The Impact of the Family on Entrepreneurial Outcomes

The Role of Social Embeddedness

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The Impact of the Family on Entrepreneurial Outcomes: The Role of Social Embeddedness

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To
My Family

Foreword

This volume is the result of a research project carried out at the Department of Management and Organization at the Stockholm School of Economics (SSE).

This volume is submitted as a doctor's thesis at SSE. In keeping with the policies of SSE, the author has been entirely free to conduct and present her research in the manner of her choosing as an expression of her own ideas.

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Stockholm, August 20, 2014

Miriam Bird

Contents

Introduction to Thesis

1. Introduction

Although most entrepreneurs have families that highly influence their business activities, limited attention has been paid to how the family, as a specific social institution, impacts entrepreneurial outcomes (Aldrich & Cliff, 2003; Jennings, Breitkreuz, & James, 2014). Entrepreneurs are inseparably linked to their families and rely on their support in pursuing their entrepreneurial endeavors (Rogoff & Heck, 2003). Family members share a common identity, have strong mutual bonds of trust, and often have opportunities to discuss business ideas (Aldrich & Cliff, 2003; Ruef, Aldrich, & Carter, 2003), encouraging the development of entrepreneurial family teams. Despite the family's substantial influence on entrepreneurial outcomes, the importance of the family has often been neglected in the entrepreneurship (Dyer & Handler, 1994; Rogoff & Heck, 2003) and family business research fields (Jennings et al., 2014).

In fact, the family constitutes one of the most common entrepreneurial teams (Ruef, 2010) and scholars have argued that significant entrepreneurial potential can be found within the family (Nordqvist & Melin, 2010). The importance of the family as entrepreneurial team is also evidenced by the fact that a substantial share of all companies are founded and run by families all around the world (La Porta, Lopez-de-Silanes, Shleifer, & Vishny, 1999; Villalonga & Amit, 2009), such as spousal couples or family members tied together by other types of family relationships (Chang, Chrisman, Chua, & Kellermanns, 2008; Ruef, 2010). Family businesses are prevalent in all countries to a varying extent and therefore exert an important economic impact on countries' economies (Anderson & Reeb, 2003; La Porta et al., 1999).

There are at least three reasons for the family's importance in entrepreneurial outcomes. First, when engaging in entrepreneurial activities, the family constitutes a very specific type of entrepreneurial team. Strong ties in terms of kinship relationships between family members bind the family closer together than any other type of entrepreneurial team (Discua-Cruz, Howorth, & Hamilton, 2013). More specifically, mutual affection and consensus are believed to hold families together (Cherlin, 1978). Further, the family also "reveals a certain form of organisation governing the transmission of practices and cultural values, and linking family and work" (Segalen, 1986, p. 22). Therefore, the family provides its members with behavioral guidelines that contribute to the family's unity and stability (Cherlin, 1978). The family also represents an important form of social capital that reveals itself in mutual obligations, dependence, and trust (Granovetter, 1985). Feelings of solidarity and cooperation within the family result in highly motivated group efforts to support potential entrepreneurs (Sanders & Nee, 1996). This rather intangible form of social capital within the family spills over to entrepreneurs as unpaid family labor, financial support, and knowledge (Sanders & Nee, 1996). However, combining entrepreneurial activities and family can also be a source of conflict due to diverging views (Kellermanns & Eddleston, 2004). In particular, the company's values and goals are sometimes incompatible with collective family goals (Dyer & Handler, 1994).

Second, the family provides the entrepreneur with a diverse set of resources (Dyer & Handler, 1994; Sirmon & Hitt, 2003), which have the potential to impact the individual entrepreneur as well as the family business. Research in entrepreneurship has shown that self-employed family members pass on their resources, such as knowledge, financial capital, and access to markets, suppliers, or certain technologies, to other family members (Dunn & Holtz-Eakin, 2000; Dyer & Handler, 1994). In addition, family members constitute an important source of labor and can be employed both as paid or unpaid labor (Ruef et al., 2003). Finally, self-employed family members are also known to imprint their entrepreneurial attitudes and values on other family members, therefore shaping the career aspirations of other family members (Sørenson, 2007). Being exposed to self-employed family members may also transmit values related to self-employment, such as autonomous working conditions, which are preferred to other job conditions (Halaby, 2003).

Third, family business scholars have argued that the family and the business are intertwined, denoted as family influence (Dyer, 2006; König, Kammerlander, & Enders, 2013). As the family business is composed of multiple family members, the structural family ties will spill over to the business (Arregle, Hitt, Sirmon, & Very, 2007). This family influence manifests itself in several particularities. First, family businesses are organizations with unique governance mechanisms (Carney, 2005; Chrisman, Chua, & Litz, 2004), human resource practices (Miller & Le Breton-Miller, 2005), and strategic goals (Wennberg, Wiklund, Hellerstedt, & Nordqvist, 2011). Second, family businesses are commonly characterized by idiosyncratic resource endowments (Habbershon & Williams, 1999; Miller & Le Breton-Miller, 2006; Sirmon & Hitt, 2003) and business cultures (Zahra, Hayton, & Salvato, 2004), which generally result in different goals and consequently behavior in family businesses (Carney, 2005; Chua, Chrisman, & Sharma, 1999). Further, it has also been argued that due to family influence, the social context of the family leads to different values and priorities within the business in terms of satisfying the needs of other family members (Gomez-Mejia, Takacs Haynes, Nunez-Nickel, Jacobson, & Moyano-Fuentes, 2007; Miller & Le Breton-Miller, 2011; Schulze, Lubatkin, & Dino, 2003).

The family's influence on entrepreneurial outcomes especially comes to bear through family team dynamics, family capital resources, and family characteristics that make the family business a distinct business form. Although there is consensus that the family and entrepreneurship are highly interrelated (Nordqvist & Melin, 2010), little is known about whether and how the family influences entrepreneurial outcomes throughout the entrepreneurial process (i.e., venture creation, firm growth, and entrepreneurial exit). Research has argued that new venture creation is the essence of the entrepreneurship research field (Low & MacMillan, 1988), while increasing interest has been devoted to investigate how newly founded firms grow and hence contribute to economic development

(Wiklund, 1998). In addition, exit from entrepreneurship has also recently received increasing scholarly attention, with scholars arguing that exit constitutes an important part of the entrepreneurial process (DeTienne, 2010; Wennberg, Wiklund, DeTienne, & Cardon, 2010).

Understanding the family's influence and the related mechanisms thereof is of both theoretical and practical relevance. Gaining an in-depth understanding of whether the family's influence pertains to the whole entrepreneurial process or only to particular entrepreneurial outcomes will contribute to establishing a link between the family and entrepreneurship research fields. Further, since entrepreneurship is a multi-dimensional process (Davidsson & Wiklund, 2001; Low & MacMillan, 1988), it is also important to take different levels of analysis into account when considering how families influence entrepreneurial outcomes - that is, to understand whether family influence manifests itself on the individual, the firm, and the regional level.

In order to investigate these propositions, I draw on a unique multi-level Swedish database combining individual-, firm-, and regional-level data. The theoretical framework is developed by integrating the theory of social embeddedness with literature on family business and entrepreneurship. I theorize on and measure social embeddedness at the micro- and the macro-level. Social embeddedness (Granovetter, 1985) is a relatively broad theoretical concept encompassing several aspects and is highly related to social capital. In my thesis, I thus draw on several sub-concepts of social embeddedness, such as bounded solidarity, social cohesion, and social capital.

The overarching aim of my thesis is to examine how the family impacts entrepreneurial outcomes, such as new venture creation, firm growth, and entrepreneurial exit. Given the multi-level nature of entrepreneurship research, I study these processes at different levels of analysis.

1.1. Entrepreneurship as a Multi-level Phenomenon

Several entrepreneurship scholars have argued that research should employ both a micro- and macro-perspective of entrepreneurship and should therefore study entrepreneurial phenomena on multiple levels of analysis (Davidsson & Wiklund, 2001; Low & MacMillan, 1988). This call is grounded in the fact that entrepreneurship takes place in and affects different levels of analysis namely, the individual, the firm, and the regional level. It is mostly individuals who engage in entrepreneurial endeavors (Schumpeter, 1934), often creating and operating an organization and being exposed to a specific environmental context (Stinchcombe, 1965). It is noteworthy that all these levels of analysis are highly interrelated and complement each other (Low & MacMillan, 1988). So far, entrepreneurship research has primarily focused on the micro-level, particularly on the individual and firm levels of analysis, with little research investigating the regional level (Davidsson & Wiklund, 2001). Studying entrepreneurship at different levels of analysis also responds to recent calls for research that bridges the demand and supply sides of entrepreneurship research (Thornton, 1999). The demand side involves the contexts in which entrepreneurship takes place, whereas the supply side refers to the characteristics of an individual (Thornton, 1999). More specifically, the supply-side perspective emphasizes the availability of suitable individuals willing to engage in entrepreneurial activities and often employs sociological concepts (Thornton, 1999), such as attributes of culture (Shane, 1993) and ethnicity (Aldrich & Waldinger, 1990). In the demand-side perspective, spatial contexts (e.g., geographic units, such as regions or communities) are also often included.

In order to draw conclusions of the family's influence on entrepreneurial outcomes, it is important to take the different levels analysis into account. Understanding whether the family's influence manifests itself at the individual, firm, or regional level of analysis contributes to a new understanding of the family's role in entrepreneurship. In this thesis, I therefore focus both on the micro-level (i.e., the individual and firm levels) as well as the macro-level (i.e., the regional level).

1.2. The Family as an Entrepreneurial Team

The entrepreneur is often portrayed as a heroic individual who possesses specific traits and abilities to destroy market equilibrium or economic order and thus fosters economic development (Schumpeter, 1934). However, a substantial amount of businesses are founded and run by more than one individual (Gartner, Shaver, Gatewood, & Katz, 1994; Hellerstedt, 2009; Ruef, 2010). For instance, according to data from the Panel Study of Entrepreneurial Dynamics (PSED II), 50% of all companies in the United States are founded by teams (Ruef, 2010). Similar patterns can be observed for Sweden: Hellerstedt (2009) found that 65.8% of all start-ups in knowledge-intensive industries were founded by teams.

These findings indicate that in reality, entrepreneurship involves collective action (Ruef, 2010). Thus, individuals have a strong interest in involving others in companies as co-founders, employees, investors, advisors, or unpaid workers (Ruef, 2010). In their study of demographic variation across founding teams in the United States, Ruef et al. (2003) found that teams are in fact formed to a large extent on the basis of similar demographic characteristics and strong network ties (i.e., kinship or spousal relationships). It is noteworthy that kin and partners with similar socio-demographic characteristics and thus higher homophily also display a higher degree of familiarity with each other (Ruef, 2010).

In this context, it is important to mention that changes in family composition as well as family relationships have taken place over the last several years in the United States, Europe and Sweden (Aldrich & Cliff, 2003; Bumpass & Hen Lu, 2000; Bumpass, Sweet, & Cherlin, 1991; Keilman, 1987; Kuijsten, 1995; Sorrentino, 1990). In regards to family composition, the average family size has decreased (Bulatao, 2001), and families constitute a diminishing proportion of all households (Hantrais, 2004). Furthermore, family members' roles have changed slightly, with increasing female employment in the working population (Bianchi & Milkie, 2010). Relationships within the family have altered since parents play a less important role in children's activities and socialization (Aldrich & Cliff, 2003). Moreover, children and teenagers may be reluctant to work within family businesses and may consequently seek alternative employment outside the family (Aldrich & Cliff, 2003). Intergenerational family relationships and social ties have also weakened, pointing to a decrease in multigenerational households (Aldrich & Cliff, 2003; Hantrais, 2004).

Overall, these changes have negative implications for resource mobilization since the acquisition of human and financial resources within the family has ultimately become more difficult for the entrepreneur (Aldrich & Cliff, 2003). These demographic changes may not only impact the emergence of new business opportunities, and start-up decisions (Aldrich & Cliff, 2003) but may also affect the strength of the family's influence on entrepreneurial outcomes as well as team composition in family businesses.

Researchers have argued that weak versus strong family systems exist in different countries and cultures (Reher, 1998). Weak family systems can be found in countries where there is a high degree of individualism, and hence the individual has priority over the family (Reher, 1998). For strong family systems, the opposite holds true. Such systems are characterized by strong bonds between family members, resulting in high family importance for individual family members (Reher, 1998). The varying strengths in family systems influence the amount of family support an entrepreneur can expect from his or her family.

1.3. Positioning within the Family Business Research Field

Since the family business research field is closely related to my thesis topic, I briefly outline the main streams and principles of this field while also discussing which position I take in my thesis.

There are several topics which have re-emerged in family business research. First, the definition of family business has recently been discussed as the definition determines the outcomes of family business studies to large extent (Chua et al., 1999; Sharma, 2004). Second, family business research has centered its attention on the governance mechanisms of family businesses (Carney, 2005; Chrisman et al., 2004; Corbetta & Montemerlo, 1999). In this line, research has also investigated how family involvement and ownership structures influence firm behavior and subsequently firm performance (Anderson & Reeb, 2003; Morck, Shleifer, & Vishny, 1988). In fact, it has been argued that there is substantial overlap between the family and the business system (Tagiuri & Davis, 1996). Researchers examining this topic have primarily employed agency theory to explain their investigations (Chrisman, Kellermanns, Chan, & Liano, 2010; Schulze et al., 2003). Third, it has been posited that family businesses possess a unique advantage in terms of resources (Habbershon & Williams, 1999; Sirmon & Hitt, 2003), capabilities (Miller & Le Breton-Miller, 2006), and business culture (Kets De Vries, 1993), which results in different goals and consequently behaviors within family businesses (Carney, 2005; Chua et al., 1999; Donckels & Fröhlich, 1991).

Another stream of literature has discussed family firms as having scarce resources, primarily lacking necessary human and financial resources (Acquaah, 2012; Blanco-Mazagatos, De Quevedo-Puente, & Castrillo, 2007; Dyer, 1989). This resource scarcity is often caused by rigidity (König et al., 2013) and nepotism (Schulze et al., 2003), often leading to a lack of important capabilities to adapt to technological changes (König et al., 2013) and consequently also influencing family firms' innovative behavior (De Massis, Frattini, & Lichtenthaler, 2013).

Research has also investigated how resources influence the succession process (Cabrera-Suarez, Saá-Pérez, & Garcia-Almeida, 2001). Theories addressing these topics have primarily borrowed from the resource-based view of the firm and the strategic management perspective (Chrisman et al., 2010). The unit of analysis in family business research has generally been the individual, interpersonal relationships and the firm (Sharma, 2004).

The bulk of research in the family business domain has employed theories related to the business side (Jennings et al., 2014) instead of recognizing the importance of the family and employing theories discussing its implications for business. For example, after analyzing 2,240 articles published in scholarly journals on the topic of the family enterprise, Jennings et al. (2014) found that less than 1% of articles in 2010 used family-oriented theories whereas more than 50% of the articles employed theories related to the business. This trend has resulted in a one-sided viewpoint of the family business research field as indicated by the range of relatively limited topics, ultimately resulting in an overemphasis on the enterprise rather than on the family (Jennings et al., 2014). This phenomenon is striking given that family business scholars often emphasize the distinctiveness of the family business and the "reciprocal influence of family and business" (Zahra & Sharma, 2004, p. 333).

Although research in sociology and family science has recognized the importance of the family for economic outcomes (e.g., Granovetter, 1985; Parsons, 1949), family business research has only scarcely applied sociological perspectives to explain and investigate the different entrepreneurial outcomes in family businesses (Aldrich & Cliff, 2003; Jennings et al., 2014; Le Breton-Miller & Miller, 2009). Sociological theories applied to family business research particularly aim at explaining the behavior of the business from the family side while still taking into account the business's influence on the family (Jennings et al., 2014). Here, it is important to mention that an overly strong focus on one side - either on the business or the family side - may lead to a distortion; the aim should be to present a balanced picture (Jennings et al., 2014). Taking into account the family's influence (e.g., how the family impacts decision-making and goals within the family) contributes to a better understanding of the different outcomes across family businesses (Jennings et al., 2014).

Although numerous theories in family sociology and general sociology exist (e.g., systems theory, social exchange theory, structural functionalism, and symbolic interactionism) that could be incorporated in the family business research field (Jennings et al., 2014), I focus my attention on two prominent theories: social capital and social embeddedness theory. To demonstrate how social capital and social embeddedness theory can be incorporated into the family business and entrepreneurship research fields, I first outline the intellectual roots of each theory and explain why I have chosen these theories as being salient for integrating family influence into the entrepreneurship research field.

1.4. Positioning within the Entrepreneurship Research Field

While research on entrepreneurship has increased considerably in the last decades, scholars are still debating the theoretical nature of entrepreneurship (Gartner, 1990). Schumpeter (1934), for example, argued that the essence of entrepreneurship entails innovative activities, such as bringing new products or services to the market or distorting market equilibrium, thus potentially leading to the creation of new wealth. In the Schumpeterian view, an essential part of the entrepreneurial process thus includes entry into a market with goods or services that are based on new combinations of existing resources. Firm creation is therefore an important part of the entrepreneurial process (Shane & Venkataraman, 2000).

Another part of the entrepreneurial process concerns the firm's development once it has been created. In particular, newly founded firms can foster economic progress and development within a country (Low & MacMillan, 1988), resulting in the emergence of studies investigating firm growth (Wiklund, 1998), measured either as change in employees or sales (Delmar, 2006). Considerable attention has been paid to firm-level factors, such as resources and capabilities (Penrose, 1959). However, what has been not considered in studies investigating firm growth is that economic action is often embedded in a social structural context of family (Granovetter, 1985). Particular economic actions, such as those linked to firm growth decisions, are also contingent on the family relationships prevalent within firms. The various forms of family involvement within firms can spill over to the firm, thus leading to different performance outcomes.

Another stream within entrepreneurship research has recognized that exit from entrepreneurship constitutes another important part of the entrepreneurial process (DeTienne, 2010; Gimeno, Folta, Cooper, & Woo, 1997; Wennberg et al., 2010). For a variety of reasons, entrepreneurs may decide or be forced to leave their companies. Especially in mature companies, such reasons include a "desire to harvest their investment, a need for liquidity, retirement, or even death" (DeTienne, 2010, p. 211). Exit from entrepreneurship might be caused by firm-level, family- and the individual-level characteristics.

By providing an in-depth understanding of whether the family's influence pertains to the whole entrepreneurial process or only to particular entrepreneurial outcomes, this thesis contributes to a new understanding of the family's role in entrepreneurship.

2. Overview of Selected Theories

In the following, I explain the theoretical perspectives I employ to develop my theoretical framework as well as my hypotheses and which help me to interpret the empirical findings. I largely employ sociological theories, such as the theory of social embeddedness and social capital, which prove to be very viable when studying the concept of the family and the family's influence on entrepreneurial outcomes.

2.1. Social Embeddedness

Based on Granovetter's seminal article in 1985 "Economic Action and Social Structure: The Problem of Embeddedness", social embeddedness theory helps better clarify the impact of the family on entrepreneurial outcomes. The family bundles and accommodates strong, social relationships and can be regarded as a system of social relationships in which individuals are embedded (Granovetter, 1985). In particular, the family constitutes one of the strongest ties individuals are exposed to (Granovetter, 1973). Consequently, if family members engage in entrepreneurial endeavors, the family has the potential to exert a strong influence on the economic behavior of the firm.

The social embeddedness perspective takes the stance that individuals are surrounded by networks of social relationships and are substantially influenced by others in the surrounding environment (Granovetter, 1985). Further, this theory emphasizes that individuals' as well as firms' economic actions are embedded in social relationships that have the potential to both facilitate or impede certain economic actions (Granovetter, 1985). Hence, Granovetter (1985) claimed that economic behavior is largely dependent on social relationships, especially in market societies. However, he argued that there is an over-socialized and an under-socialized conception of social embeddedness. The under-socialized context assumes that action is caused by the "utilitarian pursuit of self-interest, whereas in an over-socialized context, "behavioral patterns have been internalized and ongoing social relations only have a peripheral effect on behavior" (Granovetter, 1985, p. 485). Thus, in the over-socialized context, behavior is perceived as mechanical since the individual's behavior is predetermined by his or her social class or labor market segment (Granovetter, 1985). However, for current social relationships, the ongoing process of culture and social structures are not relevant. Granovetter (1985) argued that taking history and structural embeddedness into account is of crucial importance to understand economic outcomes.

The embeddedness argument emphasizes "the role of concrete personal relations and structures ("or networks") of such relations in generating trust and discouraging malfeasance" (Granovetter, 1985, p. 490). From a social embeddedness perspective, individuals prefer to transact with individuals whose reputation is known to them. Granovetter (1985) used the family as an example for which trust and confidence exist toward group members, and individuals can rely on each other. Thus, the strength and past history of the personal relationships within the family shape economic transactions. However, strong social relations are not a necessary condition for trust, trustworthy behavior, and the absence of malfeasance (Granovetter, 1985). In fact, social relationships may also be the cause for disorder and malfeasance. However, when strong social relations are present, the level of malfeasance is supposed to be lower (Granovetter, 1985).

Although the concept of social embeddedness provides an alternative to neoclassical models and theory, some researchers argue that it suffers from theoretical vagueness (Portes & Sensenbrenner, 1993). For this reason, the theory of social embeddedness is often discussed in the framework of social capital, to which I now turn.

2.2. Understanding the Link between Social Capital and Embeddedness

This section discusses why and how social capital is interrelated with social embeddedness (Portes & Sensenbrenner, 1993). Both theories emphasize that social relationships can provide the individual, firm, and family with access to unique resources. The family, as such, constitutes a unique form of social capital for the individual and for the business that can provide access to important resources influencing entrepreneurial outcomes.

Several sociologists have discussed the concept of social capital. Although several definitions have been introduced, there is still no overall consensus about a universal definition of social capital. For this reason, in the following, I outline some of the most prominent definitions to elaborate on the essence of social capital.

First, Coleman (1988, p. 98) argued that social capital "is defined by its function: It is not a single entity but a variety of different entities, with two elements in common: they all consist of some aspect of social structures, and they facilitate certain actions of actors - whether persons or corporate actors - within the structure." Social capital is created through changes in the relationships among individuals that facilitate action (Coleman, 1988). In Coleman's definition, it becomes clear that social capital comprises social relationships between actors and that these relationships can contribute to the realization of actions.

In addition to the elements of Coleman's definition, other definitions of social capital emphasize a trust component. For example, Putnam (1995, p. 664-665) argued that social capital refers to "features of social life - networks, norms, and trust - that enable the participants to act together more effectively to pursue shared objectives."

In contrast to Coleman (1988) and Putnam (1995), Bourdieu (1985) and Nahapiet and Ghoshal (1998) highlight the resources that can be accessed through different kinds of relationships. Bourdieu (1985, p. 248) argued that social capital is the "the aggregate of the actual or potential resources, which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition."

Similarly, Nahapiet and Ghoshal (1998, p. 243) defined "social capital as the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit." In these two definitions, social capital includes both the relationship component inherent in the network structure as well as the resources that can be obtained from such a network. Hence, social capital is a certain resource that accrues to an individual, family, or company as a result of being part of a group or network.

In regards to the strength of the social relationships between actors of a network, Granovetter (1973) differentiated between "weak" and "strong" ties. The notion "strengths of ties" refers to the intensity and intimacy of the social relationships involved (Lin, 1999). Weak ties are associated with loose relationships between individuals, such as "friends of friends" (Boissevain, 1974), whereas strong ties refer to strong relationships, for example, within the family nucleus or with good friends (Davidsson & Honig, 2003; Ruef et al., 2003).

Social capital involving weak ties is referred to as "bridging social capital" (Putnam, 2000) and implies that resources in a network can be accessed through both direct and indirect links to actors in a network (Adler & Kwon, 2002). Bridging social capital may include informal networks, such as organizational networks, contacts with community agencies, and business networks (Davidsson & Honig, 2003). Thus, weak ties help companies or individuals acquire information that would otherwise be too costly or difficult to obtain from other sources (Davidsson & Honig, 2003). In particular, weak ties are assumed to provide valuable information since they stem from distant parts of the social system (Burt, 2001).

In contrast to bridging social capital, trust plays a major role for bonding social capital since it strengthens relationships and thus holds individuals and organizations strongly together (Putnam, 2000). Bonding social capital can usually be found within tight groups as it emerges out of the cohesiveness within a collectivity (Adler & Kwon, 2002). The family is usually characterized by strong ties between family members and therefore constitutes bonding social capital.

Social capital exists both within the family and outside the family (Coleman, 1988). Social capital within the family can be defined as the relationships between children and parents or other family members that give access to certain resources within the family. Strong ties provide the individual with reliable and permanent access to resources, such as access to unpaid work and emotional support from family members (Anderson, Jack, & Drakopoulou Dodd, 2005; Brüderl & Preisendörfer, 1998). However, the commitment and resources that can be expected from the family depend on the family structure and the implied cohesion between family members (Moody & White, 2003). Also the strengths of ties will depend on the solidarity and coherence between family members (Portes & Sensenbrenner, 1993). In this context, the concept of closure also plays a crucial role (Bourdieu, 1985; Coleman, 1988). Closure refers to how densely interconnected network group members' ties are (Burt, 2001; Ruef, 2010). Closure within a group ensures that obligations and norms are enforced by internal sanctioning within the group, which considerably impacts group members' behavior (Coleman, 1988).

Social capital outside the family refers to social capital that can be found in the family's relationships with various community institutions (Coleman, 1988). For instance, family businesses are known to invest in durable relationships with community stakeholders (Arregle et al., 2007; Berrone, Cruz, Gomez-Mejia, & Larraza-Kintana, 2010; Miller & Le Breton-Miller, 2005; Miller, Lee, Chang, & Le Breton-Miller, 2009), which gives them access to important resources within the community and hence helps them overcome resource scarcity (Audia, Freeman, & Reynolds, 2006; Kwon, Heflin, & Ruef, 2013).

From the discussion on social capital, it becomes obvious that there is a strong link between social capital and social embeddedness. While the theory of social embeddedness emphasizes that certain structural relationships may facilitate economic actions (Granovetter, 1985), social capital theory concretizes the exact mechanisms that are inherent in social relationships and give access to important resources (Bourdieu, 1985).

In the following, I discuss which different forms of embeddedness and social capital concepts I investigate in my thesis and how they relate to the family. It is noteworthy that the concepts of "family embeddedness," "social cohesion within the family," "bounded solidarity," and "enforceable trust within the family" refer to social capital within the family, whereas "community embeddedness" denotes social capital outside the family.

2.2.1. Community Embeddedness and the Family

Although considerable attention has been paid to how social capital at the micro-level impacts entrepreneurial outcomes, little research exists on how social capital and resources available at the macro-level, particularly the community level, impact entrepreneurial outcomes (Kwon et al., 2013). The community often plays a vital role for the emergence of start-ups as it can provide companies with crucial resources that are important for entrepreneurs to found and run companies successfully (Kwon et al., 2013).

In this context, a community refers to a geographically defined area that exposes individuals and firms to similar social and economic conditions (Bird & Wennberg, 2014; Stinchcombe, 1965). The geographical vicinity implies that the probability of interactions between individuals or firms within the community increases (Adler & Kwon, 2002; Audia et al., 2006; Bird & Wennberg, 2014). Additionally, actors of a community are "often linked by ties of commensalism and symbiosis" (Aldrich & Ruef, 2006, p. 240), which has an impact on economic outcomes as these ties can facilitate the access to certain resources (Audia et al., 2006). Communities may offer both economic as well as social factors that may facilitate or impede certain economic actions (Bird & Wennberg, 2014). Hence, depending on the position firms occupy within the community, nascent entrepreneurs can obtain access to certain resources as well as information flows (Audia et al., 2006; Bird & Wennberg, 2014; Cooke, Clifton, & Oleaga, 2005; Portes, 1998).

However, the relationship strength between the firm and the community will influence the type and quality of resources a firm can anticipate to receive from the community (Kwon et al., 2013). Thus, if entrepreneurs and firms invest in durable relationships with other actors within the community, they will be able to acquire valuable resources from the community (Portes, 1998). Further, trust between community actors is important to encourage information flows between different groups and actors within the community (Kwon et al., 2013).

The strong association of the business with the family often results in family businesses' aspirations to create a firm for the long-run (Berrone et al., 2010; Miller & Le Breton-Miller, 2005; Zahra et al., 2004) and a wish to ensure the firm's continuity for future generations (Gersick, 1997; Miller, Le Breton-Miller, & Scholnick, 2008). Family businesses therefore often strive to build durable relationships with stakeholders in the regional community, such as suppliers, government authorities, employees, and customers (Arregle et al., 2007; Berrone et al., 2010; Le Breton-Miller & Miller, 2009). Building strong relationships with the community also implies that family businesses become strongly embedded within the regional community and that they can therefore better access the community's resources (Bird & Wennberg, 2014).

2.2.2. Family Embeddedness

The term family embeddedness was introduced by Aldrich and Cliff (2003), who argued that the family, which is a very influential social institution, has hardly been recognized in influencing economic decisions in the entrepreneurship and family business research fields. As mentioned, the family embeddedness perspective emphasizes that the family and the business are intertwined and that the family's resources, norms, and values will spill over to the business (Aldrich & Cliff, 2003; Arregle et al., 2007; Le Breton-Miller & Miller, 2009). Hence, in this perspective, social capital is emphasized at the micro-level (i.e., within the family) and consequences for the business are discussed.

Since the family business comprises several family members, the social context of the family will spill over to business (Arregle et al., 2007). Family founders often find fulfilment and self-satisfaction from creating a firm with another family member as well as from fulfilling family obligations (Schulze et al., 2003). These mechanisms provoke and strengthen feelings like affiliation and responsibility among and toward other family members (Schulze et al., 2003). Consequently, the strong relationship between the family and the business entails a high socio-emotional attachment to the company and the family (Gomez-Mejia et al., 2007)

There are several empirical studies that incorporate the family embeddedness perspective. For instance, when looking at two conflicting but prominent theories in family business research, namely stewardship and agency theory, Le Breton-Miller and Miller (2009) posited that both of these theories have legitimacy but their applicability depends on the specific social family context in which the family business's key actors are embedded. Hence, Le Breton-Miller and Miller (2009) referred to the family as a social institution that provides the social structure for such companies and exerts substantial influence on the family business.

2.2.3. Social Cohesion within the Family

Social cohesion is a concept that is highly interrelated with the theory of social embeddedness. The concept of social cohesion also emphasizes that it is the social capital at the micro-level (i.e., the family level) that matters for entrepreneurial outcomes. Social cohesion emphasizes that individuals are embedded in social relationships within a group, such as the family (Granovetter, 1985; Moody & White, 2003). Different strengths of ties between family members influence the level of cohesiveness between family members, which consequently impacts family members' economic behavior (Granovetter, 1985; Wiklund, Nordqvist, Hellerstedt, & Bird, 2013). Highly cohesive teams are believed to possess a high level of trust which positively impacts decision-making within the firm (Ensley, Pearson, & Amason, 2002). This implies that family members differ in the extent to which they are embedded in the family and that the strength of social relationships between family members differs as well.

Moody and White (2003) refined the concept of social embeddedness and discussed the conditions under which a group's social relationships may attenuate or strengthen, thereby introducing the concept of structural cohesion. In fact, Moody and White (2003, p. 106) argued that "the forces and bonds that hold the group together are the observed relations among members, and cohesion is an emergent property of the relational pattern." In other words, structural cohesion underlines that solidarity and cohesion among group members are influenced by the strength of social relationships between group, or respectively, family members.

In a further step, Moody and White (2003, p. 106) defined a group as "structurally cohesive to the extent that the social relations of its members hold it together." It is noteworthy that the family can also be regarded as a specific type of group with varying levels of cohesiveness and solidarity between family members (Wiklund et al., 2013). This also implies that social relationships keep the group together and that each group possesses a unique level of cohesiveness depending on the type and strengths of relationships involved (Moody & White, 2003).

Different types of family involvement as well as family relationships within the family firm lead to different levels of cohesiveness among the family, which have direct implications for entrepreneurial outcomes, such as entrepreneurial exit (Wiklund et al., 2013) or firm growth. Cohesion among the owner team has been termed to be crucial for developing faith in other team members (Ensley et al., 2002). A lack of cohesiveness can therefore often lead to conflicts that can have a negative impact on entrepreneurial outcomes (Kellermanns & Eddleston, 2004).

2.2.4. Bounded Solidarity and Enforceable Trust within the Family

Bounded solidarity and enforceable trust are both sources of capital that emerge at the family level (i.e., at the micro-level) and have the potential to influence individual's economic behavior. These two forms of social capital become especially strong if a group (i.e., the family) is exposed to a different and unknown social context, which is especially the case for immigrants.

Immigrants are often exposed to a foreign context, which entails an increase in social capital within the family (Portes & Sensenbrenner, 1993). One source of social capital is "bounded solidarity," which emerges "out of the situational reaction of a class of people faced with common adversities" (Portes & Sensenbrenner, 1993, p. 1325). Sentiments of foreignness among immigrants often lead to a feeling of collectivity among those facing a similar hard situation of trying to adjust to the new conditions of the host country, and having high obstacles returning to their home country (Portes & Sensenbrenner, 1993). The higher the social distance between a particular immigrant group and the native population, the higher the family solidarity and derived social capital will be (Portes & Sensenbrenner, 1993). In the case that bounded solidarity is strong, it entails family support and can be regarded as a specific resource that helps individuals surmount a lack of resources necessary to start a business (Portes & Sensenbrenner, 1993).

Another source of social capital is strongly related to the concept of closure (Coleman, 1988) - namely, the concept of enforceable trust. Coleman (1988, p. 107) argued that "closure of the social structure is important not only for the existence of effective norms but also for another form of social capital: the trustworthiness of social structures that allows the proliferation of obligations and expectations." Closure also entails enforcing effective norms by the group (i.e., the family), implying an internal group sanctioning mechanism that impacts behavior (Coleman, 1988). Closure and also the concept of enforceable trust mean that family members' behavior intends to fulfill the group's expectations both due to the fear of sanctioning as well as through the anticipation of certain rewards (Portes & Sensenbrenner, 1993).

Through the above mentioned mechanisms, family membership can influence economic action in the context of a foreign country. Bounded solidarity and enforceable trust can emerge both in broader ethnic groups, such as ethnic enclaves (Portes & Sensenbrenner, 1993), as well as in smaller social groups such as the family (Sanders & Nee, 1996). As immigrants are exposed to a specific environmental setting, individuals' dependence on their family differs between native and immigrant entrepreneurs, making it very likely for immigrants to be dependent on the family and its capital resources (i.e., the social, financial, and human capital within the family).

3. Entrepreneurial Outcomes at Different Levels of Analysis

In the following, I explain which levels of analysis and entrepreneurial outcomes I investigate in my thesis. Further, the following section demonstrates how the family is intertwined with the individual, the firm, and the regional community. The interplay of these levels of analysis as well as entrepreneurs' exposure to certain environmental contexts (Ruef & Lounsbury, 2007; Thornton, 1999) leads to different kinds of entrepreneurial outcomes.

3.1. Venture Creation at the Regional Level

The importance of the environment for venture creation has been highlighted by several researchers (Aldrich, 1990; Gartner, 1990; Pennings, 1982). Nascent entrepreneurs and newly founded firms are exposed to one strong contextual influence, namely spatial location and the associated geographic factors. Spatial location plays a major role since it constrains individuals, families, and firms geographically. In regional studies, urban and rural environments are considered important in explaining the birth of enterprises (Stinchcombe, 1965). From a regional science perspective, urban areas are believed to have a strong impact on the firm-formation process because cities provide access to strategic inputs through dense concentrations of both consumers and other companies (Johnson & Parker, 1996; Keeble & Walker, 1994). Further, due to the agglomeration of knowledge and the likelihood of knowledge spillover, entrepreneurs' ability to identify business opportunities is higher in urban areas (Acs & Armington, 2004). Other factors facilitating the rate of new firm formation in urban areas are that companies can draw on a labor force with a diverse educational background, and that they have easier access to financial start-up capital (Gnyawali & Fogel, 1994; Pe'er, Vertinsky, & King, 2006).

Although urban areas provide entrepreneurs with favorable conditions, it has been documented that entrepreneurs often found their companies close to their homes (Bird & Wennberg, 2014; Dahl & Sorenson, 2009; Ruef, 2010). In a comprehensive study, Dahl and Sorenson (2009) investigated the prevalence of geographic moves for business start-ups in Denmark between 1990 and 2007 and found that individuals rarely moved in order to start a business. For family businesses, family members' familiarity with their place of residence is likely to be of particular importance since such businesses aim at establishing durable relationships with community stakeholders (Bird & Wennberg, 2014; Miller & Le Breton-Miller, 2005). As mentioned earlier, research studies have suggested that family businesses are characterized by a higher degree of social embeddedness than non-family businesses (Bird & Wennberg, 2014; Le Breton-Miller & Miller, 2009; Pearson, Carr, & Shaw, 2008; Steier, Chua, & Chrisman, 2009) making them less dependent on the favorable conditions prevalent in urban regions.

Research in the community ecology field has also suggested that businesses' physical locations often reflect familiarity among co-founders rather than the existence of input or output markets (Ruef, 2010). Hence, this social and regional embeddedness implies that family businesses are exposed to social structures and systems that shape the economic behavior of the individuals involved (Bird & Wennberg, 2014; Steier et al., 2009). Due to their reliance on social network ties, family businesses are less mobile and are thus bound to their places of residence, which is crucial for the operation of their businesses (Pearson et al., 2008; Ruef, 2010). The tendency for family businesses to base their business opportunities on regional ties lessens their dependence on external ideas, for instance, through knowledge spillovers from universities or industries in urban areas (Wennberg & Lindqvist, 2010). Further, as the family can provide the business with human and financial resources, family businesses are often less dependent on hiring from the external labor force or obtaining external capital in the initial start-up stages (Dyer & Handler, 1994). Other regional factors, such as demand size (especially population growth and income) and a large number of small businesses serving as role models, exert a positive influence on the number of start-ups in a region (Reynolds, Storey, & Westhead, 1994).

3.2. External versus Internal Ownership Transfers on the Firm Level

Another important entrepreneurial outcome concerns company owners' exit from the company (DeTienne, 2010; Wennberg et al., 2010). When family firm owners decide to leave the company, several options exist: ownership can be transferred to an external party (DeTienne, 2010; Wennberg et al., 2010), ownership can be transferred to other family members (Sharma, Chrisman, & Chua, 2003), or the company can be closed down (DeTienne, 2010; Wennberg et al., 2010).

Succession – namely, when the business is handed over to a family member – has been investigated extensively within the family business research field (Cabrera-Suarez et al., 2001; Yu, Lumpkin, & Sorenson, 2012). Generally, it has been assumed that ownership transfers within the family are the preferred exit option for family firms (Wiklund et al., 2013). However, succession can also be regarded as a type of entrepreneurial exit. In fact, as mentioned above, family firms can choose among two main options when they decide to transfer the ownership of their business: they can either transfer ownership within the family (i.e., internal transfer) or transfer ownership to an external party (i.e., external transfer) (Dehlen, Zellweger, Kammerlander, & Halter, 2012; Wennberg et al., 2011).

Understanding the factors that impact whether families choose internal versus external transfer of ownership is crucial (Dehlen et al., 2012) as this choice also impacts the firm after the transfer takes place (Wennberg et al., 2011). For example, in studying privately held firms in Sweden, Wennberg et al. (2011) found that whether an internal or external transfer is chosen has important performance consequences for the firm post-transfer: although survival is higher among firms that are transferred within the family, short- and long-term performance is higher among firms that are externally transferred.

Although research has investigated how various factors and determinants impact internal versus external transfer of ownership (Dehlen et al., 2012), studies have failed to investigate how factors related to the family impact which of the two exit routes is chosen. Therefore, I investigate how family owner involvement and structure impacts the choice between external versus internal transfer of ownership (Wiklund et al., 2013).

3.3. Firm Growth at the Firm Level

Firm growth can be employed as a proxy for firm performance (Brush & Vanderwerf, 1992; Delmar & Shane, 2004; Murphy, Trailer, & Hill, 1996). A central theory of growth was introduced by Penrose (1959), who argued that it is the firm's resources as well as the management's ability to use them that impact firm growth (Garnsey, 1998). The resource-based view of the firm is therefore very strongly related to Penrose's theory. In this view, the management team plays an important role in managing the often very complicated growth process while optimally utilizing the firm's resources (Boeker, 1997; Mishina, Pollock, & Porac, 2004). In regards to other factors affecting firm growth, it has been argued that firm age (Autio, Sapienza, & Almeida, 2000), human capital (Colombo & Grilli, 2005), firm size (Davidsson, Achtenhagen, & Naldi, 2010), and industry characteristics (Audretsch, 1995) influence firm growth. Another stream of literature on firm growth has emphasized the firm's location as well as the firm's ability to capture resources from the environment as crucial growth factors (Almus & Nerlinger, 1999).

However, studies in firm growth have not considered that economic decisions are embedded in the social relationships of the family (Granovetter, 1985). Particular economic actions, such as those related to firm growth decisions, are also dependent on relationships prevalent within the company. Hence, various types of family relationships imply different strengths of ties and levels of cohesion which lead to different performance outcomes.

In regards to the measurement of firm growth, several measures have been introduced (e.g., change in assets or market share). However, the most common measures are related to relative changes in employees and turnover/sales (Delmar, 2006). Depending on the measure chosen, different stages of the growth process will be investigated. While changes in sales are mainly demand driven and can occur at different stages of the growth process, employment constitutes a more stable measure and is a more final adjustment to change within a company (Delmar, 2006). Profitability is more difficult to measure since it demands the firm to be profitable, which might be a difficult goal to attain if the company has only recently been founded.

3.4. Exit from Self-Employment at the Individual Level

Exit from self-employment denotes an individual's decision to discontinue being self-employed, implying that the entrepreneur decides to quit self-employment (Block & Sandner, 2009). The social, human, and financial capital resources available within the family (i.e., the family capital resources) are often needed in the start-up phase (Danes, Stafford, Haynes, & Amarapurkar, 2009; Sirmon & Hitt, 2003) and are therefore expected to decrease the probability of exit from self-employment.

Financial capital can be measured by the family's income. Financial capital of the family could not only be employed in the start-up phase but could also serve as a buffer from random shocks or more capital-intensive strategies and investments. Hence, a higher level of financial capital is expected to decrease the entrepreneur's probability of exit from self-employment (Cooper, Gimeno-Gascon, & Woo, 1994). Family human capital, measured by the family's education, can also decrease the likelihood of exit from self-employment. Especially in young firms, family members often work in the entrepreneur's firm without remuneration, providing the firm with reliable labor (Dyer, 2006). In addition, family members' collaboration in the entrepreneur's firm may lead to human capital spilling over to the business, contributing to the firm's performance. Involvement of family members can also create firm-specific knowledge through family members' experiences. Social capital within the family also plays an important role in terms of providing valuable contacts and consequently establishing a potential output market (Sørenson, 2007). For instance, parents could pass on their networks to their children, which could help their offspring start their businesses (Dunn & Holtz-Eakin, 2000).

Given the importance of the family for immigrants and their implied foreignness, the family capital resources are especially important for immigrant entrepreneurs. However, family dependence might not be the same for all immigrant groups. I therefore hypothesize that the more social distance immigrant entrepreneurs encounter and consequently the more foreignness they feel, the more important family capital resources will become to immigrant entrepreneurs.

4. Method

In this section, I explain what kind of data I used and from which data sources I obtained the data. The primary focus lies in explaining the nature of the data and how the family team is constructed.

4.1. Data

In order to answer the research questions posed in my thesis, there was a need for detailed longitudinal data on individuals, families, and firms. Further, I needed to be able to link individuals to each other to identify families and enterprising families even if families did not cohabit. I am part of a research group formed by researchers from Jönköping International Business School, Stockholm School of Economics and Syracuse University. In this research group, we have assembled a unique database combining individual-, firm-, and regional-level data.

By combining information from several databases managed by Statistics Sweden, I was able to link individuals to their firms for the 1990–2007 period. I used data from the individual-level database LISA[1] , the firm-level database RAMS[2], and the multi-generational database[3]. The LISA database holds annual registers from 1990 on and includes all individuals 16 years of age and older that were registered in Sweden as of December 31 for each year. The database integrates existing data from the labor market and from the educational and social sectors and is updated each year with a new annual register. The individual is the primary object in LISA, but connections to family, companies, and places of employment are also possible. The firm-level database RAMS provides yearly data of all registered firms in Sweden. This database contains annual information on firms' location, type of industry, number of employees (distributed by sex and level of education) and, key economic ratios. Finally, the multi-generational database provides information on spousal couples (if they are married, have a registered partnership, or are living together and have children together) as well as on biological family members (i.e., parents, children, and siblings). This database enabled me to identify families by linking individuals to each other based on family information. The term "family" denotes either family members linked by spousal couple relationships or biological relationships (i.e., parents, children, and siblings). In a next step, I describe how I identified family businesses by linking families to the firm-level database.

I mostly relied on panel data to test and develop theory. That is, I followed individuals, families, and firms over time. This approach allowed me to investigate differences across observations as well as differences over time. In addition to this, I accessed information about where the individuals were employed before entering into self-employment.

A central question emerging from my focus on families in entrepreneurship was what actually constitutes a family business. In the family business field, there is no universal definition of how to define a family business (Chua et al., 1999; Sonfield & Lussier, 2004). Several

[1] LISA is the Swedish acronym "Longitudinell integrationsdatabas för Sjukförsäkrings- och Arbetsmarknadsstudier."

[2] RAMS is the Swedish acronym for "Registerbaserad arbetsmarknadsstatistik."

[3] In Swedish,"flergenerationsregistret."

definitions have been discussed in the literature. In the following, I outline the most noteworthy definitions:

- "Controlling ownership is rested in the hands of an individual or of the members of a single family" (Barnes & Hershon, 1976, p. 106)

- "Are those whose policy and direction are subject to significant influence by one or more family units. This influence is exercised through ownership and sometimes through the participation of family members in management" (Davis, 1983, p. 47).

- "Any business in which decisions regarding its ownership or management are influenced by a relationship to a family or families" (Holland & Oliver, 1992, p. 27).

- "The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family and families" (Chua, 1999, p. 25).

From the definitions above, it becomes clear that a family business is associated with ownership and/or management by multiple family members in a business.

Following these definitions, I define a family business as a business for which at least two family members are actively engaged in management and/or ownership (Miller et al., 2008). The involvement of multiple family members captures the family's influence and hence the peculiarity of family businesses (Arregle et al., 2007).

4.1.1. Construction of Family Teams

The methodology I employed to construct family teams stems from the methodology pioneered by Hellerstedt (2009). In order to answer my research questions, I first needed to construct a dataset that identified the family and then, in a second step, the family business. This procedure involved several steps, as outlined below.

The first step was to identify the family relationships. I did so by merging the multi-generational database with the individual-level database for each year. By adding the multi-generational database, I added the identification number of the respective father and mother to each individual's information. It is noteworthy that the identification number of the partner was already given in the individual-level data. However, there is a chance that the partner changed between the years investigated. In a second step, I needed to identify all self-employed individuals for each year. Based on these observations, I then tracked if the individuals were self-employed within the same company and whether a family relationship existed between them. Hence, a family relationship includes at least one of the following:

- Two individuals who have the same father and are thus half siblings
- Two individuals who have the same mother and are thus half siblings
- Two individuals who have the same mother and father and are thus siblings
- Two individuals who are partners
- Father or mother and their respective daughter or son

In order to classify as a family business team, there must be at least two self-employed family members involved in the same business. An individual could either run a family business with his or her parents (father/mother), sibling (half or full brother/sister), and/or partner.

Based on the above criteria, five variables are central to the creation of entrepreneurial teams: 1) the individual's identification number (Individual

ID), which is unique for each individual in the dataset; 2) the firm's identification number (Firm ID), which shows from which company the individual receives his or her main source of income[4]; 3) the employment status related to the company stating what particular employment status the individual has in the particular company (i.e., whether the individual is employed or self-employed); 4) the father's (Father ID) and mother's identification numbers (Mother ID), which help to identify the mother and father of the respective individual; and 5) the partner's identification number, which reveals if and with whom the individual is married, has a registered partnership, or lives together and has children.

Table 1 provides an example of what possible observations for the variables mentioned above could look like. As can be seen from Table 1, there are six individuals who work in three companies. All the individuals except one (Individual ID 3) are self-employed. Furthermore, the table shows the following family relationships: individuals with the Individual IDs 1 and 4 are partners, whereas the individual with the Individual ID 5 is the father of the individual with the Individual ID 2. Finally, the individuals with the Individual IDs 3 and 6 are siblings since they have the same father and mother.

[4] It is noteworthy that Statistics Sweden multiplies this income by 1.6 to take into account that business owners often decide to take out dividends to avoid paying taxes on salary payments (Hellerstedt, 2009). Hence, this procedure employed by Statistics Sweden makes the business income comparable with the salaries obtained from regular employment.

Table 1: Obtaining Family Information

Individual ID	Firm ID	Employment Status	ID Father	ID Mother	ID Partner
1	120	Self-Employed	9	8	4
2	130	Self-Employed	5	1	52
3	140	Employed	25	95	85
4	120	Self-Employed	12	14	1
5	130	Self-Employed	20	9	-
6	140	Self-Employed	25	95	76

In order to identify entrepreneurial family teams, I created a self-employment variable that shows the firm's identification number under the condition that someone is self-employed. Hence, all individuals who are self-employed received their organization's identification number for this variable. If two or more people had the same self-employment identification number and a family relationship, a family team was identified. The table below shows that there are in fact two family teams, or family businesses.

Table 2: Identification of Family Teams

SE_ID	Individual ID	Firm ID	Employment Status	ID Father	ID Mother	ID Partner
120	1	120	Self-Employed	9	8	4
120	4	120	Self-Employed	12	14	1
130	2	130	Self-Employed	5	1	52
130	5	130	Self-Employed	20	9	-
-	3	140	Employed	25	95	85
140	6	140	Self-Employed	25	95	76

5. Empirical Studies in My Thesis

I have written four separate articles for my dissertation with the overarching goal of explaining how the family influences entrepreneurial outcomes. In these articles, I also aimed at investigating both different levels of analysis and different entrepreneurial outcomes. In the following, I provide a summary of each of these articles.

5.1. Study One: Regional Influences on the Prevalence of Family versus Non-Family Start-Ups (written with Karl Wennberg)

Introduction and Problem Description

The regional context has been recognized as a major determinant of venture creation in entrepreneurship research (Davidsson & Wiklund, 2001; Mezias & Kuperman, 2001). Still, although a substantial share of all start-ups are founded by families (Chang et al., 2008; Ruef, 2010), investigations of regional factors influencing the formation of family versus non-family start-ups have received scant attention. This is a noteworthy gap in the literature on new venture creation since family businesses are known to be driven by different dynamics than non-family businesses (Nordqvist & Melin, 2010; Zahra et al., 2004). Understanding which regional factors foster the birth of family versus non-family start-ups is crucial since both types of firms represent strong potential sources for employment and economic growth for particular regions (Chang et al., 2008).

While prior studies have primarily addressed differences between family and non-family businesses on the individual or firm level of analysis (Block, 2012; Littunen & Hyrsky, 2000; Zahra et al., 2004), no study to date has examined how environmental characteristics may foster or constrain family and non-family start-ups differently. Drawing on social capital and embeddedness theory, we theorized that family start-ups strive to establish durable relationships with their regional communities (Arregle et al., 2007; Miller & Le Breton-Miller, 2005; Miller, Lee, Chang, & Le Breton-Miller, 2009). This strategy helps family start-ups overcome the resource scarcity characterizing rural and more economically deprived regions. In contrast, because non-family start-ups are not exposed to the direct influence of the family, we theorized that they prioritize a region's objective economic factors, such as overall population size and growth.

Methodology

To draw inferences from the theoretically derived environmental-level variables and the number of family and non-family business start-ups, we employed count data analysis of the negative binomial type. Hence, in this study, two dependent variables were of interest: family start-ups and non-family start-ups. The actual number of start-ups was used as the dependent variable. The analysis was based on three longitudinal multi-level databases that cover all regions, companies, and individuals in Sweden between 1991 and 2007, resulting in 4,906 municipality-year observations. The propositions were investigated at the municipality level, the most fine-grained regional level available for the empirical study.

Findings and Implications

While economic factors influence the number of non-family start-ups, the number of family start-ups is more strongly tied to non-economic factors than to economic factors. Specifically, regional income per capita, population size, and population growth in a municipality were positively associated with the number of non-family start-ups. We found the number of family start-ups to be positively associated with municipalities that are rural, have a higher number of pre-existing small businesses, and are dominated by favorable attitudes toward small businesses. Although we expected the variable "favorable community attitudes" to be positively associated with both types of start-ups, with a stronger effect on family start-ups, we found that the measure was positively associated only with family start-ups. For research in entrepreneurship and family business, this implies that the systematic differences between family businesses and non-family businesses suggested by micro-oriented studies also manifest themselves on the regional level (Chang et al., 2008).

5.2. Study Two: Internal versus External Ownership Transition in Family Firms: An Embeddedness Perspective (written with Johan Wiklund, Mattias Nordqvist, and Karin Hellerstedt)

Introduction and Problem Description

Succession continues to be the most extensively researched topic within the family business literature (see Yu, Lumpkin, Sorenson, & Brigham, 2012). To the extent that ownership transition is considered (as opposed to management transition), the succession literature assumes that transition of ownership to the next generation is the preferred choice. However, as an alternative to passing on the ownership of their businesses to the next generation, owners can choose to exit ownership and sell their firms to outside parties if they regard this as a more attractive option. Rather than viewing external ownership transition as a last resort, we posited that the choice between internal and external ownership transfers among family firms depends on the owner-family's structure and involvement. The argument is that these circumstances have an impact on the family's likely commitment to the business as well as family members' interest in keeping business ownership within the family.

Drawing on the embeddedness literature (Granovetter, 1985; Moody & White, 2003), we posited that the business is embedded in the family and that the family and the business are intertwined. Therefore, the choice between internal and external ownership transition is influenced by the owner-family structure, family involvement, and relationships within the owner-family. The theorizing and findings regarding these factors provide a valuable counterweight to research examining business-related influences on family business transitions. We relied on variables related to the structure of the family and family members' involvement in the business (e.g., ownership dispersion, the presence of young and adult family members who do not hold ownership positions, intergenerational ownership, and family CEOs) as indicators of family structural cohesiveness and the embeddedness of the business in the family (Moody & White, 2003).

Methodology

Our sample and analyses were based on annual data observations. As a sampling frame, we chose all privately held firms with 10 employees or more that were in existence in Sweden in 2004 and followed them until 2008, ending up with a four-year panel with a lagged dependent variable. We followed all family firms and recorded ownership changes for each consecutive year. From one year to another, a firm could either 1) remain intact without any ownership transition, which we labeled continuation; 2) go through an internal ownership transition; 3) go through an external ownership transition; or 4) experience a firm dissolution, which we labeled shutdown. The result was a sample of 3,829 family firms, corresponding to 12,125 firm-year observations. We relied on a multinomial logit model to investigate how different factors influence the four outcomes.

Findings and Implications

Drawing on the embeddedness perspective and the notion of structural cohesion, we hypothesized and tested how several factors related to the family structure affected the probability of internal and external ownership transfers. We hypothesized that greater ownership dispersion would be associated with a lower probability of internal ownership transfer. Interestingly, we found an inverse U-shaped relationship between ownership dispersion and the probability of internal ownership transfers. Initially, greater ownership dispersion actually increases the probability of internal transfer, but beyond a certain level, greater ownership dispersion increases the probability of external transfer. This finding provides some support for our idea that as ownership dispersion increases, it becomes more difficult to maintain strong ties and solidarity and thus to agree on a shared agenda for business development and governance. The finding that a higher number of adult potential heirs decreases the likelihood of internal ownership transfer may indicate that the life stage of potential heirs is an important dimension when understanding ownership transitions in family firms. Further, we found that firms with CEOs from owner-families are more likely to be passed on to other family members than firms with external CEOs.

5.3. Study Three: How Much Family Is Necessary? The Impact of the Family on Firm Growth

Introduction and Problem Description

The economic performance of family firms is known to be strongly influenced by family ownership structures (Dyer, 2006). Family involvement in terms of management and ownership has the potential to both increase as well as decrease firm performance (Anderson & Reeb, 2003; Miller, Le Breton-Miller, & Lester, 2007). A growing body of literature within corporate governance and family business has examined how family firms impact corporate performance. One vein has argued that the distinct capabilities, resources (Habbershon, Williams, & MacMillan, 2003), trust, and concentrated ownership paired with a long-term view of the family firm enhances firm performance, whereas another stream has posited that family firms suffer from restricted external capital (Blanco-Mazagatos et al., 2007), inter-generational conflicts (Miller, Steier, & Le Breton-Miller, 2003), and nepotism (Schulze et al., 2003), leading to a negative impact of firm performance.

Even though research on entrepreneurship and family business has emphasized the importance of capturing the "family effect" on firm performance, little is known about how different forms of family involvement increase or decrease firm performance. Family involvement here denotes a specific family tie and relationship linking family members to each other (Brannon, Wiklund, & Haynie, 2013). Hence, these types of family relationships can be social or biological in nature. Gaining an in-depth understanding of the exact mechanisms underlying how family involvement influences firm growth is crucial given that a substantial amount of businesses are run and owned by families.

Methodology

Since my theoretical framework posits that different kinds of family relationships and levels of family involvement impact firm growth in family firms in differing ways, I investigated these propositions on a sample of all Swedish privately held family firms. I used fixed effects panel models to estimate different family relationships on firm growth (i.e., the dependent variable). I relied on a sample of 6,683 family firms, resulting in 20,519 firm-year observations between 2005 and 2007.

Findings and Implications

This paper contributes to the literature in combining the fields of family sociology, entrepreneurship, and family business studies, showing that the family constitutes an important social context. Further, this study responds to recent calls for studies that investigate how the family impacts the business system (Aldrich & Cliff, 2003; Rogoff & Heck, 2003). I found that some family constellations, such as siblings' involvement, have a negative impact on firm growth, whereas spousal couple involvement has a positive impact. However, ownership dispersion moderates the relationship between the different types of family involvement and firm growth. What is noteworthy is that this does not mean that the growth rate is negative per se but rather that businesses with these family constellations grow at slower rates than other forms of family businesses. Further, it could be that family firms also have goals that are non-financial in nature that may be superior to financial goals. In particular, when we discuss the family business, it is important not to make generalizations that are too broad and to thus take the various kinds of family relationships into account.

5.4. Study Four: The Impact of Family Capital Resources on Self-Employment Exit for Native versus Immigrant Entrepreneurs

Introduction and Problem Description

Most European countries have witnessed a steady inflow of immigrants in the last few decades (Castles & Miller, 2009). However, immigrants often have limited opportunities in the labor market, resulting in low occupational mobility due to low levels of human, financial, and social capital (Bates, 2011; Redstone Akresh, 2006). Due to lower opportunities in the labor market, they are often pushed into self-employment (Li, 2001), so self-employment can be regarded as a form of economic integration (Sanders & Nee, 1996). Self-employment has been regarded as a vehicle for upward mobility that contributes substantially to improving the socio-economic status of immigrant entrepreneurs and their children (Portes & Zhou, 1996; Sanders & Nee, 1996).

While their motivation for entering self-employment might be quite distinct between immigrant and native entrepreneurs (Hammarstedt, 2001), little is known about what makes native versus immigrant entrepreneurs remain in entrepreneurship as opposed to exiting from self-employment. The literature highlights an important mechanism for supporting immigrant entrepreneurs, namely the family (Sanders & Nee, 1996). Individuals' closest and strongest ties are with their kin - that is, their family members and the overall ethnic community in their host country (Portes & Sensenbrenner, 1993; Sanders & Nee, 1996). However, it still is not clear what impact family capital resources have on entrepreneurs' likelihood to exit from self-employment.

Methodology

I drew on rich individual-level data on all native and immigrant entrepreneurs who entered self-employment in 2001 and followed them until 2006. Cox proportional hazard models were used to investigate entrepreneurial exit from self-employment for native versus immigrant entrepreneurs. This type of analysis allowed me to investigate how various factors on the individual and family levels impact the likelihood of exit for immigrant versus native entrepreneurs.

Findings and Implications

This study shows that immigrants strongly depend on family members to realize their entrepreneurial endeavors. Family members contribute substantially to immigrants' entrepreneurial success in terms of decreasing the probability of exit from self-employment. In particular, the results show that other self-employed family members have a particularly strong impact on immigrant entrepreneurs. Further, siblings' human capital also plays a major role in reducing the probability of self-employment exit. The joint efforts of the family as well as the human capital within the family facilitate self-employment and decrease the likelihood of exit from self-employment for immigrants. It is noteworthy that family capital resources become especially important when immigrants face a high level of labor market discrimination and when social and cultural distance is relatively high between the native and the immigrant population.

6. Discussion

In the last section of this thesis overview, I elaborate on the contributions of my thesis to the entrepreneurship and family business fields as well as to methodological discussions in these research areas. I also discuss some potential implications for public policy and for family businesses. Finally, I outline the limitations of my thesis and avenues for future research.

6.1. Contributions to Entrepreneurship Research

My thesis contributes to the entrepreneurship literature in three main ways. First, I contribute to research in entrepreneurship by showing that entrepreneurship is a multi-dimensional and multi-level process affecting different levels of analysis (Davidsson & Wiklund, 2001). In the articles of my thesis, I examined entrepreneurial outcomes on different levels of analysis – the individual, the firm, and the regional level. This approach extends research in entrepreneurship since the bulk of entrepreneurship research has been conducted at the individual or firm level of analysis (Davidsson & Wiklund, 2001; Low & MacMillan, 1988). Although, I did not conduct a multi-level model analysis, I examined a different level of analysis in each of the articles and also showed that the family affects entrepreneurial outcomes at all levels of analysis.

The findings from my studies demonstrate that entrepreneurship affects different layers of analysis, which are also highly interconnected (Low & MacMillan, 1988). First, at the regional level, my co-author and I found that regional context impacts family and non-family start-ups in different ways (see Study 1). In particular, the results showed that economic and non-economic factors are of varying importance for the two types of start-ups (Bird & Wennberg, 2014). Specifically, this study shows that family start-ups are influenced by non-economic factors in a region, whereas non-family start-ups are influenced relatively more by economic factors (Bird & Wennberg, 2014; Stinchcombe, 1965).

On the firm level, my co-authors and I found that the owner-family structure affects entrepreneurial exit, specified as external versus internal transfer of ownership (see Study 2). For instance, an inverse U-shaped relationship between ownership dispersion and the likelihood of an internal transfer was found (Wiklund et al., 2013). Further, firms with internal CEOs (i.e., CEOs from the owner-family) are more likely to be transferred internally than firms with external CEOs (Wiklund et al., 2013).

Again on the firm level, I found that firm growth is also affected by different types of relationships and ties within the family firm, implying different levels of cohesion (see Study 3). In particular, the results show that the involvement of spousal couples impact firm growth positively, whereas siblings' involvement results in a negative impact on firm growth. Interestingly, the relationship between the different types of involvement and firm growth is moderated by ownership dispersion.

Finally, I found that entrepreneurship also involves the individual entrepreneur and that certain factors on the individual level as well as on the family level affect the individual's likelihood to exit from self-employment (Study 4). In particular, I found that family capital resources - namely, human capital within the family as well as self-employed family members - facilitate self-employment and decrease the likelihood of exit from self-employment for immigrant entrepreneurs.

All these articles indicate that entrepreneurial behavior affects different levels of analysis and that the family's influence is prevalent at all levels of analysis. Studying entrepreneurship at different levels of analysis responds to recent calls for research bridging the demand and supply side of entrepreneurship research (Thornton, 1999). The demand side refers to the context in which entrepreneurship takes place, whereas the supply side refers to the characteristics of an individual. Research in entrepreneurship has paid considerable attention to the supply-side perspective (Davidsson & Wiklund, 2001; Sørenson, 2007; Thornton, 1999). However, the demand side of entrepreneurship has been gaining increasing scholarly attention recently. In my thesis, I focus on both the demand side (i.e., the regional level) and the supply side (i.e., the individual level), showing that both sides are equally important.

Second, I contribute to the literature on entrepreneurial teams. Although for a long time the entrepreneur has been portrayed as a heroic individual who possesses specific traits and abilities to destroy market equilibrium (Schumpeter, 1934), it has been discovered that entrepreneurship requires collective action (Ruef, 2010). In fact, a substantial amount of businesses are founded and run by more than one individual, which are often linked by family ties (Ruef, 2010). I found that the family constitutes a very particular form of entrepreneurial team that is exposed to a very particular social context, namely the family. The family represents an important form of social capital that reveals itself in mutual obligations, dependence, and trust (Granovetter, 1985). Strong feelings of solidarity and cooperation within the family result in highly motivated group effort to support potential entrepreneurs (Sanders & Nee, 1996). The family dimension affects the way individuals and firms behave and also impacts entrepreneurial outcomes.

In Study 2, my co-authors and I found that owner-family structure and involvement, such as ownership dispersion, number of potential heirs, multigenerational involvement, and family CEO, influence the choice of an internal or external transition of ownership (Wiklund et al., 2013). Further, in Study 3, I demonstrated that different types of family involvement impact firm growth in differing ways. In particular, I found that the distinction between sibling and spousal couples as entrepreneurial teams has different implications for how firms grow, suggesting there are varying levels of cohesion between these two types of entrepreneurial teams.

Finally, I contribute to entrepreneurship research by showing that entrepreneurship research should consider the importance of different entrepreneurial outcomes as they refer to different stages in the entrepreneurial process. It has been argued that venture creation is at the core of entrepreneurship research, and considerable attention has been devoted to the process of how firms evolve (Aldrich & Ruef, 2006). However, entrepreneurial behavior and outcomes also concern later phases, such as firm performance and growth. Recognizing that entrepreneurship research does not end with venture creation is important in order to develop the field further and also look at outcomes that concern later stages of the entrepreneurial process (DeTienne, 2010; Wennberg et al., 2010).

6.2. Contributions to Family Business Research

My thesis also contributes to the family business literature in several ways. The first contribution of my thesis to family business research is to show that sociological theory, particularly the theory of social embeddedness (Granovetter, 1985) and the highly interrelated theory of social capital (Bourdieu, 1985; Coleman, 1988), is viable for family business research. It is noteworthy that social capital can be found both inside and outside the family (Coleman, 1988). Outside the family and at the community level, I showed that the family's strategy to develop durable relationships with the community often helps family businesses surmount the resource shortage that often characterizes rural regions (Bird & Wennberg, 2014; Miller et al., 2009). Further, at the micro-level, I found that the theory of social cohesion helps explain the circumstances under which family social relationships and hence cohesion may weaken or strengthen (Moody & White, 2003). Finally, I also introduced the concept of closure at the micro-level, demonstrating that closure is associated with individuals that form a group based on strong bonds and have moral obligations toward each other (Portes & Sensenbrenner, 1993). Closure also implies that families can expect to receive family support when pursuing their entrepreneurial endeavors.

With this theoretical approach, I aimed at explaining business behavior and therefore the entrepreneurial outcomes from the family side. Theories that focus on the family side provide a rich basis for explaining entrepreneurial outcomes. This contribution responds to calls from Jennings et al. (2014) to extend the one-sided theoretical viewpoint of the family business research field and to employ theories that focus on the family. I showed that the distinctiveness and uniqueness of family businesses is grounded in the family concept. Although my theorizing focused on the family construct, I also accounted for factors on the business side. Understanding both the family side and the business side provides a more balanced picture of the reciprocal influences between the family and the business.

Second, within family business field, there have been two streams of family business research examining the distinctiveness of family businesses. The first stream of literature focuses on comparing family firms with non-family firms. Several articles have argued that family businesses have behavioral idiosyncrasies that reveal themselves in specific governance mechanisms (Carney, 2005; Chrisman et al., 2004), human resource practices (Miller & Le Breton-Miller, 2005), strategic goals (Wennberg et al., 2011), distinct resource endowments (Habbershon & Williams, 1999; Miller & Le Breton-Miller, 2006; Sirmon & Hitt, 2003), and business cultures (Zahra et al., 2004). However, prior studies have primarily investigated distinctions between family and non-family businesses on the firm and individual levels (Block, 2012; Gomez-Mejia et al., 2007; Littunen & Hyrsky, 2000; Zahra et al., 2004). My research extends this line of studies by conducting a comparative study on the regional level, investigating how regional factors may encourage or impede the creation of family and non-family businesses differently. My unique contribution to this stream of literature lies in the insight that the differences between family and non-family businesses suggested by individual- and firm-level studies also manifest themselves at the regional level (Bird & Wennberg, 2014; Chang et al., 2008).

A second stream of literature within family business research has recognized that substantial heterogeneity can be found within family firms and that there is a need to study this heterogeneity among family firms (Chua, Chrisman, Steier, & Rau, 2012). A large amount of businesses are family businesses; however, there is considerable variety within these firms. Research has argued that not all family firms behave in the same way (Chua et al., 2012). I contribute to this line of research by examining transfers of ownership and firm growth within family firms. In Study 2, my co-authors and I found that it is the specific owner-family structure that influences whether a firm chooses between external or internal transfer of ownership, demonstrating that family firms are governed by different owner-family structures (Wiklund et al., 2013). In Study 3, I refined the family construct by showing that different family relationships entail different strengths of ties that either have a positive or negative effect on firm growth. This study demonstrates that it is important to consider nuanced definitions of the family to understand the essence of the family business.

In addition, within the family business research field, it has also been argued that the family's influence particularly comes to light when family members are directly employed in the business and hence run a family business. However, in Study 4, I showed that under certain conditions, family members do not have to be directly employed in the family firm to exert a substantial influence on the individual entrepreneur. In doing so, I sought to problematize what it means for entrepreneurs to have access to family members, implying that the traditional types of "family firms" are not the only firms affected by the social context of family relationships (Sanders & Nee, 1996). In particular, immigrant entrepreneurs have a high dependence on family capital resources. The reason for this phenomenon is that immigrants are often exposed to certain factors like "foreignness" that entail a rise of social capital within the family (Portes & Sensenbrenner, 1993).

Finally, my thesis adds to the types of outcomes traditionally studied in family business research. More specifically, the succession literature has often assumed that transfer of ownership within the family (i.e., internal transfer of ownership) is the preferred exit option. However, family firms could alternatively decide to transfer ownership to an external party (i.e., external transfer of ownership). In Study 2, it was shown that external transfer constitutes a viable choice and should also be included in articles investigating succession (Wiklund et al., 2013).

In addition, I extend research on family firm performance by showing that firm growth is another viable outcome variable that should be incorporated in family firm studies on performance in order to assess whether and how family businesses grow and consequently have the potential to contribute to economic development. I also showed that venture creation is a potentially interesting area for research in family businesses, which has primarily investigated incumbents (Astrachan, 2003).

6.3. Contributions to the Methodology of Entrepreneurship and Family Business Studies

My thesis also has several methodological contributions to research on entrepreneurship and family business. First, the research design and methodology of this thesis allowed me to study entrepreneurship and families across the entire Swedish population and all Swedish firms. This data size enabled me to investigate my research questions on large samples, which increases precision and estimation power and therefore decreases potential selection bias. The data provided by Statistics Sweden is unique and provided me with information on family members and family linkages to biological family members as well spousal partners. Due to these family linkages, the data enabled me first to construct families and second to construct family businesses. The construction of family teams across the entire Swedish population opened up the opportunity to test and expand theory based on a unique empirical setting. Constructing family teams with statistical data required excellent data quality at the micro-level with precise information on how various levels can be linked (i.e., the individual level, the firm level, and the family level).

Further, I was able to create unique variables that were not provided by Statistics Sweden (e.g., self-employed family members, number of potential heirs, average family income, etc.). The creation of variables related to the family helped me understand how different family relationships, family capital resources, and types of family involvement impact entrepreneurial outcomes.

Finally, I mostly relied on panel data to answer my research question (i.e., I followed individuals and firms over time). This approach allowed me to investigate differences across observations as well as differences over time, providing stronger claims of causality than cross-sectional studies. Studying family businesses over time helped me understand how family businesses develop over time, thereby providing a more complete picture of the entrepreneurial process.

6.4. Implications for Policy

My thesis also has several important implications for public policy. First, recognizing the family's role in entrepreneurial outcomes will contribute to comprehending how to encourage entrepreneurial endeavors while taking the importance of the family into account. Understanding how the family influences entrepreneurial outcomes will not only contribute to a better understanding of how to foster entrepreneurial families but will also help policymakers better grasp the importance of social context and embeddedness for entrepreneurs. In fact, this thesis has argued that entrepreneurship does not happen in a vacuum but often involves other family members.

Second, examining which family capital resources (i.e., financial, human, and social) are especially relevant for entrepreneurs' success is key for understanding entrepreneurs' needs. Although, the capital resources within the family might not reflect all required resources, they provide a good picture of the importance of the capital resources needed by the entrepreneur. However, not all families might be willing or capable of providing potential entrepreneurs with the resources they require. Hence, it is important for the government to create tailored entrepreneurship policies that support entrepreneurs' ability to draw on resources that the family might only scarcely possess. Especially for entrepreneurs from low-income families, it is important to provide assistance in the start-up phase. Although, this assistance might only be possible to a certain extent, it could improve the starting situation for entrepreneurs since similar opportunities for entrepreneurs with different socio-economic status are created and entrepreneurs could obtain the resources they require. In addition, this thesis showed that a substantial amount of entrepreneurial potential can be found within the immigrant population. Although this might refer to necessity entrepreneurship, it still highlights how important self-employment is for immigrants.

Third, this thesis showed that regions play a crucial role in attracting venture creation. However, it was interesting to find out that venture creation by family versus non-family businesses is impacted differently by economic and non-economic factors. While non-family start-ups put more emphasis on economic factors, family start-ups are more driven by non-economic factors and also tend to emerge in rural areas (Bird & Wennberg, 2014). This is an interesting finding since it demonstrates that family businesses are an important source of employment creation and thus have the potential to contribute to the economic prosperity of rural regions.

Finally, family businesses constitute a substantial part of all companies, which is also the case in Sweden. As can be seen in the research study on growth, family firms have the potential to contribute significantly to growth in terms of employees and therefore significantly contribute to the economic development of a country. Although growth patterns might differ between different kinds of family businesses, growth among family firms is positive and can even be enhanced through specific governance structures.

6.5. Limitations and Avenues for Future Research

My dissertation also comes with certain shortcomings, all of which present important avenues for future research. First, my definition of family businesses is confined to the nuclear family. This definition therefore does not include extended family, such as cousins, uncles, aunts, or other extended family. However, relationships with these kinds of relatives are relatively weak in Sweden. A family business definition concentrating on the nuclear family might be less applicable in nations with strong family systems (Colli, Fernández Pérez, & Rose, 2003), which limits generalizability of my findings. However, in Sweden, a country that is characterized by relatively weak family ties, focusing on the nuclear family depicts a more accurate picture. Hence, it would be interesting if research could test a similar empirical setting in countries where the family definition is wider, such as Italy, Spain, or South America. This would also contribute to understanding the generalizability of my studies' findings and whether the results also hold under varying circumstances.

Second, concepts like social capital and social embeddedness emphasize the relationships between different actors. However, with quantitative data, I could not examine the more fine-grained mechanisms that may be at play and may contribute to a better understanding of how various relationships within the family and the owner-family might influence outcomes on the firm level. This implies that my measurement of social capital and social embeddedness could be criticized. Future research should advance the concepts beyond the proxies I employed. In particular, it would be interesting to investigate how types of conflicts differ between different kinds of family relationships and whether these differences have implications for the firm. In this vein, it would also be interesting to explore whether firms are embedded in the family tradition and how decision-making is carried out across generations. Future research could also explore other firm outcomes, such as the level of innovation in family firms. Further, quantitative studies cannot gauge information that concerns "soft" factors, such as values, beliefs, and motivations. These factors would be very valuable when studying entrepreneurial families and family businesses as the individual's cognitive processes could be better understood.

Finally, although I studied entrepreneurship and family businesses at different levels of analysis, I did not conduct a multi-level model analysis. This methodology, however, could constitute an interesting avenue for future research. It would be interesting to see, for instance, how characteristics of the individual are influenced by different levels of social capital in the community (Kwon et al., 2013). This kind of analysis could contribute significantly to our understanding of entrepreneurship as it helps to contextualize individuals' behavior.

6.6. Conclusion

Within the conversation on how to join the entrepreneurship and family business field, my thesis has laid the foundations for understanding important questions of how and why the family impacts entrepreneurial outcomes.

Although the impact of the family on entrepreneurship has been discussed in the extant literature, few empirical studies have attempted to join these very interrelated fields. I demonstrated that the family's influence is a powerful force affecting entrepreneurial outcomes at different levels of analysis. In this vein, employing a unique Swedish dataset, I showed how the family influences entrepreneurial outcomes at the individual, firm, and regional level. Further, I showed that the family's influence is so strong that under certain circumstances, it even comes to light when family members are not directly employed (i.e., it is not a family business). This is often the case for immigrant entrepreneurs, who may be especially dependent on family capital resources when they are exposed to a foreign setting. I also showed that theories related to the family, such as social embeddedness theory and social capital theory, provide a rich basis for family business scholars to start theorizing about the family side instead of focusing solely the business side (Jennings et al., 2014). Only when both sides are taken into account can a more accurate picture of the exact mechanisms and processes at play be depicted.

As such, this thesis provides a new perspective to explain why family firms constitute a particular form of entrepreneurial team and why family and business are intertwined. I hope my thesis will stimulate diverse conversations within the entrepreneurship and family business fields as well as future studies that will challenge, replicate, and extend my empirical research studies.

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