

# Chapter 11

## Entrepreneurial Intention in Family Business

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### ABSTRACT

*The goal of the chapter is to provide a comprehensive understanding of the entrepreneurial intentions in family businesses. Furthermore, the chapter will provide and assess how the role of prior family business background has influence on entrepreneurial intention. The chapter will provide introduction of the term entrepreneurship, entrepreneurial intentions, and the family significant impact on entrepreneurial intentions, and it is important because it studies the effect of the entrepreneurial family background on entrepreneurial intentions in family firms. The chapter will provide the reader with an increased understanding of whether the role of parents has influence over the entrepreneurial intentions of their offspring. The reader will be introduced to the up-to-date scientific research in the area of entrepreneurial intentions in family firms.*

### 1. INTRODUCTION

As a drivers for creating economic growth worldwide, the family business gain significant interest in the last years. They compromise 70%-80% of the economy where 40%-50% of the employment are accounted (Mandl,2008). Since they are an important factor in the economy studying the dynamics of the

DOI: 10.4018/978-1-7998-4814-1.ch011

human relations and the impact this experience has on the individual members and especially on the second generation is of paramount importance. Despite its importance a meta-analysis of literature has shown that studying the link between entrepreneurship and family firms has begun relatively recently (López-Fernández, Serrano-Bedia and Pérez-Pérez, 2015). The family as a social system has an important role on decisions of family individuals and this social environment is a significant factor when a person decides whether to start a business. It is more likely for a person to choose an entrepreneurial career if he/she belongs to entrepreneurial family. Moreover, the family background does not only affect the career decision only, but has role in the early stages of the business (Klyver, 2007). Therefore, the family role is fundamental in creating entrepreneurial intentions through influencing desirability and feasibility of entrepreneurial endeavors (Shapero and Sokol, 1982). The socialization aspect impacts the individual feelings toward an entrepreneurship as well; children develop entrepreneurial perceptions as they are “feeling” the entrepreneurial spirit within the family (Chrisman, Chua and Sterier, 2003). Studies show that having an entrepreneurial parent increases the probability that a child will become entrepreneur for 30%-200% (Andersson and Hammarstedt 2010).

According to Mangundjaya (2012), it is not easy to develop an entrepreneur, and in this regard, the parent's contribution should be boosted. To support this, Ayuni (2018), recommends entrepreneurial families to give unconditional support to their children, since starting a business or deciding to become a successor in a family owned business is something that is planned (Sharma, et al., 2003; Thompson, 2009). Therefore, this paper uses Theory of Planned Behavior to understand the entrepreneurship and succession intentions of students with special accent of students who have self-employed parents or parents involved in a family business.

In addition certain authors have found that preferences to become a successor in the family business, starting an own business as an entrepreneur or becoming an employee varies by country background (Zellweger, et al., 2011). This topic is even more important in countries like the Republic of North Macedonia that are still transitional economies and are still struggling to boost economic activity of the population. Family businesses in such countries are shown to be younger. Therefore, they have not faced generational transition yet. This means that most of the business are still operated by the founder and his/her marriage partner, although his/her offspring are possible business successors (Mandl, 2008). Therefore understanding the impact of living in a family with a family business on the intentions of the students to own their own business or become a successor of a family business is quite important.

Having this in mind, the aim of this paper is to provide an understanding of the entrepreneurial intentions and succession intentions of students in the country. It tries to differentiate between students with and without experience in family business when it comes to entrepreneurial intentions and to see what are the differences in succession intentions of the students with and without personal experience in the family business. The paper will look at different factors related to the entrepreneurial and succession intentions of students to try to offer practical advice on how they can be stimulated and boosted. The paper will start by outlining the concept of family firms and their importance in the country, then move to looking at entrepreneurial intentions and succession intentions and factors that affect them by drawing upon the Theory of Planned Behavior. This will be followed by the explanation of the methodology and the results and the chapter will end with recommendations for the future.

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