, even



when she only sells things informally she has given us (entrepreneurs in the family) a lot of advice' [INT8/FAM3]. In this way, human capital also emerges from informal economic activity that supports further formal business activity in the entrepreneurial family. This highlights the involvement dimension of enterpriseness where the boundaries of the entrepreneurial family are socially constructed including the members that add value to the entrepreneurial activity of other members.

Families are able to transfer resources across generations (Dyer, Nenque and Hill 2014). In our entrepreneurial families it also happens in the same generation, sharing enterprise knowledge and skills is common through generations but also between sibling entrepreneurs. That is the case of two siblings each owning their enterprise in the same sector, 'My brother and I share information, yes we do. We are in the same industry so we talk a lot but each one is also very independent [INT27/FAM10]. The strong ties of being family nurture the constant communication between siblings albeit they might be competing against each other with their businesses. Business skills are also transferred from generation to generation as one participant simply states I guided my son on how to run his business. [INT21/FAM6]. Offspring can obtain enterprising skills in the family business during childhood through exposure and experience (Lane and Lubatkin, 1998). Such is the case of this participant. 'As kids we would come during our school holidays to help in the business. It wasn't an obligation we went because we liked it. Being involved helped me know the business well. If we didn't come as kids, it wouldn't be the same nowadays, perhaps I would be working for a company' [INT12/FAM3]. This shows how human capital feeds enterpriseness, the new generation not only helping in the family business but being able to leverage on that knowledge obtained in the family business to their own entrepreneurial endeavours.

The flow of resources from the business, or different businesses in the case of entrepreneurial families, goes back to the family and its members. Such is the case when

policies are changing in the country, entrepreneurial families share information with other members who seek for, for advice on ways to deal with new policies. Entrepreneurs in the family choose to deal and manage with regulations together across all the businesses in the family. Sometimes new generations are the ones who guide the senior, an example of this: ‘my dad has never done the new processes, my mum has never been registered in the tax office, so they didn’t really know and I had to show them from what I went through with my business’ [INT3/FAM1]. Entrepreneurs share information and transfer knowledge to the rest in the family on how they have dealt with everyday management of their firms and reforms in the country. . It becomes a capability of the entrepreneurial family in which their involvement provides a way to complement for the lack of guidance in the reforms; members take part in shaping the experiences of others on a day to day basis, this shows a clear benefit of enterpriseness to family members in entrepreneurial families.

In Mexico, sometimes the operation of a business can create implications of risk and insecurity to entrepreneurs. In fact, business owners in Mexico try to protect themselves from theft and expropriation while suffering the burdens of corruption and bureaucracy (Acemoglu and Robinson, 2012). The existence of multiple entrepreneurs in the family and business-related resources help prevent other family members trying to protect both the family and their firms. This protection coming from the family is common in Mexico where the institutional environment is inadequate to provide the structures for business owners to navigate such challenges (Estrada-Robles et al., 2018). Hence, this task is delegated to the family where the values of trust and cohesion enable involvement and support in each other’s firms. As stated by one respondent: ‘You notice that in Mexico there are bad things like insecurity but because we live here we get used to it. If I advise my children with their businesses is because I don’t want them to live all sort of trouble you have when operating a business like frauds or other insecurity issues. I want them to know how to protect themselves’ [INT2/FAM1]. Overall these

are examples of distinctive enterpriseness, a positive influence that the entrepreneurial family has over the family itself and over the multiple firms.

#### 4.1.2. *Social capital resources*

Social capital in entrepreneurial families is shown in the existence of interactions, shared visions, trust, and networks. Trust is shown for example when an entrepreneur is suffering the instability of running a construction business, and then he is integrated into the family business to open independent branches as a plan of expansion. He reflects on the benefits ‘...many advantages from the support in the family, this comes from the trust we all have in each other and more than trust is because we are all part of it so we have to take care of it’ [INT10/FAM3]. There is a reciprocity of support among the members in the entrepreneurial families, the son manages now the branches to gain more income for his own nuclear family while the father resolves the need for someone ‘trustable’ to manage the branches. This means that there are gains to both family members, the father and the son, showing the availability of options in the family to conduct different entrepreneurial behaviors, in this case joining and growing the family business. This creates a strong sense of cohesion of members being able to help in diverse ways which facilitates resource mobilisation (Granovetter, 2005). As one respondent stated: ‘When you work with family you live in peace knowing that ... you [can] trust them’ [INT 13/FAM4]. Trust within members in the family is crucial to share resources and collaborate with each other across the multiple businesses (Alsos et al., 2014).

Networks and connections play an important resource for entrepreneurial families when gaining contracts or opening certain type of businesses. One respondent stated that ‘*in Mexico it is all about contacts, depending on the government in place, we see if we have contacts or not, we do better when we have*’ [INT12/FAM4]. Connections to the government provide entrepreneurs with opportunity to operate their firms with exclusive licenses. These firms offer

certain services or products that are directly related to government processes that citizens need to comply with. As such, being able to operate these particular firms with concessions from the government. The way to get these concessions is by using connections and networks, in most of the cases, these connections are formed at the business level with the previous generation or through another firm in the family. This is the case of FAM6 and FAM7, the connections come from two and three generations back and they have been maintained in the family to serve the businesses of new generations. A respondent mentioning ‘with friends in the government my father had the opportunity for me to continue with this business; we do the same now and my daughter will continue with my business’ [INT21/FAM7]. Family networks emerging from other firms play an important role to find new connections within the public sector. As it can be noted, business and politics are highly intertwined, and the use of connections or influences is a common practice.

The way enterpriseness is developed in the entrepreneurial family is through the ‘appropriability’ characteristic of social capital, that is the existence of networks for one purpose may be used for others (Coleman, 1998). As such, showing enterpriseness, for example commercial networks are also employed by entrepreneurial families, the father sharing networks of customers with his son, ‘I only told him (if you open your business) it should be in a field that is compatible and not competitive to my sector. I said, ‘I will promote you with my business directing people to go and buy from you’. [INT13/FAM4]. The path of the family has driven the foundation of new lines of business. Another example between two siblings with complementary businesses, ‘with my sister we make a good team. She kept my father’s business which is similar to mine but I am independent, we share customers and suppliers sometimes’ [INT25/FAM7]. External ties are brought to the family pool of resources for others to utilise. These bridges then facilitate achievement of goals through information, opportunities

and favourable negotiations (Adler and Kwon, 2002), and act as a form of distinctive enterpriseness.

#### 4.1.3. *Financial capital resources*

Entrepreneurial families pool financial resources together, members seek support in the family to ask for loans instead of going to a bank. About this a participant mentioning the benefits, 'I have been able to grow my business faster with my sister's support' [INT33/FAM13]. Sharing of financial resources include, for example profit created in a business in the family turned into investment for another business to get earnings over the longer term or informally investing in real estate properties to maintain family wealth. On this a participant stated: 'I am selling real state to my son, the money he could pay to the bank he can give it to me without interest' [INT11/FAM4]. The father is flexible when his son occasionally asks to skip a month of payment and afterwards pay for two months together; different from contract terms with a bank. Enterpriseness here has an impact on both the business and the family dimension in order to maintain wealth in the entrepreneurial family.

Financial resources originated in firms go back to the family and later turned into support to different firms in the entrepreneurial family. Enterpriseness enacts depending on the needs of the family or individual members with their own firms. An example is formal education of how resources move in a loop from business to family and back from family to business. Financial resources obtained from the family business have made possible formal education for younger generations. When the younger generation grows it wants to give back to the family business. Such is the case of potential successor in case FAM5 where this member is studying a master's degree abroad, he is trying to demonstrate his father that he has the knowledge to contribute to the business. The son opts to contribute with his formal education to the family business because he knows he is the potential successor of the firm, and moreover

he is interested in taking over it someday. This shows how the impact of enterpriseness on the family and its retroactive impact on the firm.

Another way resources are kept in the family is when owner/entrepreneurs in entrepreneurial families pool financial resources together making them available to other owner/entrepreneurs who need them instead of going to a bank. For example, 'my sister and I have invested money with my dad. We will receive more profit from my dad's business than if we had that money saved in the bank. We have the money working'. [INT2/FAM1]. Family entrepreneurs invest their business profits in other firms belonging to the family because they conceive it is an unsafe practice to keep the money in the bank and that the return of investment in the bank is much lower than to have it 'working' in another business in the family, while other owner/entrepreneurs struggle with money matters in their businesses and can benefit from this lack of trust on formal financial institutions.

The analysis of the entrepreneurial family brings out the enterpriseness, resources developed through businesses serve other family owner/entrepreneurs for their firms regardless of their involvement in a particular business. This reinforces the family as an entrepreneurial family and the enterpriseness within. This also contributes to understanding the process of portfolio entrepreneurship in the family business context that is still unexplored (Plate, Schiede and von Schlippe, 2010). The quality of the resources is also shaped by the enterpriseness; business knowledge is formed experientially in the management of the firms and from the interactions with other members in the family. That knowledge evolves so that when it comes back to the family the business advice from an owner/entrepreneur to another is more valuable. The outcomes of those capabilities rely in the enterpriseness of the family.

#### ***4.2. How capital resources contribute to enterpriseness***

The reciprocity shows the distinctiveness of entrepreneurial families, with a two-way flow of resources from the businesses to the family (see Figure 1). Members benefit from the enterprising knowledge existing in the family. This represents a safety net for nascent entrepreneurs, ‘it was an advantage that my father had his own business. I see it with my friends for example they started from zero because their parents were not entrepreneurs, they are now at level 2 or 3. With my dad’s help, perhaps I am in level 5 or 6 compared to those fiends. [INT22/FAM6]. Having a pool of business-related resources available to other members builds on enterpriseness and keeps the flow moving back and forth from/to family and business while resource availability increases simultaneously. Moreover, this safety net feeds enterpriseness when members in the family know that if something goes wrong with their business they will have the support from the other members and their businesses. A respondent mentioning: ‘my family has my back, they have told me if you fail with your business nothing will happen, we will continue forward. Then you have the security and trust in your family that if you fall, it’s OK nothing bad will happen’ [INT2/FAM1]. This notes that members of the family are encouraged to undertake entrepreneurial behaviors even when the outcome might not be a positive one. In this family, one of the members mentions: ‘what I put into my daughters’ businesses I see it as lost, if I get profit out of that then great’ [INT1/FAM1]. Here, the need to maintain the family structure as being entrepreneurial is important, beyond the success of the businesses.

What might be considered business competition among siblings also creates enterpriseness with each sibling trying to achieve their goals with their own business; however within the same industry they share resources when they collaborate with each other sharing knowledge for the benefit of both their businesses. This example is illustrated, ‘Even in the same industry, I don’t consider my brother as competitor. We both learn from each other; we

help each other as much as we can but we understand we have independent businesses' [INT28/FAM20].

Entrepreneurial families decide how they use their available resources, their capability is fostered from the combination of resources mainly internal resources mobilised and applied through the strong bonds. Trust and cooperation have made possible to refine managerial experience, 'we are well organised, we have managed to achieve this organization on the go, exploiting each individual's knowledge' [INT35/FAM14]. The son complements in his interview 'our secret is our excellent service combined with our team work' [INT36/FAM14].

The family business provides stability to the family, which enables opportunity for the family to diversify which is not only strategical but also related to family well-being benefiting both business and family logic This is consistent with diversification decisions taken for strategic because of the interests of family members (Dodd, Anderson and Jack, 2015), which also reduces risk of over-specialization. Entrepreneurial members are able to pursue their own interests, for example in case FAM5 the wife and daughter have their own business, unrelated to the core family firm, although the daughter is selling merchandise incurring in the informal economy. Regardless the type of business, more income comes to the family thus providing stability and diversification in some cases. The same happens with FAM8 where both sisters [INT23 and INT24] own their company and additionally they choose to sell informally extra things not related to the core business using the facilities and exposure to clients to incur in informal economic activity. This shows the complexity of the variety of entrepreneurial behaviours but also the interplay with formality and informality. Also, the complexity between cooperation and independence in entrepreneurial families, while INT23 and INT24 work independently in their own firms, they work together to create the products that they sell informally.



Family firms are often related to firm-specific knowledge or industry-specific knowledge (Sieger et al., 2011), while this is still true when looking at the specific core family business, when looking at the entrepreneurial family it is found that knowledge becomes more generic for the use in different firms and industries. Diversification in entrepreneurial families occurs in different forms (Rosa et al., 2014) and for diverse reasons. Only when entrepreneurial families want to explore peripheral business opportunities outside their specific firm or industry knowledge it is when they are more willing to build external partnerships with non-family members, as illustrated, ‘we consider other businesses, for example one with my brother and another one with a friend and my wife, but it is not part of the family business’ [INT15/FAM5].

While entrepreneurial families engage in the management and continuity of the core business in the family, trade-off decisions occur when exploring opportunities. In this case the family is more focused in the long-term orientation of the core family business than in other new ventures, ‘There other small businesses, mainly real estate projects. We buy properties and we receive rents from them. They are just small projects because for now the family business demands most of our time. Because of that we haven’t been able to develop a more active business, otherwise we would need to leave the family business and it is not an option. What we do outside is in our free time [INT31/FAM12]. This family chooses their resources at hand to focus more on the family business rather other small businesses. However, this participant admitted that they will need to look for opportunities outside the family business because ‘it might not last forever [INT31/FAM12]’. The same happens with FAM14 that has a main business in the family and the rest of projects are mainly related with real state management. While enterpriseness is still present, the entrepreneurial family has to make complex decisions on how to best use the resources at hand, either on the family, the family business or peripheral businesses within the portfolio in the family. This is consistent with Litz (2008) where families strive for stability and that none of the parts in the system is

compromised in the long-term. Building on Frank et al. (2019) it can be seen that the entrepreneurial family is not passive when making decisions as objectives to keep the family firm are clear; however; the paradox exists between the family and business logic. Either keep enterpriseness within the family or translate it into action in other businesses.

In entrepreneurial families it is normal to engage simultaneously in different entrepreneurial activities, with multiple businesses in different firm life cycles. Families bundle and leverage resources depending on their needs. Members live this in a day-to-day basis part of their normal family life. As an example, a participant commenting ‘It is a normal thing to see each of us in the family run a business. We live with that, is not rare [INT5/FAM1]. The family itself provides a support structure and its unity remains priority and at the same time their decisions feed the enterpriseness within the family. This shows how the entrepreneurial family has expectations for members to keep running their firms as part of the family life. Another participant mentioning: ‘we must set a sense of responsibility with our businesses and the family, for this to keep working [INT19/FAM6]’. The findings show that entrepreneurial families experience simultaneous flows, resources originated in the firms flow back to the family and subsequently converted into support that is shown as a variety of entrepreneurial behaviour within the family. This also highlights the structures that the family puts in place for enterpriseness to continue by strengthening family relationships and setting expectations and responsibilities in the entrepreneurial family.

## **5. Discussion**

Our paper contributes to the development of the family entrepreneurship field by examining enterpriseness flows between entrepreneurial families and the business, and illuminating how enterpriseness impacts on the entrepreneurial behaviors of the family. Through our focus on entrepreneurial families we contribute to the heterogeneous nature of

families as a socially constructed entity (Von Schlippe and Frank, 2013) and we are able show the consequences it has for family business and family entrepreneurship.

Our study shows that enterpriseness changes according to the amount of capital resources available to the family and firms as a consequence of its flow (Sharma, 2008). We thus build on the essence approach to enterpriseness related to decisions and behaviors by advancing understanding of the interdependence between family and business, and examining the recent construct of enterpriseness as the enterprise's influence on family (Frank et al., 2010; Frank et al., 2019). We also highlight the involvement dimension of enterpriseness through the social construction of family boundaries where members without a formal business are part of the entrepreneurial family. Our study finds that enterpriseness influences the impact of business(es) on the family and in consequence on other firms in the family to keep the family entrepreneurial. Enterpriseness is contingent on the family's objectives, as well as the needs and type of entrepreneurial behavior, while trying to keep a balance in between the family and business logic. The families show commitment to business matters, highlighting their enterpriseness, meanwhile also nurturing the family system which in turn influences the development of the firms within the family. We go a step further into deepening our knowledge on why and how the dynamics within a family are likely to influence behaviors in the family firm or other firms (Sharma, 20108), this is possible by looking at the decisions on the use of resources and entrepreneurial behaviors. This contributes to unpacking the complexity of the reciprocal influence between business and family (Frank et al. 2019)

In examining entrepreneurial families, we extend the view of portfolio entrepreneurship in business families (Rosa et al., 2014) and provide a more nuanced understanding of entrepreneurial behaviors, such as growing the family business, creating a portfolio of firms or creating individual ventures, found in family entrepreneurial teams (Discua Cruz et al., 2014). We find that enterpriseness influences individual family members in more ways such as:

joining the core family business, diversifying the core family business, creating their own businesses either within the formal or informal economy, and supporting other businesses in the family by having official or unofficial agreements with other members.

Our findings build on Sharma's (2008) assertion that the appropriability between family and business does not limit itself to one flow from family to business, and does not limit itself only to flows of social capital. Similar to social capital resources, human capital resources are obtained in a business to serve others, for example in the form of customers or supplier within the same or different industry. The appropriability of the entrepreneurial family brings access of networks, information, knowledge and financial resources relevant to the business context that are easily mobilised, applied and transformed by other members for diverse purposes. These are resources which originate in the businesses and flow back to the family, subsequently turning into support to different firms in the entrepreneurial family. With this we add to knowledge beyond familiness and the different portfolio of resources (Sharma, 2008), and further by unpacking the influence that the business-related resources has on the family and back into the businesses contributing to enterpriseness feeding the entrepreneurial behavior of the entrepreneurial family itself.

Our paper finds that financial capital represents a 'safety net' in terms of opening and managing a business, but also human capital as other members of the family contribute, formally or informally, to the entrepreneurial endeavors of new entrepreneurs within the same family. In this way, human capital, which is inherent in the individual members, is transferred into social capital to benefit the wider family. Furthermore, entrepreneurial families are able to add to their human and social capital endowments, by pooling financial resources together that can provide advantages which standalone family businesses or individual entrepreneurs are not able to replicate. The enterpriseness is shown where business-related wealth goes back to the entrepreneurial family, members decide to place the accumulated wealth on other businesses

demonstrating a subsequent impact. For this, family cohesion is important for the family and the business (Zahra, 2012), the time spent together can also be a source to entrepreneurial behaviors (Bettinelli et al., 2014). The consequences of these behaviors may lead members to conduct diverse entrepreneurial activity.

The findings show that the availability and sharing of capital resources means that as a business owner it is highly valued to be a member of an entrepreneurial family. Capitals are drawn upon to ensure that the previous entrepreneurial experience of other members of the family is translated into capabilities which benefit the nascent entrepreneurs within the same family. The more experience members have dealing with the challenges of everyday business life, the more knowledge they can share across the family, providing dispersed benefits. This means that skills and training are provided to the younger generations of the family (Habbershon, Williams and McMillan, 2003). New generations can enter businesses which complement the existing ventures within the family, this complex yet valuable sharing of resources demonstrates that entrepreneurial families conform to both structural and transactional views of the family. Clearly, the entrepreneurial families have biological ties yet they are also socially constructed by their entrepreneurial activity that brings them together, The different utilization of resources allows a more nuanced understanding of the family-related issues in family business and entrepreneurship research (Salvato and Aldrich, 2012) revealing the effects of enterpriseness which result in further entrepreneurial activity. We show that the availability and ongoing sharing of the combination of human, social and financial capital in the entrepreneurial family contributes for enterpriseness to be recreating itself within this dynamic.

## **6. Limitations and directions for future research**

We acknowledge that this research has some limitations. The empirical focus of this article is

the entrepreneurial family in the capital city of the state of Mexico and involved a relatively small number of in-depth interviews with family entrepreneurs. As such, the responses of participants cannot be considered representative of the wider population. The research approach was qualitative, and while this limit the generalizability of the findings, the value of our research lies in providing in-depth insights into notion of enterpriseness in a developing economy. These constructs are still emergent which require further research. Our focus has been on entrepreneurial families and it would be valuable to examine enterpriseness in other conceptualizations of family, we suggest further qualitative as well as quantitative studies to investigate these. Quantitative studies would be useful in examining the usages of enterpriseness in different contexts, for example by using surveys to compare families in developed versus developing economies. In addition, surveys could be used to examine the potential negative impacts of resource (mis)allocation between family members, or restrictive enterpriseness.

## **7. Conclusions**

This article has critically examined how family members support each other's entrepreneurial activities through shared resources and capabilities. Our contribution is to demonstrate how entrepreneurial families, where more than one member is an owner/entrepreneur who interact with other entrepreneurs in the same family, provide each other with advantages which are not replicated in more traditional family firms or for individual entrepreneurs. This is possible due to the flow of the business-related resources to the family and to other businesses benefiting other members. The interaction of members within entrepreneurial families enables availability and use of a combination of capital resources which contribute to enterpriseness. As such, we provide a more nuanced perspective of the dynamics within families in business and move beyond comparisons of what differentiates family firms from non-family firms, to contribute

to a broader conceptualization of family entrepreneurship (Randerson et al., 2015).

Through a new focus on entrepreneurial families we are able to examine the distinct the impact that the businesses in the entrepreneurial family have on the family itself and later on the multiple firms. The entrepreneurial family provides an ideal setting to study the two-way flow of resources from the family (different entrepreneurs) to their various firms; and vice versa the use of resources acquired from different firms that serve to other entrepreneurs in the family, as such contributing to understand how enterpriseness works in entrepreneurial families.

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**Table 1. Profile of participants**

| Respondent | Family | Relationship        | Business type  | Size of business<br>(Number of employees) | Age of<br>business |
|------------|--------|---------------------|--|---|--------------------|
| 1          | 1      | Daughter            | Shoe manufacturing   | 1-10                                      | 1-5 years          |
| 2          | 1      | Father              | Construction (Non-residential for government)                    | 11-50                                     | 10+ years          |
| 3          | 1      | Daughter            | Beauty Services  | 1-10                                      | 1-5 years          |
| 4          | 1      | Mother              | Construction (Residential)                                       | 11-50                                     | 10+ years          |
| 5          | 1      | Daughter            | Textiles   | Self-employed                             | 1-5 years          |
| 6          | 2      | Sibling             | Construction (Non-residential for government)                    | 11-50                                     | 10+ years          |
| 7          | 2      | Sibling             | Marketing Services   | 1-10                                      | 10+ years          |
| 8          | 3      | Father              | Pharmaceutical   | 11-50                                     | 10+ years          |
| 9          | 3      | Daughter            | Media  | 1-10                                      | 1-5 years          |
| 10         | 3      | Son                 | Construction (Non-residential for government)                    | 1-10                                      | 1-5 years          |
| 11         | 3      | Mother              | Informal   | Self-employed                             | 6-10 years         |
| 12         | 4      | Father              | Construction materials (Paints)                                  | 11-50                                     | 10+ years          |
| 13         | 4      | Son                 | Construction materials (Sealers)                                 | 11-50                                     | 10+ years          |
| 14         | 4      | Son                 | Construction materials (Sheetrock)                               | 1-10                                      | 10+ years          |
| 15         | 5      | Father              | Construction (Residential)                                       | 11-50                                     | 1-5 years          |
| 16         | 5      | Mother              | Financial Services   | 1-10                                      | Less than a year   |
| 17         | 5      | Sibling (to father) | Construction equipment rental                                    | 1-10                                      | Less than a year   |
| 18         | 5      | Daughter            | Informal   | 1-10                                      | 1-5 years          |
| 19         | 6      | Father              | Automobile Services  | 51-250                                    | 10+ years          |
| 20         | 6      | Son                 | Petrol services and distribution                                 | 1-10                                      | 1-5 years          |
| 21         | 7      | Father              | Legal Services   | 11-50                                     | 10+ years          |
| 22         | 7      | Daughter            | Education  | 11-50                                     | 10+ years          |
| 23         | 8      | Sibling             | Automobile parts retailing (Ford)                                | 1-10                                      | 10+ years          |
| 24         | 8      | Sibling             | Automobile parts retailing (Chrysler)                            | 1-10                                      | 1-5 years          |
| 25         | 9      | Father              | Graphic design services and merchandising                        | 1-10                                      | 10+ years          |
| 26         | 9      | Son                 | General retailing  | 1-10                                      | 1-5 years          |
| 27         | 10     | Sibling             | Residual waste recycling (Plastic with transformation processes) | 11-50                                     | 1-5 years          |
| 28         | 10     | Sibling             | Residual waste recycling (Plastic)                               | 11-50                                     | 6-10 years         |
| 29         | 11     | Sibling             | Food services  | 1-10                                      | 10+ years          |
| 30         | 11     | Sibling             | Education  | 11-50                                     | 1-5 years          |
| 31         | 12     | Father              | Petrol services and distribution                                 | 51-250                                    | 10+ years          |
| 32         | 12     | Son                 | Real state   | 1-10                                      | 1-5 years          |
| 33         | 13     | Sibling             | Education  | 51-250                                    | 10+ years          |
| 34         | 13     | Sibling             | Baking industry  | 11-50                                     | 10+ years          |
| 35         | 14     | Father              | Petrol services  | 11-50                                     | 10+ years          |
| 36         | 14     | Son                 | Venue rental and event organization                              | 1-10                                      | 1-5 years          |

**Figure 1: The availability and sharing of resources between the family, the entrepreneurial family and the businesses**

