

Analyzing the Importance of Networks Mobilization During (successful) Entrepreneurial Take Over Processes in Family Business

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INTRODUCTION

Due to the complexity of the current economic environment, innovation is essential to business practices (Sanchez-Famoso, Maseda, & Iturralde, 2014). Organizations must have the capacity to rapidly adapt.

This is why supporting entrepreneurial spirit, within family businesses, is an important investment in continuity (Cohen & Sharma, 2016). Entrepreneurship needs to be present in every generation. Therefore, beyond succession, we must examine entrepreneurial take over much more closely (Deschamps & Simon, 2011).

All this process occurs in a social environment, consequently, it's important to understand how this social capital affects the process. One of the biggest challenges for family businesses is the balance between tradition and innovation. Therefore, an adequate use of family and non-family social capital can become the cornerstone of this balance. This is the reason why we decided to look at the network mobilization during the entrepreneurial take over process in family businesses.

THEORY

Entrepreneurial take over is defined as the acquisition of an enterprise for the purpose of developing, reinventing, or relaunching it. It consists in an entrepreneurial behavior for the new owner manager of the firm (Deschamps and Paturel, 2009). According to Beaucage (2016), three main steps support entrepreneurial take over in family businesses:

1. Awareness
2. Training
3. Professionalization

These three steps occur in a social environment composed by various networks. In a family business environment, we can identify two main social groups: **family members** and **non-family members**. These two groups affect positively innovation in the business (Sanchez, Maseda, Iturralde, 2014) by giving access to information, technologies, knowledge, financial capital, potential partners and more (Arrègle, Batjargal, Hitt, Webb, Miller, Tsui, 2015; Coleman 1988).

The resources and potential resources that we can get from networks are what we call **Social Capital** (Bourdieu, 1980; Nahapiet and Ghoshal's, 1998).

Based on a social capital theory (Arrègle, Batjargal, Hitt, Webb, Miller, Tsui, 2015), entrepreneurs have three types of network:

1. Advice: Information and specialized knowledge
2. Resources: financial capital, human capital, furniture, technologies, other tangible resources
3. Emotional support: emotional stability and psychological assistance

METHOD

For this **qualitative exploratory research**, we used the case study method.

Ten family businesses have been analyzed following four criteria:

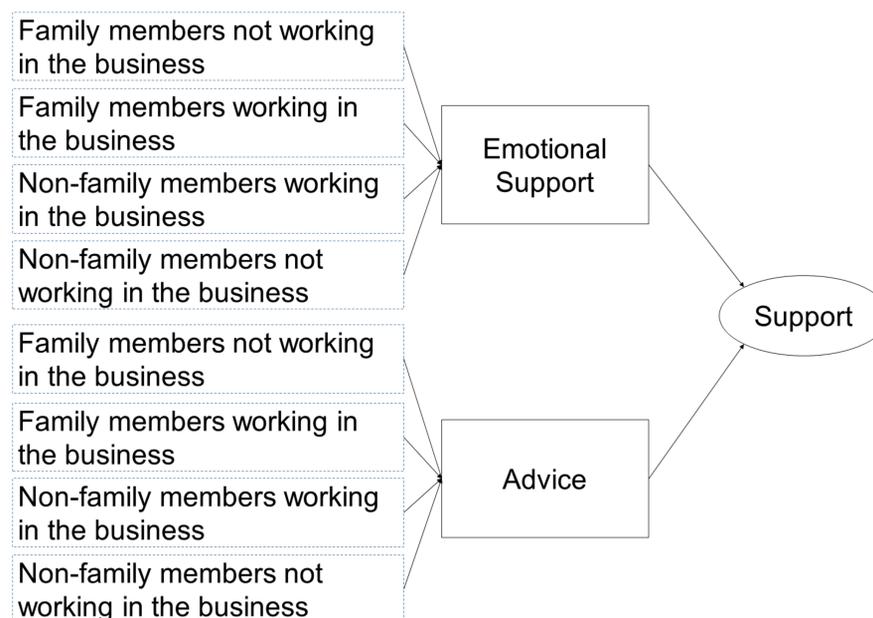
1. Canadian family businesses
2. Transfer process completed
3. Presence of an entrepreneurial spirit characterized by the creation of new business opportunities, the impulsion given to the business, the creation value and innovation.
4. Post succession growth and a growth vision in the businesses

RESEARCH QUESTION

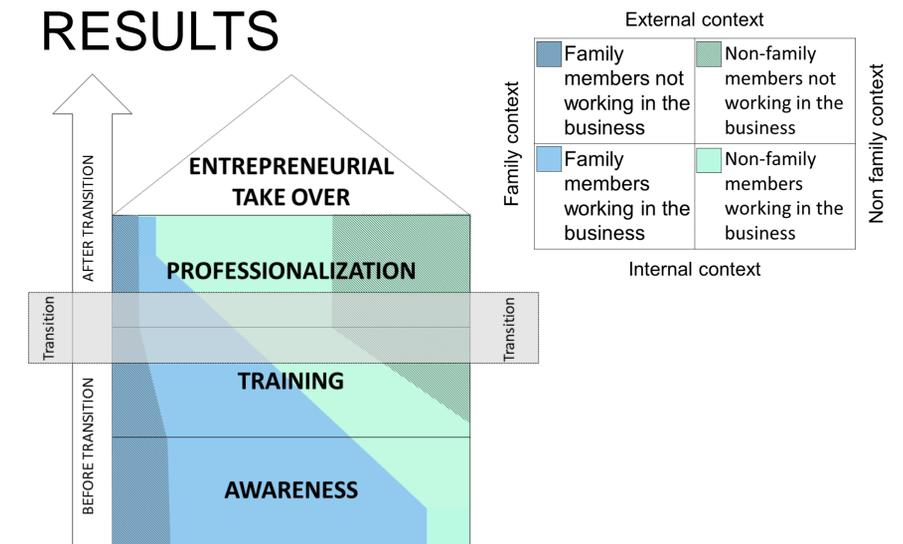
What is the evolution of the successor's networks mobilization during entrepreneurial take over processes in Family Business?

DATA STRUCTURE

After conducting interviews, the **Gioia method** has been used to deeply analyze the data (Corley & Gioia, 2011; Gioia, Corley, & Hamilton, 2012). With the Gioia method, we were able to find a global dimension named «support» and that **emotional support and advice are the two main types of support** for the successor during the take over process.



RESULTS



Network mobilization evolves throughout the process. The family network is more present at the beginning of the process. Gradually, the non-family network is more present and has more influence and it becomes dominant in the professionalization phase. **This evolution reduced the redundancy** in the information received by the successor. Management team, peers and professional advisors bring to successors new types of advice and emotional support that will help them to take on their new role.

During the process in which social capital is transmitted, the asymmetry between incumbent and successor needs to diminish. This allows the successor to build upon incumbent networks.

CONCLUSION

This research shows that both, family network and non-family network, are important for the successor's development.

Family members are key to develop an attachment to the family business and an interest for entrepreneurship. They are also important in the training phase. The incumbent, for instance, can act has a mentor to the successor.

It is important to look outside the family network and to start mobilizing a non-family network. As the research shows, management teams, advisors and peer groups are rich for successors in terms of support and advice.

This shows the importance to maintain the family network to conserve the family advantage, but without being closed to non-family context.

The next phase of this research will examine more specifically the evolution of emotional support and advice.