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Intrafamily Entrepreneurship: The Formation and Membership of Family Entrepreneurial Teams

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Family entrepreneurial teams are groups of related individuals who engage in entrepreneurship. Entrepreneurial teams studies emphasize the resources that members bring to the team. Family business studies suggest that relationships and social theories are important. Social capital explains the formation and composition of family entrepreneurial teams (FETs). Analysis is of case studies of FETs based in Honduras. A shared commitment to entrepreneurial stewardship of the family's assets underpins formation of FETs. Trust and shared values were important for membership. This study highlights that families are not internally consistent, and family ties are not equally strong.

Introduction

Many early studies in family business took the business as the unquestioned unit of analysis and suggested that because an individual family business does not grow then succeeding generations are not entrepreneurial. There is growing recognition, however, that families often have portfolios of interconnected businesses that range from formal family business groups (Carney & Gedajlovic, 2002) to family members helping each other out to set up individual businesses (Discua Cruz, 2010). Many families create teams of family members, which found and develop several businesses over time (Iacobucci & Rosa, 2010).

We do not know the full extent of family entrepreneurial team (FET) starts, but studies in related fields suggest that they could represent a significant proportion of entrepreneurial activity. It is widely recognized that family firms represent the majority of businesses worldwide (Astrachan & Shanker, 2003); in most countries, over 60% of firms are believed to be family firms (Howorth, Rose, & Hamilton, 2006), and in some countries, it

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could be 95% (IFERA, 2003). Alongside increasing evidence that, throughout the world, teams of family members come together to develop portfolios of businesses (Iacobucci & Rosa, 2010; Lansberg & Perrow, 1991; Nordqvist & Zellweger, 2010), there is growing recognition of the importance of portfolio entrepreneurship (Carter & Ram, 2003; Iacobucci, 2002; Rosa, 1998). Many new firms are started by teams (Francis & Sandberg, 2000; Hellerstedt, 2009; Ucbasaran, Lockett, Wright, & Westhead, 2003; Wright & Vanaelst, 2009), but the family influence on these is not understood. Given the extent of family business activities and evidence that entrepreneurial team starts perform better than ventures founded by individuals (Chandler, Honig, & Wiklund, 2005; Hellerstedt; Kamm & Nurick, 1993; Ucbasaran et al.), it is important to examine FETs.

Although understanding of entrepreneurial teams is growing (Wright & Vanaelst, 2009), studies about entrepreneurial teams composed of family members are scarce. Little is known about what triggers the formation of an FET, as opposed to concentration on existing family businesses. Our study contributes to understanding of entrepreneurship in family firms by examining the family in business rather than the continuity of one family business (Moores, 2009). Rather than focusing on intrafirm succession (Zellweger, Nason, & Nordqvist, 2012), we provide an alternative perspective by focusing on intrafamily entrepreneurship. We also provide insights into an alternative perspective on portfolio entrepreneurship by examining FETs who have created or acquired at least two business ventures together.

Recent calls suggest that to understand entrepreneurial team dynamics, studies should take the entrepreneurial team rather than the firms they influence as the unit of analysis (Ucbasaran et al., 2003; Ucbasaran, Westhead, & Wright, 2008). Entrepreneurial teams may be formed after an opportunity is recognized, or an event may trigger the formation of a team that would then seek and pursue opportunities (Wright & Vanaelst, 2009). The formation of FETs may be a more dynamic process than that for non-FETs as family members are often socialized into the business from a very early age (Hamilton, 2006) and individual family members may join the business(es) at varying points in time. FET formation may be motivated by very different drivers to other types of entrepreneurial teams. For example, it may be driven by altruism to provide opportunities for family members, or it may be a collective response to stewardship of the family's assets. In this paper, we highlight a commitment to stewardship that aims to grow and build the family's assets, which we term "entrepreneurial stewardship." Theories that have previously been used to explain the formation of entrepreneurial teams may be less relevant within the family context.

Similarly, there is a body of evidence about the employment and succession of family members within a family business, but very little is known about the membership dynamics of FETs. Families are a unique bounded network, and FETs who restrict membership to family members draw from a limited pool of talent. Studies indicate that membership of entrepreneurial teams is associated with the resources and human capital of individuals (Ucbasaran et al., 2003) and their affinity with others (Forbes, Borchert, Zellmer-Bruhn, & Sapienza, 2006). Team members from the same family are assumed to provide overlapping and redundant resources and networks (Ucbasaran et al.). Selection of team members is thought to be influenced by the entrepreneurs' networks and may include established entrepreneurs or employees from existing businesses (Iacobucci & Rosa, 2010). However, family employees are not always selected for the resources or human capital that they bring, instead, altruism or nepotism may influence decisions (Howorth, Rose, Hamilton, & Westhead, 2010). Family members may bring trust, altruism, stewardship, common values, and shared understanding that provide a competitive advantage for the team (Barney & Hansen, 1994; Davis, Allen, & Hayes, 2010). It is important therefore to examine the membership of FETs and to explore how they might differ from conventional entrepreneurial teams, and to consider the implications of this. Thus, this paper focuses on the following fundamental questions of formation and membership of FETs.

Research Question 1: How and why are FETs formed?

Research Question 2: Why are some family members included and others excluded from membership of FETs?

Our inductive study indicated that we should move beyond the resource-based view (RBV) that predominates entrepreneurial teams research and consider theories that capture the relationships that underscore FETs. Pearson, Carr, and Shaw (2008, p. 950) state that "social capital theory provides a framework to identify the unique behavioral resources and capabilities of family firms." Structural, cognitive, and relational dimensions of social capital provided a strong explanation for formation and membership of FETs. The resources that individuals were able to contribute to the team did not influence team membership decisions but were considered *ex post* in determining opportunity exploitation strategies.

We analyze seven case studies of FETs. Our case studies are all based in Honduras, which has a Latin American culture that is deemed to be more collective than the Anglo-American cultures that dominate entrepreneurship studies (Discua Cruz & Howorth, 2008). Collectivist cultures are likely to have greater prevalence of families owning and controlling a group of businesses (Bertrand, Johnson, Samphantharak, & Schoar, 2008; Carney & Gedajlovic, 2002; Iacobucci & Rosa, 2010; Khanna & Palepu, 2000; Manikutty, 2000; Tsui-Auch & Lee, 2003). In the conclusion, we consider the implications for the development of entrepreneurial teams research of the dominance of an Anglo-American perspective that tends to privilege an individualistic culture. We argue that it is particularly important for studies of team approaches to entrepreneurship to examine a variety of contexts.

Our study contributes in three areas. First, we contribute to the understanding of FETs by providing a theoretical explanation for their formation and membership. This has broader implications for entrepreneurial teams research, indicating that social theories and the family context warrant further investigation. Second, we provide an insight into entrepreneurship in a Latin American culture where families often engage in portfolio entrepreneurship together. The FET is demonstrated to be a valid unit of analysis that captures the interwoven entrepreneurial activities of families in business. We term such activity "intrafamily entrepreneurship" and show that it is underpinned by a commitment to "entrepreneurial stewardship." Both these terms are explained and defined. Third, we contribute to the understanding of social capital by providing evidence of how social capital can vary within families. We suggest that studies should not assume that social capital within families is internally consistent. In the conclusion, we draw out the implications of the study.

Literature Review

First, we examine themes that illuminate the formation of FETs before considering the membership of FETs. Although this was an inductive study and some of these themes emerged through analysis of case studies, they are presented here for coherence.

Definition of FETs

Delineation of the concept of FETs is crucial for this study. In a recent comprehensive review of entrepreneurial teams literature, Wright and Vanaelst (2009) argue that the identification and pursuit of opportunities is at the heart of the concept. Entrepreneurial teams may pursue start-ups and/or acquisitions, and may exist within start-up businesses and existing organizations such as family businesses. Entrepreneurial teams are distinguished from founding teams, which do not include processes after the legal founding of the venture, and from top management teams, which are involved in existing business but might not engage in opportunity identification and pursuit. Our definition of FETs introduces a family component to Wright and Vanaelst's definition of entrepreneurial teams, which they drew from earlier work (Ensley, Carland, Carland, & Banks, 1999; Gartner, Shaver, Gatewood, & Katz, 1994; Kamm, Shuman, Seeger, & Nurick, 1990; Ucbasaran et al., 2003). We define a FET as two or more family members, related by kinship or marriage, who engage in the identification and pursuit of business opportunities to establish or purchase a firm, have an equity stake in the firm, and have a direct influence on the strategic choice of the firm at the time of founding. Members of a FET are thus actively involved in the pursuit and development of opportunities for new ventures, which distinguishes them from family owners who support entrepreneurial behavior in existing family businesses (Bieto, Gimeno, & Parada, 2010).

The Formation of Entrepreneurial Teams

Entrepreneurial teams differ from many other types of teams in businesses, in that they form voluntarily and are not imposed by others. Thus, entrepreneurial teams are naturally forming groups, but in contrast to many other naturally forming groups, they are task oriented (Hellerstedt, 2009): entrepreneurial teams' engagement in the identification, evaluation, and exploitation of opportunities is fundamental to their existence (Cooney, 2005; Wright & Vanaelst, 2009). Kamm and Nurick (1993) illustrate that the formation of an entrepreneurial team can be ignited by the recognition of an opportunity by an individual who then seeks others to pursue the opportunity; or by two or more individuals motivated to work together who then seek an opportunity. In addition, Cooney proposed that entrepreneurial teams might be formed due to a triggering event that entices them to identify and pursue opportunities. In practice, team formation and idea generation may emerge in a dynamic, reciprocal fashion (Beckman, 2006). Entrepreneurial team formation may occur long before the formal founding of a business (Wright & Vanaelst).

The Formation of FETs

Entrepreneurial teams composed of family members have not been studied to any great extent. The pursuit of opportunities by families is assumed to be concentrated on existing family businesses and motivated by family circumstances such as the development of opportunities for offspring or wider family members; the division of the (existing) business to accommodate the succession of multiple siblings; or the search for alternative income opportunities when the core business faces unfavorable market conditions (Carter & Ram, 2003, p. 375). Hoy and Verser (1994) extend key themes of entrepreneurship to the context of family business and point to the transfer of the owner's vision to other family members, sustaining the innovativeness of the founder, intergenerational strategic thinking, and the influence of the family's values and priorities on the nature of the firm. They suggest that creating value involves "Interpreneurship, i.e., intergenerational entrepreneurship leading to transformation" (p. 19). They do not expand on this, and it is not clear who or what will be transformed, but it offers an idea that may have the potential to provide an interesting perspective on the complex, dynamic interplay among the different generations, individuals, and businesses they are running.

We would argue that intrafamily entrepreneurship captures the entrepreneurial activities within families. It includes entrepreneurship in existing family businesses as well as new ventures. Intrafamily entrepreneurship shifts the focus from the family business to the family in business (Moores, 2009). Recent studies have examined transgenerational entrepreneurship (Nordqvist & Zellweger, 2010; Zellweger et al., 2012), which is entrepreneurship across generations, but they have not been linked to extant literature on entrepreneurial teams.

Studies of portfolio entrepreneurship have examined the motivations and attributes of habitual entrepreneurs but tended to focus on the individual rather than teams (Kolvereid & Bullvag, 1993; MacMillan, 1986; Ucbasaran et al., 2003; Westhead & Wright, 1998). In family business studies, the enactment of opportunities is most often presented as being by individual family members, usually the senior generation (SG). And yet it is widely acknowledged that entrepreneurship is rarely enacted by lone individuals, and throughout the world, there is evidence of family members in a whole variety of transgenerational teams developing portfolios of businesses (Discua Cruz, 2010; Nordqvist & Zellweger, 2010; Rosa, 1998).

Family business studies have shown that theories used to explain behavior in nonfamily organizations may be less valid in a family business context, most often because they do not capture the social and relational aspects of families in business. So while the formation of FETs may be driven by portfolio entrepreneurship, it is important to also consider social and relational theories that may be particularly relevant to families in business.

Pearson et al. (2008) show that social capital is an umbrella concept that is especially relevant to families in business and can be applied to identify structural, cognitive, and relational dimensions of "familiness." The structural dimension (Nahapiet & Ghoshal, 1998) includes the interactions, patterns, and strength of ties within the family. Family members can have strong ties and interact frequently providing opportunities to share entrepreneurial ideas, so they may be more likely to exploit an opportunity together (Ruef, Aldrich, & Carter, 2003). The cognitive dimension captures the shared representations, interpretations, and systems of meaning (Nahapiet & Ghoshal) that form part of families' internal social capital. A key element of the cognitive dimension of familiness (Pearson et al.) is a shared vision, which may include a joint commitment to stewardship. Stewardship explains the bonds between individuals working together to serve the interests of an organization such as the family business (Davis, Schoorman, & Donaldson, 1997; Schulze, Lubatkin, & Dino, 2003; Westhead & Howorth, 2007). Stewardship theory is complementary to social capital in that it adds understanding of one aspect of commitment and shared vision. Family members, acting as stewards, seek to protect the assets of the firm (or family), rather than pursuing interests that maximize their own personal gain (Donaldson & Davis, 1991). In the family business context, stewardship is most often assumed to be toward one family business. This may be a valid interpretation as the business is served by generation after generation of the same family, but, in some families, commitment may be to the interests of the family rather than a single family business. This is a subtle but important shift in emphasis.

Stewardship theory's emphasis on protection of assets implies caretakership, which does not capture the dynamism inherent in entrepreneurship. Family members who emphasize the interests of the family may form entrepreneurial teams aiming to increase the wealth, assets, and opportunities of the family overall. In this case, stewardship will be entrepreneurial.

However, there is a danger of overgeneralizing to families in business and assuming that they are internally consistent and externally homogeneous (Westhead & Howorth, 2007). Some families will not adopt a stewardship approach to being in business together. Some families are characterized by rivalries, nepotism, shirking, and destructive behaviors that stem out of self-interest (Schulze et al., 2003). Davis et al. (1997) propose that stewardship relationships are more likely to prevail where individuals are motivated by higher order needs and intrinsic factors. If some family members indulge in opportunistic behavior, others exhibiting a stewardship perspective may feel betrayed and subsequently become more self-serving (Davis et al.). Where individual family members are self-serving but entrepreneurial, they are more likely to form individual businesses than a FET.

The relational dimension of familiness includes trust, norms, obligations, and identity (Pearson et al., 2008). Eddleston, Chrisman, Steier, and Chua (2010) suggest that stewardship theory, along with many of the theories of family business, is underpinned by trust. Where trust, norms, obligations, and identity are strong and focused on the collective, family members will be more committed to each other, and they may be more likely to form entrepreneurial teams. In the following sections, after considering the membership of entrepreneurial teams, we return to the dimensions of familiness in relation to the membership of FETs.

The Membership of Entrepreneurial Teams

Entrepreneurial team membership consists of individuals involved in the process to found or acquire a business venture together and its subsequent ownership and management (Cooney, 2005; Kamm et al., 1990; Ucbasaran et al., 2003). Studies have tended to contrast the need to have a variety of skills, experience, and ways of thinking with the desire for affinity and cohesion within the team (Forbes et al., 2006; Ucbasaran et al.). The RBV considers the generic and specific assets that individuals bring to an opportunity, including financial, social, and human capital. Entrepreneurial, technical, and managerial human capital have all been shown to be important to entrepreneurial teams (Aspelund, Berg-Utby, & Skjevdal, 2005; Clarkin & Rosa, 2005; Clarysse & Moray, 2004; Iacobucci & Rosa, 2010; Ucbasaran et al., 2008), and heterogeneous teams may be more effective at solving the complex issues (Wright & Vanaelst, 2009). Social capital and diversity of prior affiliations provide entrepreneurial teams with access to ideas, opportunities, and resources (Beckman, 2006; Wright & Vanaelst). Entrepreneurs with prior business ownership experience may have broader social networks and be more effective in developing network ties, whereas less experienced entrepreneurs likely encounter structural holes in their professional and industry networks. Entrepreneurial teams may therefore prefer more experienced entrepreneurs (Neergaard, 2005).

An RBV anticipates that additional members will be sought to fill a resource deficiency (Forbes et al., 2006) and provide additional human, social, financial, or technological resources. When team members have worked within the same business, there is potential for overlapping contacts and knowledge, reducing the marginal benefit of additional members. Heterogeneous entrepreneurial teams may be considered preferable. However, a comprehensive review indicates that team heterogeneity may not be related to improved performance (Chowdhury, 2005; Hellerstedt, 2009). Homogeneous teams may have greater cohesion and stability of membership (Hellerstedt; Ucbasaran et al., 2003).

Team members are often selected from preexisting networks of kin, friends, work colleagues, employees, or existing business associates (Anderson, Jack, & Drakopoulou-

Dodd, 2005; Anderson & Miller, 2003; Casson & Giusta, 2007; Iacobucci & Rosa, 2010) and through existing strong relationships (Forbes et al., 2006; Francis & Sandberg, 2000). The selection of additional team members may be related to the relative power of key stakeholders and interpersonal attractions and not based on a specific need (Forbes et al.). Ruef et al. (2003) pose that trust is paramount and strangers are avoided. Homophily may thus be a stronger driver of entrepreneurial team membership (Ruef et al.) than RBV perspectives indicate. However, Ruef et al. (p. 202) state that "a failure to control for the presence of kinship ties in founding teams may lead to inflated estimates of homophily." The following section considers family ties.

Family Members in Entrepreneurial Teams

Entrepreneurs looking for team members might look to family and friends, but this could provide a less heterogeneous composition of human and social capital, particularly if additional family members' experience, skills, and business-related contacts have been developed within the same family businesses. Family relationships might make it hard to exclude (or reject) members of kin, and altruism could lead junior family members being included with little human capital and to teams of family members that are less qualified. However, junior family members may be provided with training and experience in specific areas that contribute to the human and social capital of the team (Howorth & Ali, 2001).

Studies of entrepreneurial teams that adopt an RBV may present social capital as an asset to be employed in the entrepreneurial process and not completely capture the affective bonds and complexities of family relationships (Pearson et al., 2008). Hellerstedt (2009, p. 22) states that "other aspects than the demography of teams and team members are important for fully understanding team dynamics." Applying the social capital construct to familiness provides a framework to understand the membership of FETs because it captures structural, cognitive, and relational dimensions (Pearson et al.). Schulze and Gedajlovic (2010) argue that familiness facilitates the creation of human capital and is a source of "survivability capital" because family members may be more patient for returns and rewards. Arregle, Hitt, Sirmon, and Very (2007) propose four "dynamic factors" that enhance family social capital or familiness (Pearson et al.): stability, closure, interdependence, and interaction. Where the four factors are stronger, familiness will be greater, and family members may be preferred in entrepreneurial teams.

Structural, cognitive, and relational dimensions of familiness are not consistent across a family and may influence the inclusion or exclusion of different family members in the entrepreneurial team. In particular, the relational dimension has potential for great variation within the family. Pearson et al. (2008, p. 958) state that the relational dimension consists of resources created through personal relationships, namely trust, norms, obligations, and identity.

Theories of trust indicate that trust, norms, obligations, and identity are interdependent (Howorth & Moro, 2006). Höhmann and Welter (2005, p. 4) state that "entrepreneurial behaviour cannot be understood without taking into account the phenomenon of trust." Eddleston et al. (2010) suggest that trust could underpin many of the theories that are used to explain behavior in family businesses and that "families throughout the world offer naturally occurring communities that generate trust relations" (Eddleston et al., p. 1044). Trust's relevance to FETs is clear from trust's definition: "the willingness of a party to be vulnerable to the actions of another party [who] . . . will perform a particular action important to the trustor, irrespective of the ability to monitor and control that other party" (Mayer, Davis, & Schoorman, 1995, p. 712). Different forms or strengths of trust range from the weakest form, calculus trust, through knowledge-based trust, based on relationships (Lewicki & Bunker, 1996) to the strongest form of unconditional or identification-based trust. Family members may exhibit stronger forms of trust because they are more willing to be vulnerable to each other's actions; there may be strong identification with each others' ideas, desires, and intentions and a strong reciprocal understanding in terms of values and standards of behavior.

Trust is believed to be important for entrepreneurial teams (Hellerstedt, 2009; Ruef et al., 2003), but trust is multifaceted, and we do not know which factors are most relevant to selection of entrepreneurial team members in family or nonfamily firms. Mayer et al. (1995) suggest that trustworthiness comprises three factors: ability, benevolence, and integrity. Higher levels of perceived integrity may be important because of the difficulty for entrepreneurial team members to control the agency risks of joint financial ownership and management. Membership of FETs may emphasize trust in integrity and benevolence more than ability.

In contexts where institutional trust is low, there may be greater dependence on personal trust (Höhmann & Welter, 2005) and social capital. Honduras is one such context as explained in the following section.

Context of the Study

The republic of Honduras, located in the Central American isthmus, with an estimated population of around 8 million inhabitants (INE, 2011) is a developing economy that in recent years had the fastest growing economy of Central America. The few studies that have been conducted suggest that business and the economy in Honduras are dominated by family firms (Amaya, 1997, 2000; Befus, Mescon, Mescon, & Vozikis, 1988). From these studies, it is observed that in the Honduran business context, "business" is expected to be "family business"; there would rarely be a business that is not owned and managed by a family or a kinship-related group, and family business groups are very common (Discua Cruz, 2010; Segovia, 2005). In developing economies, it is common for family ties and relationships to be more overt in business activities (Steier, 2009). Developing economies are characterized by institutional voids, market imperfections, unreliable information flows, and fragile legal and financial frameworks (Acemoglu, Johnson, & Robinson, 2001). Honduras has recently suffered from political instability (Ruhl, 2010): the former president was deposed in 2009 in what interviewees called a "friendly coup."

Recent studies have highlighted the relevance of culture in the behavior of family firms worldwide (Colli & Rose, 2008). Extant theoretical frameworks and models utilized in family business and entrepreneurship research are premised on an Anglo-American worldview. The dominance of a particular view is dangerous as it can limit the validity of results when making inferences to other cultural and economic contexts (Westhead, Howorth, & Cowling, 2002). The Latin American context offers a mosaic of countries, sharing common histories, languages, and cultural underpinnings, and in particular a distinctive approach to family businesses. Earlier studies highlighted the strong collectivistic approach of individuals to business activities, and the relevance and hierarchical nature of family in business (Hofstede, 1994). The collectivistic nature in Latin American countries is exhibited in strong senses of family relationship, obligations, and loyalty to family members (Hofstede, 2001; Osland, De Franco, & Osland, 1999). Gupta, Levenburg, Moore, Motwani, and Schwarz (2008) observed that family and business issues appear to be inseparable in the Latin American culture, with family participation in business being the norm. Research that focuses on the individual, such as has dominated entrepreneurship studies in the United States and Europe, will be less valid in the Latin

American context where a group-oriented approach is prevalent. The following section explains how data were collected in this context.

Research Method

A qualitative multiple case study methodology was utilized, as the most appropriate for answering our how and why questions. Case studies were sought where "the processes being studied are most likely to occur" (Denzin & Lincoln, 2000, p. 370), which, for this study, were FETs that had founded, purchased, and/or inherited two or more businesses. The requirement to have at least two businesses was to identify FETs as distinct from family teams that were continuing an original family business.

In Honduras, wealthy family business owners play down the extent of their activities due to a high risk of crime and kidnapping; some of the interviewees had actually experienced these. The first author's personal relationships were crucial in gaining access and in obtaining open and reliable interview data. Case selection was purposive. Families in business known to the first author were considered to identify those that were entrepreneurial, i.e., active in seeking out new opportunities. Two pilot case studies, undertaken in 2006, indicated the importance of FETs. Twelve cases were then identified that had two or more members of the same family working within an entrepreneurial team. Case selection was informed by concepts derived from previous studies. Altruism could influence the inclusion of family members. Women might have a more altruistic attitude toward family members. In Honduras, men predominate entrepreneurial activity; so, purposive selection identified cases that included women in the older and younger generations. An RBV of team membership would indicate that entrepreneurial teams with diversified portfolios might require more heterogeneous human capital that might drive team selection; thus, families with diversified as well as undiversified business portfolios were identified. The cases also provide sites of difference by being in different stages of the entrepreneurial process.

There is no accepted ideal number of cases. Eisenhardt (1989) suggests that it is difficult to generate theory from fewer than four cases but that more than 10 makes it difficult to manage and analyze data. The appropriate number of cases will be determined by how much each adds incrementally (Eisenhardt, 1991). The *a priori* variation in characteristics was achieved with seven cases. The case characteristics are presented in Table 1. To preserve confidentiality, each case was given a fictitious name, based on the first business started. The case studies each had between two and six separate businesses. Strong levels of trust between the interviewer and the families provided more extensive and open interviews than would have been possible with a professional interviewer. Personal relationships allowed the identification of FETs that did not include all available family members, as well as families that were considering the involvement of additional family members. Six of the FETs were either seeking or evaluating specific opportunities at the time of the interviews.

The unit of analysis was the FET. In-depth semi-structured interviews with multiple respondents in each case were undertaken during a 3-month period in 2007. Twenty-four interviews were conducted with respondents from different generations of each family, plus these respondents' accounts were extended and confirmed through interviews with associated nonfamily members, whom interviewees identified as relevant to the family's entrepreneurial process. Table 2 presents the characteristics of all the members of each FET and notes those who were interviewed. Interviews were recorded verbatim in Spanish (the first language of the interviewees and the first author) and lasted between 1 and 2.5

Table 1

Characteristics of Cases

Case	Business group composition	Number of businesses owned and managed by the family team	Location	First business founded	Total number of employees (approximately)
DISTRIBUTORS	Distribution, beverages, frozen food, wholesale business, coffee export. New businesses being established in rehabilitation clinics and financial services.	7	North-West Honduras	1960s	277
EXPORTERS	Specialized agricultural export (non-traditional produce), pharmaceuticals. New business being established in toy import and distribution.	4	Central Honduras	1980s	86
FARMERS	Large agricultural export (grains, non-traditional produce), real estate, livestock, agricultural machinery, soy mills. New business being evaluated in oil extraction.	4	East Honduras	1900s	450
LANDOWNERS	Retail stores (hardware, gas stations, car replacement parts), heavy goods transportation and real estate development, farms, household appliances, and new businesses in residential construction.	7	East Honduras	1970s	184
LUMBERS	Wood processing, lumber, transport, retail businesses and real estate (residential, commercial). New business being evaluated in import goods.	5	North-West Honduras	1970s	139
TRADERS	Citrus and coffee production, manufacturing, real estate development, restaurants, distribution, transportation.	6	East Honduras	1930s	65
TRANSPORTERS	Passenger and commercial transportation businesses, real estate, food retail, express packaging, construction, farms.	7	Central Honduras	1960s	310

Table 2

Composition of Family Entrepreneurial Teams

Case	Member	Interview	Gen	Relationship	Gender	Age	Education	Experience
DISTRIBUTORS	Miles	Yes	1st	Parent	Male	62	Associate degree in accounting	Diverse, management of inherited business and development of new family businesses
	Julio	Yes	2nd	Son	Male	37	Bachelor degree in law	Law practice for 4 years after graduation. Socialized into family businesses.
	Antonio	Yes	2nd	Son	Male	34	Bachelor degree in finance	Financial practice for 3 years after graduation. Socialized into family businesses.
	Alex	No	2nd	Son	Male	38	Medical doctor	Managerial experience in existing family businesses, overseas practicing medicine
	Valeria	No	2nd	Daughter	Female	33	Bachelor degree in marketing	Managerial experience in existing family businesses, government position currently abroad in business studies
EXPORTERS	Carlos	Yes	1st	Parent	Male	56	Bachelor degree in business management	Started own business, Bank executive
	Andres	Yes	2nd	Son	Male	29	Bachelor/master's in business	Managerial experience in Multinationals
	Walter	Yes	2nd	Son	Male	27	Bachelor/master's degree in business management	Managerial experience in Import/Export Multinationals.
FARMERS	Jose	Yes	2nd	Parent	Male	59	Bachelor degree in business administration	Diverse, management of inherited business and development of new family businesses. National politics.
	Mario	Yes	3rd	Son	Male	36	Bachelor/master's degree in agricultural engineering	Managerial experience in existing family businesses
	Ricardo	Yes	3rd	Son	Male	33	Bachelor degree in marketing	Managerial experience in existing family businesses
LANDOWNERS	Fernando	Yes	1st	Parent	Male	62	Associate degree in civil engineering	Worked in mother's family business. Founded new businesses with spouse.
	Silvia	No	1st	Parent	Female	62	Primary school teacher	Worked in brother's family business. Founded new business with spouse. At the times of interview was very ill.
	Roberto	Yes	2nd	Son	Male	38	Bachelor degree in civil engineering	Managerial experience in existing family businesses
	Miguel	Yes	2nd	Son	Male	31	Bachelor degree in business	Managerial experience in existing family businesses
	Nancy	Yes	2nd	Daughter	Female	35	Bachelor degree in business	Managerial experience in existing family businesses

Table 2

Continued

Case	Member	Interview	Gen	Relationship	Gender	Age	Education	Experience
LUMBERS	Noe	Yes	2nd	Parents	Male	56	Associate degree in accounting	Diverse, management of inherited business and development of new family businesses
	Janet	Yes	3rd	Daughter	Female	28	Bachelor degree in international commerce	Managerial experience in existing family businesses
	Sofia	Yes	3rd	Daughter	Female	24	Bachelor degree in business administration	Managerial experience in existing family businesses
TRADERS	Justino	No	2nd	Parent	Male	59	Associate degree in forestry	Management of inherited business, family farm, and development of new family businesses with spouse
	Lucila	Yes	2nd	Parent	Female	52	Bachelor degree in business	Management of inherited business and development of new family businesses with spouse
	Armando	Yes	3rd	Son	Female	30	Bachelor/master's degree in industrial engineering	Managerial experience in existing family businesses plus government and foreign firms
	Rosa	Yes	3rd	Daughter	Female	23	Bachelor/master's degree in economics	Managerial experience in existing family businesses plus experience in banking.
TRANSPORTERS	Laura	No	1st	Parent	Female	63	Housewife	Managerial experience with deceased spouse in existing family businesses. Retired
	Alberto	Yes	2nd	Son	Male	41	Bachelor/master's degree in business administration	Manager in existing family businesses
	Pedro	Yes	2nd	Son	Male	37	Bachelor degree in agricultural engineering	Manager in existing family businesses
	Francisco	Yes	2nd	Son	Male	35	Bachelor degree in business finance	Manager in existing family businesses
	Maria	Yes	2nd	Daughter	Female	29	Bachelor degree in architecture	Manager in existing family businesses, studying abroad
	Gerardo	Yes	2nd	Son	Male	24	Finishing bachelor degree in university	Manager in existing family businesses

hours. Relationships with the interviewees allowed details, queries, and interpretation to be confirmed via email and telephone, plus follow-up interviews were undertaken by telephone in 2010. Individual names have been changed to anonymize the data.

This inductive study aimed to identify explanatory themes and discover common patterns in the data. The analysis was informed by our prior theoretical understanding but not constrained by it (Finch, 2002); the aim being to understand is "What is really going on here?" (Jack, 2005). Analysis of the data was reiterative in moving between data and emerging categories and concepts (Alvesson & Skoldberg, 2000; Silverman, 2000). Early stages of analysis considered human and social capital in line with previous studies of entrepreneurial teams. Relational factors (e.g., trust, identification, and obligations) emerged strongly from the data.

The first wave of analysis was in Spanish, and translation into English was undertaken on relevant sections of the transcripts for in-depth analysis. The analysis drew on the first author's knowledge of the context and culture. Within-case analysis identified themes and provided rich accounts and reflections. Comparative cross-case analysis provided the opportunity to develop themes and to theorize about FETs. Manual methods of analysis were employed because they allow closer and deeper analysis of interview data and capture increased context of quotes. Matrices were utilized to organize data and to improve cross-case comparisons; field notes, margin notes, summaries, vignettes, diagrams, and mindmaps were all used in the analysis (Miles & Huberman, 1994).

Some of the instances discussed in the interviews were retrospective accounts, and the limitations of these are acknowledged, including faulty memory and attempts to depict past actions in a positive manner. The use of multiple respondents and the availability of FETs in the process of considering team membership mitigate some of this concern. The use of retrospective accounts has been acknowledged in various influential studies in entrepreneurship, and retrospective accounts have shown to have the potential to provide a detailed evolution of the entrepreneurial story (Rosa, 1998).

Case Study Analysis

The research questions were addressed by analyzing formation and then membership of the FET. Social explanations emerge as being more important than resources in FETs. The cognitive dimension of familiness, a shared vision of stewardship, underpins the formation of FETs. The relational dimension (trust, norms, obligations, and identity) is a strong theme in determining their membership.

Formation of FETs

The quotes in Table 3 reveal families in business acting as entrepreneurial teams in that they found or acquire businesses and are involved at the strategic level. All the FETs owned 100% of the equity in their businesses. Most cases report an equal distribution of ownership rights in new businesses (DISTRIBUTORS, EXPORTERS, TRANSPORTERS, and FARMERS). In FARMERS and DISTRIBUTORS, ownership stakes were shared among all offspring, but they were not all members of the entrepreneurial team as some did not have "direct influence on strategic choices." In other cases, individual stakes ranged from 10% upwards.

The overriding reason for families coming together as entrepreneurial teams was a desire to be in business together in the long term. Members of the FETs saw themselves

Table 3

Formation of a Family Entrepreneurial Team

Case	Team working	Stewardship	Triggers
DISTRIBUTORS	"I think it was easier for us to work together . . . after my wife's death." (Miles)	"This business together, we thought that other members of the family could manage it at some point . . ." (Antonio) "We take most of the decisions but we still look to help the others, we take a look at what can be used and how to use it not only for this business but for others." (Julio)	Miles and his wife Sonia had founded separate portfolios of businesses. When Sonia died, some of her businesses were closed. Some time later, the junior generation got together with their father to form an entrepreneurial team to re-establish ventures that their mother had founded. They have since founded other ventures in addition.
EXPORTERS	"It would be difficult to put it together on our own, they know him." (Walter) "We can take this new business forward as a family." (Carlos)	"It is hard to know where to give in and where to disagree but in the end it is for the benefit of us as a family." (Walter) Businesses were developed together with the aim to "succeed as a family." (Carlos)	Andres wanted to leave a MNC to start his own business and not be "working for someone else." At the same time Carlos was retiring from a banking position to devote more time to family businesses. Walter joined the team later for the same reason as Andres.
FARMERS	"We discussed. We three, . . . agreed on what could be done." (Ricardo) "We talked about the projects we had for the future." (Jose)	"Together we can make it successful otherwise it is better to sell everything . . . this is the legacy that we must try to work for." (Jose)	Succession was required for Jose to pursue a political career. Mario and Ricardo took over management of existing businesses and formed an entrepreneurial team with Jose to develop new ventures.
LANDOWNERS	"That makes it easier to work together as family." (Roberto)	"We like to think not of ourselves but of the generations to come when we think of new businesses." (Roberto)	Insufficient management opportunities for 2nd Gen was causing sibling rivalry and conflict. New venture spun out of existing products by Fernando, Roberto, and Silvia.
LUMBERS	"Approach other businesses as a family." (Janet) "We can make better decisions as a family when we approach new business ideas like we have done since childhood." (Sofia)	"My father was really sad I remember, he never closed the door on him, but realized he could not work with him anymore in the businesses. He was very eager to engage in very risky businesses that would harm the heritage my father wanted to leave all of us." (Sofia)	The oldest son, Noe Jr., started his own business following disagreements with his father. The daughters, who were younger, were not interested in the industry of the family business and not convinced that their father would cede control. Their first venture together was an acquisition which the father had been approached about.
TRADERS	"You develop your own language. In a negotiation we all know how to approach it. . . . We could see this in the latest [venture], it was so natural that it seemed we had done it a million times before." (Lucila)	"It is just easy to say, remember what grandma said about this? We are united by a long experience together and it is easy to talk about business. . . . I know my brother's ways of doing business, he would prefer to lose a customer than our reputation." (Rosa)	Armando and Rosa both have jobs outside the family businesses. Following the death of their father in 2006 they have taken a very active role with their mother in developing and managing the family's portfolio of businesses.
TRANSPORTERS	"As a family unit, that is the way we are doing business now." (Pedro) "He [father] encouraged that in us, to work together as a family." (Francisco)	"We will ask the others for advice and help each other." (Francisco) "We consider new businesses not only for us but for our children." (Pedro) "We are in business, it is in our blood and we want to keep it that way." (Alberto)	More opportunities required for expanding family. The first venture was between Alfredo and Alberto. Younger offspring became involved in various permutations. Alfredo died in 2007.

as stewards of the family assets. For example: “We thought [about] other members of the family” (Antonio); “in the end it is for the benefit of us as a family” (Walter); “businesses were developed together with the aim to succeed as a family” (Carlos); “this is the legacy that we must try to work for” (Jose).

Stewardship was not focused on individual family businesses nor on the entrepreneurial team but on the (nuclear) family and its assets. For example, “help the others . . . what can be used and how to use it not only for this business but for others” (Julio); “As a family unit, that is the way we are doing business now” (Pedro); “He [father] encouraged that in us, to work together as a family” (Francisco); “approach other businesses as a family” (Janet). This contrasts with previous studies that have assumed that stewardship involves a commitment to the continuity of a specific family business. Stewardship was entrepreneurial, in that family members aimed to build and grow the family’s assets, not just maintain them, for future generations. “We like to think not of ourselves but of the generations to come when we think of new businesses” (Roberto); “We consider new businesses not only for us but for our children” (Pedro).

Formation tended to occur over a period of time without a distinct start and end point. Triggers to the formation process included succession crises, defined as interruptions of the expected succession process (Miller, Steier, & Le Breton-Miller, 2003; Sharma, Chrisman, & Chua, 2003); and expanding families that necessitated providing more opportunities. Contrary to studies of individual family businesses, succession crises did not take the form of SG’s deaths. Three cases (DISTRIBUTORS, TRADERS, and TRANSPORTERS) featured a death: two were already working as an entrepreneurial team, and in the DISTRIBUTORS case, the FET formed to re-establish a business that had been closed following the death of their mother (Table 3).

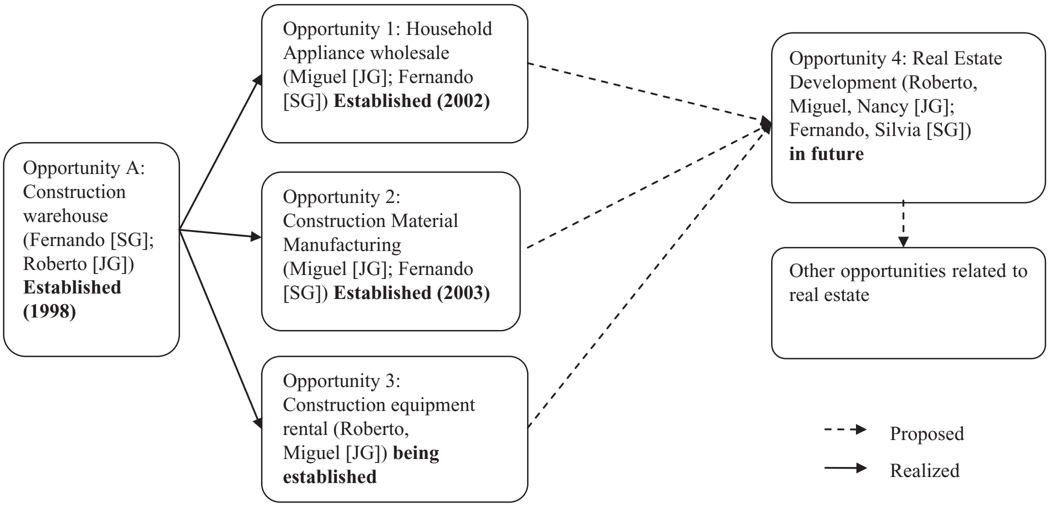
Instead, succession crises were in the form of junior generations (JG) expressing a lack of intent to take over existing businesses, most often very early in the succession process. Reasons included a lack of interest in the industry or business activity (LUMBERS and DISTRIBUTORS); and entrepreneurial ambition coupled with a perception that the seniors would not relinquish control (TRANSPORTERS); a desire for managerial independence from siblings (LANDOWNERS) or a desire for self-fulfillment outside existing business interests (LUMBERS and EXPORTERS). Such succession crises triggered a search for alternative ways to build the family’s entrepreneurial legacy. Fernando of LANDOWNERS stated: “It is hard to feel that interest was lost but we brought them up to do business, there were solutions.” Also, “You build this for them . . . you had to see what else could be done” (Miles, DISTRIBUTORS).

Within a culture of entrepreneurial stewardship, the search for entrepreneurial opportunities was a collective effort by SG and JG. Miguel of LANDOWNERS stated: “It was only when we came together and decided where we were going in business together that we realized the businesses that could be started.” This contrasts with previous studies of family businesses that suggest opportunity search is dominated by the SG and might be an outcome of the SG’s intended exit from existing businesses (Handler, 1990). Table 2 confirms that SG members were not yet at retirement age: the case study families are typical in that junior family members were old enough to lead a firm before their seniors were ready to retire. The formation of a FET provides ambitious younger family members with leadership opportunities and avoids the family business frustration of waiting for older family members to relinquish control.

The opportunities sought were influenced by the skills and interests of the JG. Where junior members’ education and previous managerial experience were developed in similar areas to the original family businesses (FARMERS, DISTRIBUTORS, LANDOWNERS, and TRANSPORTERS), the portfolio was less likely to be diversified. Where JG members

Figure 1

Two-Tiered Approach to Team Formation (e.g., LANDOWNERS)



had education and skills in areas unrelated to existing family businesses (e.g., EXPORTERS and LUMBERS), portfolios were more diversified. In LUMBERS, this was compounded by the female JGs' lack of interest in traditionally male-dominated lumber businesses (although they went on to acquire a business in the male-dominated automotive industry). Noe from LUMBERS stated: "you had a vision to make them like any business."

In drawing the threads of this analysis together, we propose that FETs have a shared vision of entrepreneurial stewardship. Families in business are more likely to form entrepreneurial teams (rather than expand the existing business/es) when the SG are not ready to exit; JG members have high levels of entrepreneurial ambition, and JG members have skills and/or interests outside the existing business/es.

Within some FETs, smaller sub-teams of family members were formed to exploit particular opportunities. Figure 1 illustrates the LANDOWNERS case. For some (LANDOWNERS, DISTRIBUTORS, and TRANSPORTERS), a long-term vision for the family guided the opportunities that were sought, and, within that, different permutations of team members formed smaller entrepreneurial teams to pursue specific opportunities based on their skills and interests. In other cases (LUMBERS and EXPORTERS), a similar pattern of sub-teams emerged, but there was no overall vision, and team formation was incremental, opportunistic, and followed more of an effectuation logic (Sarasvathy, 2001). Analysis attempted to identify patterns of difference between FETs with an overall vision and those with a more emergent approach, but none were discernible.

The two-tier pattern of team formation allows families to provide management and leadership opportunities for a range of family members with oversight from the broader team. We would suggest that the two-tier pattern of team formation is more likely where there is a group of identifiable individuals who all have the talent and desire to be a lead entrepreneur; where there is less self-interested behavior and a stronger stewardship perspective toward the group's assets; and where there are higher levels of trust between individuals so that they do not feel they need to be involved in everything. The above conditions are more likely to be found in families, and therefore we propose that FETs are more likely than other types of entrepreneurial teams to establish a two-tier approach to team formation.

Membership of FETs: Who Is Included

FETs were composed exclusively of family members. Table 2 shows that they included men and women, with one or two members from the SG and the remainder from the JG. The quotes in Table 3 highlight the dynamic nature of membership of FETs and that in some cases, joining the FET was an expected norm. Exit from the team was rare, and there was only one instance in the case studies, which was when the father in the TRANSPORTERS case died.

The shared vision, and in particular, stewardship, was not exclusive to members of the FET, and there was plentiful evidence of family members in other careers who also perceived themselves as stewards of the family's assets, providing contacts, advice, and input into decision making. So whereas entrepreneurial stewardship may underpin the formation and activities of FETs, it does not explain their membership.

The volume of quotes in Table 4 illustrates also that resources were not important, but, instead, cognitive and relationship dimensions of familiness were strong themes of membership. Shared understandings and systems of meaning were evident: "We were all raised in business, we know what we are referring to" (Ricardo); "We do not disagree on what is really important" (Roberto). FET members stated that they preferred to work with family members whom they could trust. "I prefer those who I have worked with in the past because we can handle the hard conflict. I can send Armando and Rosa to the moon and back" (Lucila); "I trust my brother's knowledge" (Ricardo); "We respect the wisdom of [Jose] in business and he trusts us" (Mario); "You get to know who you can rely on" (Noe). Trust was not broken by disagreements between team members, which instead were valued (DISTRIBUTORS and LANDOWNERS). This indicates strong forms of identification-based trust.

Trustworthiness was discussed in terms of factors associated with ability and integrity. "I trust their knowledge, their experience, capabilities and I know we would work for a common interest. . . . Being honest is crucial with each other, to know that their decisions will be based on truth, they will be legal and fair. I can . . . work with my eyes shut with people like them because I know them" (Sofia). Benevolence toward each other was taken for granted. Benevolence to those outside the family was not a requirement for team membership "I know my sister would be ruthless in business" (Armando).

The case studies indicate that resources such as human, technological, and external social capital were considered in determining roles within the FET, but they did not appear to influence the membership decision. SG members groom juniors from a very early age and develop an understanding of their aptitudes. Interestingly, in the two-tier structure, membership of the sub-teams was organized at the exploitation stage on the basis of human capital, aptitude, and interest.

Membership of FETs: Who Is Excluded

Factors associated with membership of the FET are further illuminated by considering the reverse scenario of who is excluded from membership. We are able to examine this because we can identify family members who are not included in the FET. For other types of entrepreneurial teams, this would be an almost impossible task as the number of excluded members could be infinite.

Table 4

Membership of the Family Entrepreneurial Team

Case	Inclusion: resources	Inclusion: trust	Exclusion
DISTRIBUTORS		"I would not like to work with other people that I have not been working with for a long time." (Julio) "We know each other . . . , seen it from childhood . . . Julio would have a disagreement with my father . . . the way they get along . . . good to have disagreement between us, we know what to expect." (Antonio)	"Other family members came to work with us but left because there was really no understanding about how we did things . . . talk with my sister in law about business but it is hard to make yourself understood." (Julio) "With other family members . . . you will have your reservations . . . might hurt relationships." (Miles)
EXPORTERS	"I can rely on my brother [Walter] for information about European products." (Andres) "They have that new knowledge that we need to develop this business." (Carlos)	"They know how I think in business . . . you cannot have that same confidence with others that are not your own." (Carlos) "[We] know how my father thinks about business . . . will help us when we start the new one." (Andres) "We have not really been into business together, this will be the first time but of course you know a lot about the people you live with, how they react, what is good in business for them." (Walter)	
FARMERS	"We had the knowledge since childhood, and we had been educated in university to improve the business." (Ricardo) "I studied at [university] and abroad, my specialized degree was useful for new ideas." (Mario)	"I trust my brother's knowledge, not only has he shown what he knows . . . but he has dedicated to study it in depth . . . We were all raised in business, we know what we are referring to." (Ricardo) "We respect the wisdom of [Jose] in business and he trusts us in taking business decisions because we have done it before with him." (Mario) "They have to prove themselves in the land that they can be part of this." (Jose)	"Cousins of ours were involved in the management of these businesses . . . they gradually left . . . it is not the same dedication to working together when you are not an owner." (Mario) "Some family have been here but did not last . . . how can we trust them to be in business with us if they are not willing to learn shoulder by shoulder or dirty their hands with us?" (Ricardo)
LANDOWNERS	"When you study civil engineering you also know how much you can make if you start such a business . . . I saw how people demanded that product . . . and we knew how to sell all kinds of things." (Roberto)	"With your kids you can really experiment, make them as you want, . . . but not with others." (Fernando) "Miguel and I have always had disagreements, but hey, it is part of being brothers, I would not like to go into business with someone who does not say to me what is wrong and makes me see things. We do not disagree on what is really important." (Roberto). "We know what is key in business to make it together, that we know what the others can also think." (Fernando)	"We have helped other family members to start their businesses but then each one is on its own family . . . we helped our sister to start the new gas station but we do it with her so she would know what to do, but what if the husband does not get it, I prefer that she is the owner and that he does not get involved." (Roberto)

Table 4

Continued

Case	Inclusion: resources	Inclusion: trust	Exclusion
LUMBERS	"We had experience from working with my father, we grew up learning to negotiate and see new business. . . . the university education allowed us to see new things that could be done." (Sofia)	"My father knows how I think in various aspects of my life, I mean, he knows what I am capable of in business . . . Why would you have other people that are not close working on this? . . . I know very well the way they work. I trust their knowledge, their experience, capabilities and I know we would work for a common interest . . . Being honest is crucial with each other, to know that their decisions will be based on truth, they will be legal and fair, I can go ahead and work with my eyes shut with people like them because I know them . . . We need to have this between us otherwise it will undermine our position with others, if we are not honest with ourselves in business, it will show in the day to day." (Sofia) "You get to know who you can rely on . . . for example Sofia knows how to handle people well because she has seen me do it and then I have made her get into it. If a new business will require people handling she will be the ideal person for it." (Noe)	"Other family members have been involved . . . they do not have that facility to see things the way we see them . . . they can help us but that is it . . . businesses being developed—only by us. I am not certain of their business spirit. I guess it is because they do not show any intention to develop a business career. And even if they do, like the future husband of my sister, I still will have my reservations. Never fully trust. Why? Well maybe with time . . . and then you can see their business acumen . . . the fact that I do not know them as much generates a lot of distrust of taking a lot of risks . . . there is the risk of a dishonest action, that they would not meet the standard of business effort that we put in, that they take bad decisions, risks of conflicts and even divisions between us in the businesses. . . . not of my family, then not interested really." (Sofia) "His decisions were somehow very different from my father and they always had disagreements, he finally left and he said he wanted nothing to do with the business, that he wanted something of his own. I really would not go into business with him easily, he is my brother yes, but his decisions now in his own businesses make me think twice. I am now helping him on the administrative side . . . but I don't really trust in his decisions or ways that he sees business opportunities." (Sofia)

Table 4

Continued

Case	Inclusion: resources	Inclusion: trust	Exclusion
TRADERS		"I can rely on Armando and Rosa because they have learned seeing myself and Justino in business, they have seen the action in real life, that is how we developed our language, they have been on top of things with us and that makes us trust them . . . you know you can rely on them because you have seen their actions over the years." (Lucila) "I know my sister would be ruthless in business, but she is a good manager and will not let things slip out of her hand to harm us as a family . . . she is like my grandmother was, and has that financing line of my mother as well but yet she is different. I know that most of it is the way my mother and grandmother taught her to do things right and being honest. My mother is a person that has cemented the reputation of my grandmother to be people you can really trust in business. I can do business with my mother without a doubt, as everything she does in business with my father has always prospered." (Armando) "With my mom I would do it any day as from my childhood years I have seen how she can create a business out of nothing and make it successful, she has taught me since I can remembers just her confidence will be enough for me to have." (Rosa)	"I could work with other people in business but it depends what I have to invest. With those you trust, your kids, you will go 100% because you know what they are capable of or not. With others you will hold your input if you don't know them well, even if they are family. . . . Having nephews or close relatives in business is not easy because you will be the one guilty always if a problem arises." (Lucila) "I will trust to be in business with people that have fought in the same business trenches, who have suffered when a business has closed and celebrated our businesses being successful . . . My cousins from my father's side . . . they really did not see the point sometimes and often were not good managers, that created a lot of conflicts . . . we have seen also how other families that have gone into business with members outside their family have lost it all. It really makes you think who you can trust." (Armando) "To get into a new business with close family like uncles or aunts is difficult . . . I don't trust their business acumen. None of my cousins has really demonstrated that they could really grow a business or even less have the stamina we have When I talk with them sometimes they say that they would cry if they have a loss in business, that is often enough to make up your mind." (Rosa)
TRANSPORTERS	"I specialized in business management which served to understand the working of business. It gave you a lot of experience." (Alberto)	"They know I am a man of God and that in everything I do I will not compromise my faith or my family." (Francisco) "We were entrusted with the businesses because he had tried us over time, sometimes he would have one of us in one and then rotate."(Alberto) "We know how to work together in business, yet it will depend on the business we want to pursue." (Maria) "I am not good in negotiation but [Alberto] is, I trust him in that while I do the other bits, in which he trusts me." (Francisco)	"In-laws don't have that genetics, they don't have the same business blood like us." (Alberto) "My father wanted always to protect the girls, it was easier for them to study and follow their path while helping my father, they would have their say but at the end it was mainly us." (Pedro) "It is very different when people that are not family are involved, there is not that trust." (Alberto)

Some exclusions were self-selected as family members chose alternative careers. For example, only 2 of the 12 JG members in FARMERS were involved in the FET. Some family members had alternative careers before joining the FET (DISTRIBUTORS, EXPORTERS, and TRADERS), indicating that career choices and decisions to opt out of the FET were not final.

Some family members were excluded from the FET because they did not share the same values, such as attitude to work. This was stated by all interviewees in FARMERS FET when discussing their cousins; for example, "How can we trust them to be in business with us if they are not willing to learn shoulder by shoulder or dirty their hands with us?" (Mario). In the LUMBERS case, the oldest son (Noe Jr.) was excluded from the FET because he was not perceived to share the same values and did not have the same attitude toward stewardship of the family assets (see Table 4). "My father was really sad . . . but realized he could not work with him anymore in the businesses. He was very eager to engage in very risky businesses that would harm the legacy my father wanted to leave all of us" (Sofia, discussing her older brother). This highlights that entrepreneurial stewardship involves making decisions about what the family will not do, as well as sharing a vision about what they will do. Managing risk is an important aspect of entrepreneurship. These cases also highlight that families are not necessarily internally consistent with regard to their attitudes toward stewardship of the family assets.

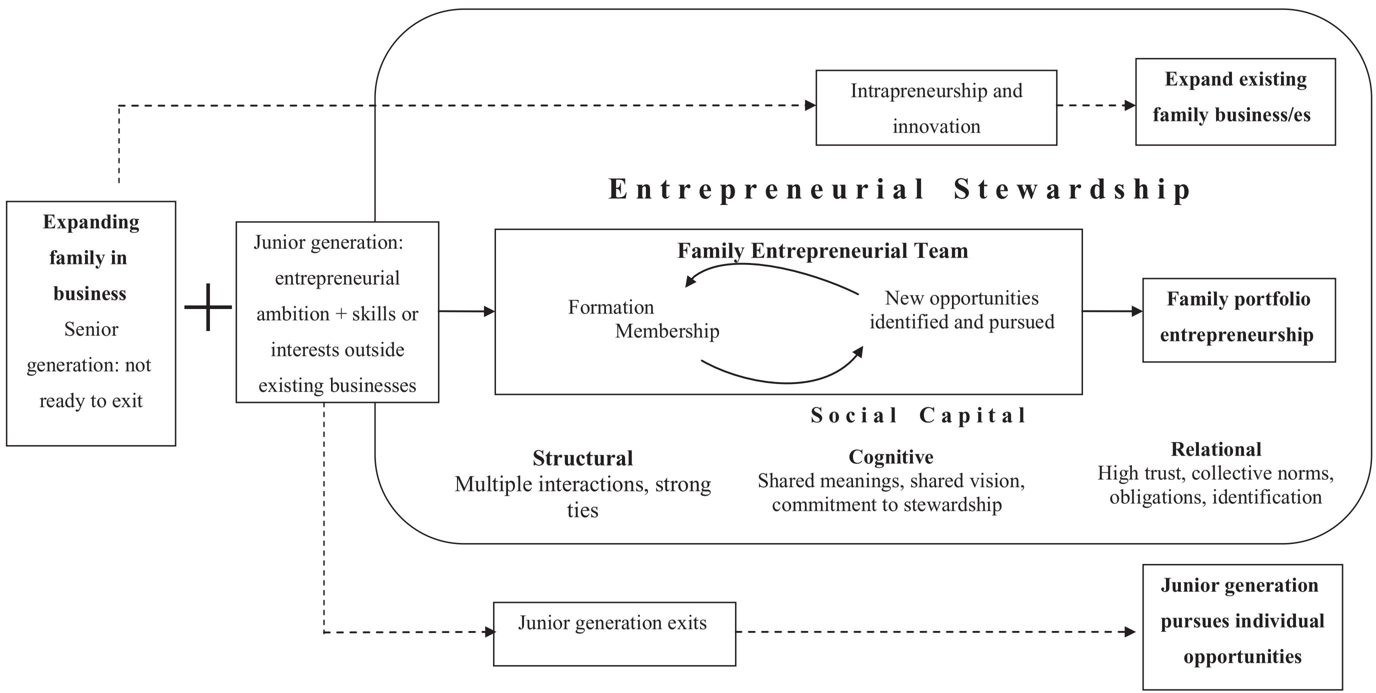
In all cases, JG spouses and in-laws were excluded from the FET, even though some had roles within the businesses, because they were not perceived to share the same business values. "Other family members have been involved in the businesses but they do not have that facility to see things the way we see them so are not asked to be with us in business, they can help us but that is it . . . that is how we see businesses being developed—only by us. . . . They are very nice, but I am not certain of their business spirit" (Sofia). Most often, other family members were excluded due to a lack of trust in their abilities. "To get into a new business with close family like uncles or aunts is difficult . . . I don't trust their business acumen" (Rosa). This highlights a variation in the strength of ties and trust within the family. It also suggests that ability is not disregarded in determining family members' inclusion in the FET. However, the comments suggest a lack of knowledge of ability rather than a lack of ability *per se*, and it may therefore be the strength of ties and depth of trust that determine inclusion/exclusion in the FET.

Table 4 highlights that nonfamily colleagues and friends were also excluded from all the FETs. Comments referred to lack of trust and not sharing the same values, even though some were fellow church members, close friends, or Rotary colleagues. In all the cases, nonfamily colleagues were only involved in an advisory capacity and did not have an ownership stake in any of the opportunities. "It is very different when people that are not family are involved, there is not that trust" (Alberto). Many of the excluded family and nonfamily members were entrepreneurial and had founded and owned individual businesses.

Membership of FETs appears to be driven by relationships much more than economically rational requirements for resources or heterogeneity. The results suggest the relevance and interdependence of each of the three dimensions (structural, cognitive, and relational) of social capital (Nahapiet & Ghoshal, 1998). The strength of ties and frequency of interaction (structural); shared values and understandings (cognitive); and trust, norms, and identification (relational) all positively influence the inclusion of members in the FET, and lower levels are associated with exclusion from the FET. The discussion develops these findings and explains the conceptual framework presented in Figure 2.

Figure 2

Intrafamily Entrepreneurship



Discussion

Within a framework of intrafamily entrepreneurship, Figure 2 presents the formation and membership of FETs as an alternative to expanding the existing family business or individual family members founding their own businesses. The model indicates that FETs are most likely to be formed when SG family members are not ready to exit at the same time as junior members wish to pursue their own entrepreneurial ambitions outside of the existing family business, for the reasons discussed earlier. FETs are underpinned by strong bonding structural, cognitive, and relational social capital, including a commitment to stewardship of the family's assets. FETs are thus a form of entrepreneurial stewardship. Where bonding social capital is less strong, we speculate that family members with unfulfilled entrepreneurial ambitions will exit and pursue individual entrepreneurial opportunities (the dotted line at the bottom of the figure). An alternative form of entrepreneurial stewardship is to expand the existing family business through innovation and intrapreneurship (top dotted line). Expansion of the existing family business is also underpinned by social capital, but we expect that expansion is less preferred when JGs seek to fulfill alternative entrepreneurial ambitions. Within the FET, the figure highlights that formation and membership overlap and that opportunity search and membership are interdependent and dynamic activities.

The conclusion summarizes our findings and discusses the implications for the theory and practice of entrepreneurship and family business.

Conclusion

We adopted an inductive multiple case study approach to further understand the formation and membership of entrepreneurial teams in familial contexts. The first research question asked: How and why are FETs formed? The case studies highlighted that FETs are underpinned by a shared vision to be in business together. FETs are formed as families expand and seek new opportunities to satisfy entrepreneurial ambitions and interests of (usually junior) family members. The formation of FETs was a dynamic process as family members joined (but rarely exited) at different points in time. Just as with other types of entrepreneurial teams, some FETs formed because an opportunity had been identified and others were formed and then sought opportunities, but most often, opportunity identification and team formation were interwoven with no identifiable point for formation of the "team." Some cases adopted a two-tier approach with smaller venturing teams being formed out of the larger FET to exploit specific opportunities. The importance of a shared vision has not been considered to any great extent by studies of entrepreneurial teams. Family business research has previously conceptualized this in terms of stewardship of the business. In our study, shared vision was related to stewardship of the family's assets and a collective commitment to build them through entrepreneurship. We termed this entrepreneurial stewardship and highlighted that entrepreneurial stewardship is about growing the family's assets, not maintaining them. The members of a FET secure the long-term future of the family in business by developing a portfolio of businesses.

The second research question asked: Why are some family members included and others excluded from membership of FETs? In contrast to the entrepreneurial teams literature, there was little evidence of a resource-based explanation of membership of an FET. Even though new members of the FET might extend the human and social capital of the team, this was not a consideration in the membership decision. Ability, skills, and experience were only considered after the team had formed, in determining roles and opportunity exploitation strategies. Dimensions of social capital (Nahapiet & Ghoshal, 1998) explain who is included and who is excluded from the FET. Members of the FET were all from the nuclear family where ties were strongest; they had shared understandings, high levels of trust, and identified strongly with each other. Interestingly, some members of the nuclear family were actively excluded from the FET as they were not perceived to share the same values or exhibit the same stewardship behaviors as those who were included. It is important to examine why some individuals are excluded to gain a full understanding of the composition of entrepreneurial teams, but most often, studies are unable to identify potential team members who have been rejected.

Our study contributes to understanding of FETs, on which there has been very little research. The strength of the findings in relation to social capital and the lack of support for resource-based explanations of the formation and membership of FETs indicate the potential for studies of social theories in other types of entrepreneurial teams. Future studies should also examine the implications for performance, for example, whether FETs constrain their opportunities by depending heavily on internal social capital (Chowdhury, 2005; Hellerstedt, 2009).

Studies of family business succession aim to decipher the best way for the family business to survive. This study suggests that by atomizing individual family businesses, researchers are in danger of providing a false representation of the entrepreneurial activities of families. The misconception that succeeding generations of family members lack the entrepreneurial drive that existed in founding generations (Westhead, Cowling, Storey, & Howorth, 2002) may prevail because the focus has been on the venture rather than on family members, who may be involved in a broad range of entrepreneurial activities. We adopt a more encompassing approach by examining intrafamily entrepreneurship rather than intrafirm succession.

By taking the FET as the unit of analysis, we can extend our understanding of collective approaches to portfolio entrepreneurship. However, different types of FETs and different contexts need to be compared. Our data are from one country and a limited number of case studies. Further research should test our framework and examine whether the findings apply in similar cultural contexts in Latin America (Gupta et al., 2008; Hofstede, 2001) and how they might vary within or across cultures (Davis, Pitts, & Cormier, 2000; Dyer & Mortensen, 2005; Gils, Voordeckers, & Heuvel, 2004; Hall, Melin, & Nordqvist, 2001; Howorth & Ali, 2001; Pistrui, Welsch, Wintermantel, Liao, & Pohl, 2000; Sharma & Rao, 2000). The prevalence of family business groups throughout the world and the acknowledged importance of social capital, stewardship, and trust for family firms (Eddleston et al., 2010) indicate that the findings of this study are worth exploring in alternative geographical contexts and cultures. We only identified FETs that were of nuclear families (parents–offspring), and although our definition included it, we did not find any FETs that included spouses of JGs. Findings may differ if FETs that involve a wider set of family members are studied. Clearly, further research is required to examine these limitations and to test to what extent our findings apply to families in business in a range of geographical and cultural contexts (Howorth et al., 2010).

We interviewed multiple members from each entrepreneurial team to obtain a more complete picture. Studies that examine social capital, families, and/or teams should not assume internal consistency, nor that one person's view is representative of the collective, even in families that articulate shared values. Our analysis indicates the importance of employing methods that capture the range of perspectives where the unit of analysis is a collective (e.g., team, family, or business).

Finally, our study contributes to understanding of social capital by highlighting that social capital, even within a nuclear family, is not consistent. Dichotomous separations of social capital into (for example) strong ties and weak ties, bonding social capital and bridging social capital, internal and external social capital provide a useful starting point, but studies should move beyond them to provide more nuanced representations that incorporate the gradation and variations that exist in reality.

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