

# **Family Entrepreneurial Teams under the TPB Lens**

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## **ABSTRACT**

In recognition of the synergies gained from the formation of family entrepreneurial teams, FETs have lately come under extensive examination. This paper investigates the antecedents of FET formation from the perspective of the theory of planned behavior. Results confirm the significant influence of positive attitude, perceived behavioral control and, to a lesser extent, subjective norms. Further investigation of the influence of subjective norms on FET formation revealed interesting conclusions.

**Keywords:** Family Entrepreneurial Teams, Theory of planned behavior, antecedents

## **Introduction and Theoretical Framework**

Much has been written about the importance of entrepreneurship in stimulating economic growth in developing countries. Among the recent trends in entrepreneurial research is the exploration of family members' tendencies to start entrepreneurial ventures as family teams. Family entrepreneurial teams or FETs (Discua Cruz, 2013) enjoy not only the synergies that come with teams, but more specifically, those that come with "family" teams. In recognizing their potential benefits, this paper seeks to investigate the factors that lead to FET formation. The results of such investigation would serve to help policy makers promote FETs by influencing the factors that may lead to their formation, and in doing so, facilitate family entrepreneurship.

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In the study of entrepreneurship, researchers need to examine a variety of factors that potentially play a role in starting new ventures. If they focus only on the firm level, they will not be able to detect other lines of entrepreneurial behavior (Davidsson & Wiklund, 2001) including the formation of FETs, all the more reason to suggest shifting the analysis to the family team level (Scott & Rosa, 2002).

One of the most important aspects of FETs is their formation. If researchers can better understand the antecedents of FETs, they might perhaps be able to suggest ways to positively influence those factors to facilitate and accelerate FET formation. There have been a few valuable studies (e.g. Ucbasaran et al., 2003; Ensley & Pearson, 2005; Schjoedt et al., 2013) on the various dynamics of FETs including an entire special issue (Schjoedt et al., 2013) which investigated FET formation, composition, behaviors and performance, thereby confirming the importance of FETs as a topic for research separate from entrepreneurship as a generic process. However, aside from those, “little work has been done regarding the composition of family entrepreneurial teams and even less concentrates on family firms outside of the United States or Western Europe” (Schjoedt et al., 2013, p. 5).

With the cognitive model having gained much support in recent years, it is argued that understanding how entrepreneurs think would help explain and predict entrepreneurial intention and consequently behavior (Krueger et al., 2000). To the author’s knowledge, no previous studies on FET formation have been found that operationalize the Theory of Planned Behavior, let alone in a non-western context, despite its consistent ability to explain the entrepreneurial process. In addition, most studies on FET formation focus on western culture and very few, if any, tackle FET formation in non-western cultures despite the wealth and complexity these aspects may bring into the discussion.

This study seeks to explore the antecedents of family entrepreneurial team formation from the cognitive perspective, using Ajzen’s theory of planned behavior (Ajzen, 1991). Identifying the cognitive variables that may influence the entrepreneur’s intention to start an FET will likely help in augmenting our understanding of the process, leading educators, practitioners, and policy makers to better manage and facilitate that process.

The theory of planned behavior suggests that an individual’s positive attitude toward entrepreneurship, subjective norms that support it, and perceived behavioral control are likely to be strong predictors of entrepreneurial intention, and thereby behavior (Ajzen, 1991). The

current study operationalizes Ajzen's model of planned behavior to predict individuals' intent to start family entrepreneurial teams. It suggests that an individual's positive attitude towards starting FETs, and subjective norms that support FET formation, together with a heightened perceived behavioral control on part of the individual, are likely to have a significant influence on FET formation. However, it is cautioned that the TPB model elements and the variance explained by the model will differ by country as foreseen by Ajzen (Engle et al, 2010). This is where the current study will hopefully add value.

The main research question of this study is: "What are the antecedents of FET formation from the perspective of the theory of planned behavior?" Answering this question would help policy makers influence those antecedents in order to promote the formation of FETs. Consequently, the hypotheses of the study are:

*H1: The family members' attitudes toward FETs influence their decision to start an FET.*

*H2: The family members' perceptions of social norms influence their decision to start an FET.*

*H3: The family members' perceived behavioral control influences their decision to start an FET.*

### **Context and Methodology**

The study was performed in Lebanon, a small Middle-Eastern nation on the eastern coast of the Mediterranean. This country enjoys a deep cultural heritage and powerful social units where family ties play a significant role in shaping individual behavior. The influence of family opinion is clearly visible in most decisions made by its members due to the intimate relationships that exist between them and that have been nurtured with time and continuous interaction.

This study borrowed the previously developed and validated scales of Linan and Chen (2009) which were designed to measure entrepreneurial intention as a function of attitude, subjective norms, and perceived behavioral control. In this study however, those scales were slightly adjusted to reflect the entrepreneurial intention to form an *FET*, as opposed to the intention to start a new venture. Therefore, 4 items were selected to test respondents' personal attitudes toward starting an FET, 3 items to test subjective norms, 5 items to test respondents' PBC, and 4 items to test their intention to start an FET. Two additional PBC items were added to reflect the understanding of PBC in the Lebanese context.

A test of scale reliability shows that the multi-item measures have alpha-coefficients ranging between 0.702 and 0.854, which satisfies the reliability criterion suggested by Nunnally (1978).

Six questions in the demographic section asked about the respondent’s age, gender, education, experience, and if one’s family owned and operated a family business. Data gathered from this section would shed light on the profile of the respondents and whether any of those variables might influence their decision to form an FET.

The questionnaires were distributed among Lebanese graduate students pursuing their MBAs and senior business students about to graduate. The rationale behind targeting this category of respondents is that these young people are backed by the theoretical knowhow and practical wisdom of the faculty who taught them and the academic institutions they attended, and are therefore more likely to be driven toward entrepreneurial action. The data collection process generated 286 usable questionnaires and numerous statistical analyses were done using SPSS, the most important of which were factor analysis and regression analysis. Then, to investigate one of the outcomes of the study, a focus group technique was used in which 3 focus groups were conducted on separate occasions.

**Findings and Discussion**

The factor analysis that was performed on the data generated four factors designated as the dependent variable “entrepreneurial intention, and three independent variables of this study, namely “Positive Attitude”, “Subjective Norms”, and “Perceived Behavioral Control”, explaining 65.78% of the variance in entrepreneurial intention, as shown in Table 1 below.

**Total Variance Explained**

Component	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	4.388	24.380	24.380
2	3.353	18.628	43.008
3	2.367	13.149	56.157
4	1.732	9.623	65.780

Table 1: Total variance explained.  
 Extraction Method: Principal Component Analysis.

These factors were then used in a regression analysis which showed that the three elements of TPB explained a good portion of the decision to start FETs (adjusted R-Square=0.546) with a statistically significant F change (Sig. = .000), as shown in Table 2 below.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.742 <sup>a</sup>	.551	.546	.67389798

Table 2: Model Summary

a. Predictors: (Constant), SN\_Factor, Attitude\_Factor, PBC\_Factor

The results of the regression analysis showed that all three elements of TPB were statistically significant, with the largest standardized beta coefficient belonging to the attitude variable ( $B = .657$ ), followed by perceived behavioral control ( $B = .319$ ), and lastly subjective norms ( $B = .132$ ). Thus all three hypotheses were supported, as shown in Table 3 below. The findings of this study suggest that the elements of TPB, namely positive attitude, subjective norms, and perceived behavioral control, have a significant influence on family members' intentions to start a family entrepreneurial team.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2.369E-16	.040		.000	1.000
	PBC_Factor	.319	.040	.319	8.000	.000
	Attitude_Factor	.657	.040	.657	16.450	.000
	SN_Factor	.132	.040	.132	3.309	.001

Table 3: Regression Analysis – The coefficients table.

a. Dependent Variable: Zscore: Intention to form an FET.

The results of this study confirm the influence of attitudes, perceived behavioral control, and subjective norms on the entrepreneur's intention to start an FET thus extending the scope of the TPB to reach FET formation and not merely individual entrepreneurial ventures.

In Middle Eastern culture, family values are extremely powerful and young adults are brought up to cherish and value family ties. Therefore, those potential entrepreneurs grow up with a strong positive attitude toward family engagements such as FETs. These potential entrepreneurs are also raised to be internally motivated, and to feel that they can perform the entrepreneurial behavior with ease, especially when they attempt it with the backing of kin.

Therefore, the results of this study suggest that having strong feelings of ease in forming an FET is likely to encourage individuals to form FETs.

The last variable, subjective norms, also had a statistically significant positive effect, albeit a low beta coefficient ( $B = 0.132$ ). This was a bit surprising given the collective context in which the study was performed. The results showed that the respondents perceived subjective norms as having a weaker effect than the other two variables, something that went against the predictions of the researcher. Previous studies showed that individuals are likely to undertake behaviors that are encouraged by significant members of their social circle (Kristiansen & Indarti, 2004). Knowing Middle Eastern culture, there is no stronger influence of a social circle than that of one's family. This is why, the relatively weak effect of subjective norms, as depicted by the low beta ( $B=0.132$ ) raised a question mark as to why might subjective norms have a smaller coefficient than both attitude and perceived behavioral control. Therefore, it was decided to resort to qualitative analysis, focus groups in particular. Three groups of seven members each were invited at separate occasions, to meetings lasting about 90 minutes each. Focus group members comprised a convenience sample of MBA and senior students who provided valuable insight to our discussion.

The results of the focus group discussions pointed to the fact that though parents encourage family ties and familial bonding, they tend to discourage such bonding in business. Parents much prefer that their children go into partnership either alone or with non-family members because, if non-family partners were to act opportunistically, they could be sued and brought to justice, something which could not be done to the next of kin. In Middle Eastern culture, it is practically unheard of to sue a brother, a cousin, an uncle or a nephew. Doing so is almost as unethical as the opportunistic deed itself. Therefore, though some parents may in fact encourage FET formation, other parents, in an effort to protect family members and resources, may secretly discourage children from forming FETs, thereby leading them to form negative perceptions about the norms surrounding FETs. This may offer some insight as to why subjective norms had such a low beta coefficient in our regression analysis. The parents were primarily motivated by a protectionist drive toward their entrepreneurial children in a social context that looks down on intra-familial litigation just as much as it looks down on opportunistic behavior. The lack of a socially acceptable recourse against opportunistic behavior on the part of family

members in business only strengthens the parents' protectionist drive, making it a significant cultural factor affecting FET formation.

## **Conclusions and Implications**

The results of this study offer insight into the dynamics of FET formation, not only by confirming the influence of the dimensions of the theory of planned behavior, but also by shedding light on the influence of cultural variables which may potentially hinder FET formation.

Several implications can be concluded from this study. First, by confirming the influence of the positive attitude toward FETs, having a heightened perceived behavioral control, and positive subjective norms, policy makers can help a nation reap the benefits of FETs by promoting the formation of those teams in practical ways. Policy makers and relevant institutions could seek to integrate family entrepreneurship in primary and secondary education of the country's youth, thus building positive attitudes and subjective norms toward FETs, meanwhile strengthening the youth's perceived behavioral control. The practical approach suggests that young entrepreneurs be given multiple opportunities to form FETs under the supervision of instructors in schools as well as college, to help them experience the potential challenges and rewards of such undertakings.

Second, policy makers need to create socially acceptable means of recourse for family members who wish to pursue litigation but are hindered by social pressure. Examples of acceptable means of recourse might include conciliatory and mediation offices which are almost non-existent in Middle Eastern countries, despite the fact that they may be perceived favorably due to their reconciliatory function. Such offices can offer effective means of conflict resolution between and among family business partners, in ways that do not approach formal litigation, thereby widening the comfort zone of entrepreneurs and their families regarding FETs.

## **Limitations and Future Research**

Despite the insight that this study offers, it does have its limitations. One important limitation is that the study was conducted only in Lebanon, thus reflecting the Lebanese perspectives toward family, entrepreneurship, and attitudes toward them. It would be very useful to test the conclusions of this study in other contexts in the Middle East to see if those

conclusions would hold. Another limitation is the convenience sampling technique and the sample size of 286 respondents. Though not much can be done about the sampling technique, given that there are no local databases or statistical records that can be accessed for research, the sample size could be augmented in future research in order to offer more reliable conclusions.

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