INTRODUCTION

Family firms are a dominant force in both developed and developing economies and are thus in a unique position to contribute to the economic growth of a country as well as leaving a legacy for future generations. With the links between entrepreneurship and economic growth, then the more entrepreneurial a family business can become the greater will be the consequent impact on any economy. The strategies that a family business could use in surviving and growing derive from a single case study. The contribution of the paper to the field is twofold. First to bring family, business and entrepreneurship together by suggesting strategies family firms might follow in not only surviving but also growing. The entrepreneurial effort could be either of the type espoused by Baumol et al (2007) or Sarasvathy (2001). The major factor is not the type of entrepreneurship (big bang or incremental) but that growth is occurring. The second is in developing a theory which accounts for the uniqueness of families and individuals. The paper does this by examining a number of related concepts in an attempt to explain, understand, and provide some preliminary understandings of how family businesses can not only survive past the founder stage, but also grow, continuing to contribute economic growth. This is done in the following way:

First, the importance of individuals to entrepreneurship, families, and business is discussed; second the recognition that individuals do not exist in a vacuum but are embedded in a variety of different contexts or fields of actions (Granovetter, 1985, Fligstein, 2001, Dacin et al 1999; Jack and Anderson (2002).

Third, it is acknowledged that embeddedness is given form and content by the structures (both physical and social) the individuals find themselves in. This analysis relies on Giddens’ structuration theory (1979, 1984).

Finally, the impact that the temporal dimension has on the whole process needs also to be taken account of.

The paper is structured in the following way:
There is a discussion of the relationship between family business; entrepreneurship; and economic growth. It provides definitions and linkages between each of these elements.

Second, the theoretical framework for the paper is discussed, drawing on structuration theory, embeddedness theory, and institutional theory. The use of aspects from each of these theories helps to provide the necessary richness to the analysis to what is, by any measure, a complex set of relationships.

The framework is then used to frame the analysis of the case study.
Finally, there will be outlined some strategies that family businesses might pursue to assist in not only surviving but also growing.
Family business, entrepreneurship, and economic growth

The study of family business is assuming increasing importance. As well as increasing research being carried out in this area, with its own specialized journal, Family Business Review, other journals are basing special issues on family business (see, for example, Entrepreneurship Theory and Practice, 2003 and 2004; Journal of Business Venturing 2003). A research program as ambitious as the Global Entrepreneurial Monitor (GEM) is also currently underway – the Successful Transgenerational Entrepreneurship Practices (STEP) a global research project based on individual case studies of family businesses. Rogoff and Heck (2003, p.564) have characterized family businesses as the “…source of oxygen that truly feeds the flame of entrepreneurship.”

One key reason for this increased level of interest is the significance of family businesses to the economic growth of a substantial number of countries. (La Porta et al 1999; Morck and Yeung 2003). But it is worth noting the way in which family business is defined can significantly influence the measurement of the overall effect of family firms on the economy of a country. Aldrich and Cliff (2003) have discussed the increasingly problematic nature of what constitutes ‘family’ by examining sociohistorical changes that have taken place to the way in which families have been constituted over time. While recognizing the importance of this debate irrespective of any objective accounting for what constitutes family, family as a symbolic construct is still a metaphor of great significance. (Ainsworth and Cox, 2003).

As Astrachan and Shanker (1999) demonstrate there can be at least three levels of meaning for family businesses and with each refinement of definition the actual numbers (and hence influence) in an economy can change significantly. The more general the definition, the less meaningful it becomes. There would be little disagreement that a majority of all businesses started out as family businesses. Unless the family business undertakes entrepreneurial activities then growth will be problematic. Entrepreneurial endeavours while ostensibly the initiative of individuals (as per Schumpeter, 1934) initially rely significantly on families for resources – either human, physical, or financial – to get started. Sharma (2004) when reviewing the field of family business drew attention to the tendency for theorists to emphasize the importance of the roles of ‘family’ in attempts to differentiate family businesses from non family businesses. The definitions revolve around the levels of involvement in the firm, and the extent of control the family exercise over the firm (Sharma 2004, 4). Taking into account the need to exclude start ups by individuals the definition used in this paper is a transfamily or transgenerational viewpoint. For a business to be considered a family business there needs to be active involvement and control of more than one generation of family members or a number of distinctive family members (eg brothers, sisters). Active involvement and control can be either exercised at the Board level; the strategic level; or different operating levels or some combination of the foregoing (Chua et al 2004). Using such a definition helps to differentiate family businesses from businesses which have a single family member performing these roles and concentrates on the role of families in the entrepreneurial process, rather than individuals who are acting outside a family as defined. This also allows for firms to fail in their first year (Townsend, Busenitz, and Arthurs, 2008; and Singh, Corner and Pavlovich 2007) or to be sold (Winter et al 2004) and not distort family business statistics. Without this kind of definitional distinction, Microsoft could almost have been considered a family business, an idea that would find little, if any, support.

It is this overlap of family and business that makes family business unique. Habbershon and Williams, (1999) have coined the term ‘familiness’ to encapsulate what it is that differentiates family business from non family businesses. While this term was coined in relation to a resource based view of strategy, it has much wider use than simply for strategy, as there are a number of concepts that are embedded in the term which can serve to give family businesses an advantage over non family business firms. Such a concept presupposes an emotional attachment of a different dimension to business that is not usually present in non family businesses.

The theory developed in this paper is an attempt to understand the dynamics that can take place between family and business. It takes into account some of the unique features of family businesses and to provide a richer understanding of the processes applying between and among families, business, and families and business, with processes that take place in one context (or, in Fligstein’s (2001) term, fields of action) impacting upon others often in significant ways.

Theoretical framework
As Schumpeter (1934) and Baumol et al (2007) and others point out, entrepreneurship is driven by individuals although circumstances may change from individual to individual. It is important to recognize that families and businesses also consist of individuals and it is individuals who act, either on their own behalf or on behalf of the business. Individuals and the different ways they perceive and define their constituent roles as family members vis a vis the business are essentially at the core of family businesses. Roles can become blurred between family and business. Families normally have significant emotional ties and these ties can and do find expression in family businesses (see, for example, Kellermans and Eddleston, 2004). Individuals find themselves (often without choosing) as part of a family which is also part of a business. Individuals are embedded in the key contexts (or fields of action) of families, and business organizations. As a result of this they are potentially embedded in a plethora of other contexts or fields of actions. Individuals are embedded in both a strong emotional context represented by ‘the family’ while they are also embedded in economic contexts represented by business organization. Individual actions are then affected by the differing ways they are embedded in the varying contexts. While the idea of embeddedness has been linked to institutional theory (Dacin, et al 1999; Fligstein 2001) the whole issue of structures (physical and social) has not been theorized to the extent it might have. The embeddedness of individuals in different contexts is also shaped by a variety of other factors which can be identified as both physical and social structures. Temporal aspects of relationships (Dacin, et al 1999) involving past, present and future are also important in influencing the actions of individuals in family and business contexts.

The idea of individuals being embedded in social relations is not new. Granovetter (1985) highlights this aspect in relation to economic activity and recently Aldrich and Cliff (2003) examined the idea of how family embeddedness impacts upon entrepreneurship. Dacin, et al (1999) have identified a number of other specific types of embeddedness that shape individual and group actions. For example, cognitive embeddedness “...how symbolic representation and frameworks of meaning affect individual and corporate actors as they interpret and make sense of their world (Dacin et al 1999, p.327) and this is a significant potential influence on family relations and by extension business relationships within and between the family. Contributing to cognitive embeddedness is cultural embeddedness which “...most often refers to the ways shared understandings and meanings come to give form to organization activity, structures, and processes” Dacin, et al p.330). The implications of these elements to family and family businesses are significant as these contexts and understandings will form part of the structures shaping individual actions from both a family and business perspective. Jack and Anderson (2002) make a similar point, when examining the effects of embeddedness on entrepreneurial processes, viewing entrepreneurship as “...an embedded socio-economic process” (Jack and Anderson, 2002, p. 467). These socio-economic processes are then embedded in existing and emergent social and physical structures, bounded by both space and time. Jack and Anderson (2004) use structuration theory as a way of framing their analysis.

Structuration theory (Giddens, 1979 and 1984) is an attempt to reconcile the relationships between structure and agency. That is, to what extent do structures, both social and physical (although Giddens overlooks the physical) impact the behaviour of agents. Giddens cedes to individuals the right to choose what actions to take, but argues that such actions are bound by space and time and will influence choices being made. Giddens argues that structures are the creation of individuals in the act of acting. However, Giddens does not cede to individuals a past – structures only exist in the moment of instantiation. But this overlooks the embeddedness of individuals in already existing relationships. Individuals are relying on and acting according to already existing structures within which they are, or have been, embedded as providing the necessary ‘scripts’ for action. While individuals may reconstitute structures through their actions, they do not come to the ‘field of action’ or ‘locale’ (Giddens’ term) without pre existing ‘baggage’. Using structuration theory familiness is reconstituted every time there are interactions between and among family members. These interactions are shaped by other pre existing ideas which in turn are reflected in the nature of the relationships between and among individuals. The same can be said of the relationships existing within organizations. Although individuals give shape to structures by their actions these actions are based around a very complex web of understandings developed over time and space – the cultural and psychological contexts referred to by Dacin et al (1999). And as has been pointed out on many occasions, actions do not take place in a vacuum; actions are structured by social and physical factors, just as much as issues of time and space and this applies to any context, family or business. The real difficulties faced by family business is how the structures in one set of social relationships – the family interact or intersect with another set of social relationships – the organization and how individuals are then able to work their ways through such issues.
It is the nature of these relationships and how they find expression that will have a significant impact upon the entrepreneurial activities of the organization. At every stage of the entrepreneurial process the nature of the intersection between the two worlds can significantly impact upon actions. No matter how much families try to quarantine family from business this can prove problematic. Recognition of this factor can in fact make managing the family-business relationships somewhat easier. These relationships can then form part of a chain of consequences which can result in family business growth or not and hence on the broader economy as a whole. Entrepreneurial opportunities will be shaped by these relationships (as well as a number of other factors).

In summary, there is an interpenetration of family/business relationships in any family business. The nature and extent of the interpenetration will be shaped by existing social and physical structures, as well as issues of time and space. These different elements form a context; field of action; or locale within which individuals are embedded and also where action does (or does not) take place. Individuals embedded in these contexts/locales/fields of action will have their actions influenced by these issues.

**RESEARCH METHODOLOGY**

The research methodology adopted is a qualitative, case based. This methodology was selected as the most suitable method of examining the processes under discussion (Siggelkow, 2007, Eisenhardt and Graebner (2007). This next section of the paper analyses case study to reveal how these theoretical issues find expression in practice and how one family was able to manage the interpenetration between family and business; where familiness was significantly impacted upon by the relationships within the business.

The Company, founded in 1960, has justifiably high expectations that the third generation will continue the firm. There are lessons to be learnt from the case and it serves to demonstrate the extent to which family and business interpenetrate each other and have impacts beyond the immediate ‘field of action’. These lessons can also be used to extend the contributions of the family business to the broader economy.

**Discussion**

Appendices 1 to 3 contain details of the case and well as the different strategies that the Company has used in order to not only survive but to also grow. The Company has consistently pursued their core business (residential and commercial property development). All that has changed has been the scale and scope. New ventures are under consideration all the time – for example, international expansion into Asia, United States of America, and Europe.

What differentiates this family business from other businesses can be located in the theory developed to analyse the case. The growth and survival factors (See Appendix 3) are simply a set of technical processes that could be found in a search of the relevant family business and entrepreneurship literature. What makes the difference to this case is an awareness of the processes that have taken place the operationalisation of the techniques. It is the impact of the social processes on the technical processes that the theory highlights.

Social processes are the outcomes of a host of different factors all coming together to produce a unique set of circumstances for the Company. For example, the strong sense of familiness can be traced back to the early life experiences of the founder. His childhood was during a time of great economic upheaval (1930’s), not just in Australia, but also around the world. His family constantly moved about and it was only though other families that his mother managed to keep the family together. This combination of circumstances was a powerful influence on the founder. As he readily admits, he could have gone on to become a less than useful contributor to society. Instead he chose a different path and used a sports scholarship and then an academic scholarship to take a different trajectory than many of his contemporaries. He seems to have an ambition that surpassed his childhood circumstances. Local government, always a safe career option, gave him the opportunity to gain exposure to, and experience in, land development as local government engineer. He would later turn this exposure and experience into the basis for the Dennis Family Corporation. This brief biography of the founder also serves to locate him in a specific time and place where a range of social and physical structures helped shape his actions. As they did his eldest son Grant who has also had a significant part to play in the development of the Company. Grant left Australia to take up a baseball scholarship in America and so for the next four years was embedded within a totally different set of structures to his father, both historically and contemporaneously. Grant says that the overall experiences of living and studying in California, USA in the late 1970’s early 1980’s gave him the necessary emotional space and physical distance to attempt to do things he would never have been able to in the cloistered context of his home. He
became embedded in a different set of social structures and these structures impacted upon how and why he acted as he did when he returned to Australia some four years later. The social and physical distance he experienced from the family during this time he has maintained in a way by being located 1600 kilometres from his parents and other siblings.

He has maintained his psychological closeness to all his family. He seems to be the only one who can provide the necessary direction and purpose to the Company and provide a counterpoint in the Company to his father, a man of enormous strength of character. None of Grant’s other siblings will disagree with their father – this is the role that Grant has accepted. It fell to Grant to take the ‘family’ out of the everyday affairs of the Company (the family’s and the Company’s accounts were intermingled for instance. Support was provided by his eldest sister Adele, a strong supporter of professional associations (such as Family Business Australia; the Family Business Network) which exposed her to the ideas that her brother Grant could use in restructuring the business. The physical arrangement of the family offices mirrors the family circumstances. The three siblings and their father share the same space – they are still the ‘original’ family at work and then go home to their ‘new’ family.

It is then the embeddedness in these specific social structures that shape the entrepreneurial activities of the Company. The Company does take risks as any company in property development must. Risk for the Company is tempered by the central purpose of the business – to leave a legacy for future generations. This had lead them to adopt and approach that might be labeled ‘incremental’ entrepreneurship (following Sarasvathy, 2001). The Company takes ‘little risks’ before then taking ‘big risks’. This approach has created some tension with non family executives who are concerned that the Company has let slide opportunities that other companies with higher risk levels would have been able to capitalize on. That this is the case is not surprising for the non family business executives are embedded in a different set of structures; ones which tend to put emphasis on the short term rather than long term.

These are just brief examples of how the combination of the ways in which family individuals were embedded in social and physical structures in time and space which becomes significant, and not just the identification and implementation of a series of technical processes. The ways different individuals are influenced by different circumstances has differential impacts upon both the individuals and the family. If there is a key strategy to be learnt from the case study of the Dennis Family Corporation it is that each individual and family is unique and any technical solutions need to be balanced against the embeddedness of the individuals and the families. The Dennis Family Corporation seems to have, generally, got the mixture ‘right’. Other families businesses have not been so fortunate. Either through skill or luck the Dennis Family Corporation appears poised to continue on through to the third generation.

Implications for future research

It is acknowledged that one case study does not make a conclusive argument. What it does serve to do is to point out how important individuals are in the growth and survival of family businesses. Allied with this importance is the recognition of the role that structures play in influencing the actions of individuals; the ways in which individuals are embedded in social and physical structures can and does make a difference. This is one of the key outcomes of the STEP project to date. At a recent (21-23 November) conference of researchers and families involved in family business there was often agreement about the different techniques being used in family businesses at a global level. Where the difference comes is how solutions (and even problem definition) were contextually shaped. The strategy that appears to work is one that selects the appropriate techniques and then shapes these techniques to suit specific circumstances.
REFERENCES


Special Journal Issues in relation to family business:
*Entrepreneurship Theory and Practice*, 27/4, 2003;
*Entrepreneurship Theory and Practice*, 28/4, 2004;
*Journal of Business Venturing*, 18/4, 2003;

Townsend, David M., Lowell W. Busenitz, and Jonathan D Arthurs (2008), To start or not to start: outcome and ability expectations in the decision to start a new venture, *Journal of Business Venturing*, forthcoming.


## Appendix 1 – The Dennis Family – First, second and third generations

<table>
<thead>
<tr>
<th>First generation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dawn Denis</strong> DOB 6.5.1937</td>
<td>A traditional role of housewife, mother, and wife which allowed Bert to pursue his career and then his business. Lived in the same geographic area all her life</td>
</tr>
<tr>
<td><strong>Bert Dennis</strong> DOB 12.4.1935</td>
<td>Local Government Engineer Had a very nomadic existence as a child; lived all his adult life in the same geographic area</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Second generation</th>
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<tbody>
<tr>
<td><strong>Adele Levinge (nee Dennis)</strong> DOB 7.10.1959</td>
<td>Director, and Manager, Corporate Communications Apart from living in a different state for 8 years, has lived all her life in the same geographic area as her parents. Worked outside the family business for a period of time prior to joining</td>
</tr>
<tr>
<td><strong>Grant Dennis</strong> DOB 2.11.61</td>
<td>Director and Chairman Went to College in the United States of America on a sports scholarship. Established a new branch of the business in another State, some 1600 kilometres from his parents and siblings.</td>
</tr>
<tr>
<td><strong>Natalie Postma (nee Dennis)</strong> DOB 19.10.63</td>
<td>Director and Company Secretary Spent all her life in the same geographic area as her parents</td>
</tr>
<tr>
<td><strong>Marshall Dennis</strong> DOB 5.2.66.</td>
<td>Director Spent all his life in the same geographic area as his parents</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Third generation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bonnie Levinge</strong> DOB 5.2.87</td>
<td>University Student</td>
</tr>
<tr>
<td><strong>Emily Levinge</strong> DOB 18.10.88</td>
<td>University Student</td>
</tr>
<tr>
<td><strong>James Postma</strong> DOB 13.9.88</td>
<td>Apprentice Carpenter</td>
</tr>
<tr>
<td><strong>Tara Dennis (Daughter of Grant Dennis)</strong> DOB 16.12.1988</td>
<td>University Student</td>
</tr>
</tbody>
</table>
### Appendix 2 - The Dennis Family – Company Profile

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965</td>
<td>Bert becomes sole owner of an Engineering Consultancy Practice</td>
</tr>
<tr>
<td>1965</td>
<td>First land purchase of 90 acres (36.5 hectares)</td>
</tr>
<tr>
<td>1994</td>
<td>Opened offices in another State</td>
</tr>
<tr>
<td>1995</td>
<td>Burnside, Victoria. 1300 households and a community shopping centre.</td>
</tr>
<tr>
<td>2001</td>
<td>Rose Grange in Victoria. 1600 plus lots, plus parks, waterways and easy access to school and shops. Projected population 4700 plus. In 2004 Awarded the Housing Institute of Australia Green Smart Development medal.</td>
</tr>
<tr>
<td>2001</td>
<td>The Hunt Club in Victoria. 2400 lots, plus parks, wetland, commercial precinct, retirement village. Projected population 6600 plus. Awarded Best Residential Land Estate by the Urban Development Institute of Australia</td>
</tr>
<tr>
<td>2002</td>
<td>Manor Lakes in Victoria a new suburb of 7000 plus lots, and including parklands, waterways and a commercial centre. The project population is 21000 plus at completion</td>
</tr>
<tr>
<td>2004</td>
<td>Northquarter in Queensland. 700 plus lots planned, including regeneration of a wetlands area, 2000 plus projected population</td>
</tr>
<tr>
<td><strong>Future projects</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Morningside, Victoria. Featuring 50 high end home sites</td>
</tr>
<tr>
<td></td>
<td>Archer’s Field, Victoria</td>
</tr>
</tbody>
</table>

**Financial and employment**
- 2000 Turnover A$139 million, 200 plus staff
- 2007 Turnover A$300 million, 1000 plus staff

**Ownership**
The six first and second generations are equal shareholders.

**Governance**
Board of Directors – four (4) family members; 4 external directors plus one advisor

**Family Governance**
Family Council
Appendix 3 - Growth and Survival Strategies

Familiness factors

Exhibits all the classic signs of a ‘good family’ – consensus decision making; common goal (for the family); family council; trust (especially); ambition for the family (individuals catered for within the family framework)

Family/Business interface

1. External Board members selected for expertise. Outnumber the family members on the board; if the Board does not approve a decision it does not happen.
2. Decision making: Within the family by consensus; but driven by a dominant family member.
3. Clear distinctions between family and business. The Family Council decides such aspects as to dividends; directors fees; company salary (directors fees and company salaries recommended by Remuneration Consultants).
4. No family member joins the firm unless there is a position for them that they are qualified for.
5. All family members of the third generation ‘encouraged’ to work for a period of time outside the Company.
6. Clear distinction between family member executives and non family executives. The members of the first and second generation all share the same space, but physically separate from the rest of the workforce. Family members play a strategic role and, on occasions, an operational one.
7. Non family executives aware they are working for a family business (the view of profits is long term; risk taking is conservative.
8. An incremental approach to entrepreneurship. That is, risks are taken, but ‘little’ risks initially. If the risk proves justified, then a similar project, but larger in scale and scope is followed. The degree of risk to the family business is the key consideration. Growth is steady, rather than spectacular.
9. Knowledge utilization by building on successful experience and knowledge of the founder of the firm.

Employing others expertise, both at the board level an in other informal ways through networks – social and business