

**THE BEST FAMILY BUSINESS CASE STUDY IN
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**FAMILY BUSINESS AS A PLATFORM FOR
GROWTH VENTURING? THE FAMILY INFLUENCE
ON GROWTH VENTURE GOAL-SETTING**

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Abstract

The following tentative research unveils the paradoxical nature of: Growth-Venturing inclination of business practices as juxtaposed with family business. Family firms are usually confounded with an array of stereotypical myopic views or attitudes towards growth. They are often assumed to be firms that lack dynamism and ambitions for perceived growth. Subsequently, an array of relevant theory, namely; the pecking order theory and social capital in conjunction with excerpts from an ongoing empirical qualitative research; have been chosen as invaluable trajectories within the article and will consequently act as a tentative framework and platform for disputing these various negative assumptions of family firm's potentials and ambitions for growth and growth venturing respectively.

Keywords: Growth venturing, family business, family, goal setting.

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INTRODUCTION

Family firms, generally defined as businesses either owned or managed-operated by the family (or its units), are the most prevalent form of business organization. For most developed economies, the family business sector is estimated to account for over two thirds of all enterprises and about half of the GDP economic activity (Gersick, Davis, Hampton, and Lansberg, 1996). Commentators view family firms as the backbone of the private economy, as they make a substantial contribution to: national, socioeconomic and entrepreneurial development (Connolly and Jay, 1996; Poutziouris and Chittenden, 1996; Neubauer and Lank, 1998; Leach and Bogod, 1999; Romano, Tanewski, and Smyrnios, 2000). On the positive side, family firms are credited for nurturing entrepreneurial talent, a sense of loyalty, long-term strategic commitment, pride in the family tradition, and corporate independence. On the negative side, family firms can suffer from a lack of professionalism, nepotism, rigidity in adapting to new challenges, and family feuding. Conflicting family and business politics can undermine strategically planned ownership, leadership, and management succession, which can derail the development of the family firm.

To safeguard family ownership, control, and financial independence from outsiders, owner-managers of family firms often overlook growth opportunities - or even eschew growth; owing to heavy dependence on internally generated funds and limited access to external, long-term risk capital options. Stakeholders, with an interest in the survival, long-term growth, and sustainable corporate prosperity of the prolific small to medium-size family enterprise, have been concerned about the financial affairs of owner-managed smaller companies (DG23, EU-Commission, 1997, 1998a, 1998b, 1999). According to the European Observatory Network for SME Research (1996), about 30% of all European enterprises (or about 5 million business units of all legal forms) now face business transfer. Moreover, estimates suggest that 30% of such business transfers will not materialize because failure to plan can be tantamount to planning to fail. In the case of family businesses, management and ownership succession is usually related to strategic business plans or to factors exogenous to the business, including sudden family feuding, death, or changes in transfer taxes.

Consequently, sourcing supplementary outside capital (such as private equity/venture capital) to finance liquidity and other capital requirements that might result from generational, management, or ownership transitions is increasingly central to their survival and sustainable development. In light of the new economy, it is possible that family firms will fail in the face of increasing competition. Also, emerging internal pressures to finance entrepreneurial and technological renewal could result in family firms selling out, facing hostile takeovers, struggling to defend market share, or even becoming insolvent (deVisscher, Aronoff, and Ward, 1995).

THE FINANCE GAP

The finance gap, hampering the strategic financial development of family and non-family privately held SME's, has been under the microscope of business economists and enterprise policy makers for decades (Bolton, 1971; Wilson, 1979; Aston Business School, 1991; ESRC - Business Research Centre, 1992, 1996; Bank of England, 2001). This finance gap is a multidimensional barrier involving:

- The problematic flow of development debt financing (costly, insufficient, heavily short-termist)
- The persistence of an equity gap (owing to asymmetrical objectives of owner-managers and investors), which exacerbates the debt gap
- The short-termist (and anti-outsider) approach to strategic financial management and development planning of closely held SMEs, especially family firms, which are often sceptical about the deployment of externally generated, long-term funding.

This attitude is symptomatic of the undercapitalization of private SME's as a result of the overreliance on short-term financial options (Poutziouris, Chittenden, and Michaelas, 1998).

The response of governments, for instance in the U.K; to closing the equity side of the finance gap- via channelling more equity capital essential for the realization of the growth potential of entrepreneurial SME's, has been the orchestration of a number of schemes, including the following:

- The promotion of the business angel network (individual, small venture capitalists)
- The Business Expansion Scheme, now the Enterprise Investment Scheme, which is a tax-efficient vehicle to encourage equity investment in unquoted companies and certain smaller public limited companies
- The establishment (since 1995) of the Alternative Investment Market (AIM), a secondary market (regulated by the London Stock Exchange, but with less demanding rules than the official listing) designed primarily for smaller growth inspired companies.
- The promotion of tax-efficient share options and all employee share ownership schemes to broaden equity share ownership

Stakeholders with an interest in the survival and long-term growth of SME's call for more drastic action to ameliorate the equity gap that arrests the development of tomorrow's growth stars (Basham and Pickering, 1999; HM Treasury, 1998; EU - Commission, 1999; Bank of England, 2001). Better access to equity, either through development of suitable SME-oriented capital markets or through helping SME's to overcome the inherent (financial and behavioural) barriers that restrain them from considering external equity options, will allow growth-ambitious SME's not only to invest in development strategies, but also to facilitate business transfers, especially strategic generational succession in family firms.

SOCIAL CAPITAL INFLUENCE IN ENTREPRENEURSHIP

The sustained and continuing interest in the subject of entrepreneurship by academics, practitioners and policy makers demonstrates that it is unlikely to be a fad. This is probably not surprising when we consider the importance of entrepreneurship for economic development and regeneration and that it is perceived to bring about both economic (Storey, 1997) and social (Aldrich et al., 1983) benefits (Wiklund et al., 1997; Hyrsky and Ali, 1996). Although entrepreneurs are increasingly recognized to be an important element of modern economies, our understanding of how they operate and the very nature of entrepreneurship remains relatively limited. Until relatively recently, the study of entrepreneurship focused primarily upon the individual. Analysis of traits, cognitive models of behaviour and start-ups were firmly individualistic (Bolton and Thompson, 2000; Brockhaus and Horowitz, 1986; Kets de Vries, 1977).

Since the 1980s, however, the importance of social contacts and networks to entrepreneurship and entrepreneurial performance has been more widely recognized. The emerging perspective is that since economic activity is embedded in society, the innovative entrepreneur develops social capital through building networks which provide external sources of information, support, finance and expertise allowing mutual learning and boundary crossing. An entrepreneur's networks are likely to be based on experience, which not only determines the range of contacts, but may also influence perceptions of opportunities and courses of action (Aldrich and Zimmer, 1986; Birley, 1985; Chell and Baines, 2000; Dubini and Aldrich, 1991; Johannison, 1998; Johannison et al., 2002; Lechner and Dowling, 2003).

Networks may begin as highly personal but are likely, through time, to spread to include a range of contacts that far exceeds the immediate family and close friends. Individual contacts alone, while reducing uncertainty, may become constraints on both the entrepreneur and the business unless reinforced by a wider external network. External networks frequently involve more formal contractual arrangements, including strategic alliances with other companies. These 'weaker' ties allow the individual to reach outside his or her immediate contacts to secure a wider range of information. However, supposedly weak ties are not without their personal elements. They are often facilitated by such economic and social institutions as trade associations, exhibitions and trade shows, as well as links with tertiary education, all of which involve personal contact (Freel, 2000; Lechner and Dowling, 2003; Parsons and Rose, 2004; Rothwell, 1991).

Relationships clearly matter to entrepreneurs, but understanding how they function requires an appreciation of social capital. The presence or absence of social capital is likely to influence the very nature of the entrepreneurial venture (Anderson and Miller, 2002). Social capital involves social interaction and would appear to reside in and between connections to others. It could even be regarded as representing 'networking capital' since in essence it is really a relational phenomenon and a term that actually refers to the social connections entrepreneurs use to obtain resources they would otherwise acquire through expanding their human or financial capital (Aldrich and Martinez, 2001; Anderson and Jack, 2002; Kim and Aldrich, 2005). By confronting theory with empirical research, this special issue demonstrates the emerging importance of social capital to the understanding of

entrepreneurship. It highlights the differing perspectives to be derived from economics and sociology (Casson and Giusta, and Anderson, Park and Jack). It also demonstrates the ways these approaches enhance understanding of the manner networks are built, operate and are dismantled (Bowey and Easton, and Anderson et al.).

Access to social networks is based upon mutual trust and shared understanding, which means that many are exclusive rather than inclusive. This especially applies to formal organizations such as chambers of commerce, universities and government agencies. By looking at both the behaviour of ethnic minorities and the development of social enterprise, this special issue throws light on the darker side of social capital – that which excludes rather than includes (Deakins, Ishaq, Smallbone, Whittam and Wyper). The difficulties of defining social capital are addressed by Anderson et al. They highlight the confusion in the literature and demonstrate the problems of defining social capital as an asset. They see it instead as a condition or a quality that revolves around the experience of interdependence. It is ‘a social thing’ linked to the social interactions within a network.

In reviewing the role of social capital in entrepreneurship they demonstrate the impact of social interaction on information flow and innovation in the hi-tech sector. They show that entrepreneurship is inseparable from social interaction. Mark Casson has made entrepreneurship one of the cornerstones of his research over a 25-year period. For him the entrepreneur is defined as one who specializes in ‘making judgemental decisions’ (Casson, 1982). Economics is often seen as highly individualistic. However, as Casson demonstrates, the economics of entrepreneurship, while resting on the role of individual opportunity, sees activity as socially embedded (Shane, 2003). Casson’s own work, which provides a bridge between transaction cost theory and theories of entrepreneurship, business culture and information, is similarly informed. The crucial dimension is the relationship between trust and transaction costs (Casson, 1991; Casson, 1993; Casson and Rose, 1997).

Pointing to the ambiguity of social capital, Casson and Giusta set about refining the distinctions and relationship between networks, trust and social capital. Their principle concern is, however, related to building the kinds of networks that will improve the performance of business and hence the macro-economy. They suggest that network building is not a **static** but **dynamic** process. The form and capabilities of networks will therefore depend on the stage in the entrepreneurial process and the reputation of the entrepreneur. The dynamic process of network building also features in Bowey and Easton’s article, with its conclusion that social capital can be destroyed as well as built. They revisit the concept of social capital through entrepreneurship network relationships and highlight the extent to which trust may be broken as well as developed. Richly illustrated by five case studies, this reference from the inferred article; revisits social capital theory by linking, actors resources and activities. That their precise definition of entrepreneurship varies from Casson’s is unsurprising, given a different intellectual underpinning. Yet both articles recognize the role of transactions with other actors and the significance of opportunistic behaviour in such relationships. Collaborators may cheat or free-ride on goodwill leading to a breach of trust and a breakdown in relations.

Bowey and Easton's interest in the destruction of social capital distinguishes it from the mainstream of social capital research, with its almost evangelical faith in the gains from social interaction. Successful collaborations are based upon mutual trust and mutual benefit. Bowey and Easton are able to show that misplaced or misjudged expectations, as the relationship develops, can undermine fragile trust and reverse any potential gains. Networks are, therefore, dynamic and may change through time and this is also demonstrated in the article by Deakins et al., which focuses on ethnic minority businesses.

Enjoyment of the benefits of networks is underpinned by a set of informal 'rules of the game' based upon tacit knowledge and deriving from shared "communities of practice" (Brown and Duguid, 2002). For "outsiders" the boundaries very quickly become barriers. Earlier work suggested that successful entrepreneurs from ethnic minorities often joined predominantly white clubs to build their social capital (Mulholland, 1997). This reference, however, concentrates on the role of social capital from within the Scottish ethnic minority business community. There is a long tradition of work on the networking behaviour of minority groups – whether ethnic or religious. In the 18th and 19th centuries, for example, discussion of the Quakers in British business highlighted the business gains from the cohesion and shared values of a close-knit religious sect. Similarly the 19th-century success of the Jewish émigré business community, in British merchant banking and commerce, has been linked to inter-twined family ties and shared values (Chapman, 1992; Prior and Kirby, 1993).

In common with the other articles in this issue Deakins et al. show that the role of social capital shifts through time and is by no means always positive. Family-based bonds, which can be so positive during start-up, can become stifling for second and third generations. Oppression from the "shadow of the founder", which can make social capital a burden rather than an asset, is not, however, unique to ethnic minorities. It has been found in a range of family firms in both the 19th and the 20th centuries (Hamilton, 2005; Rose, 1993). This reference also demonstrates that it is misleading to assume a generic form of ethnic minority social capital formation. Networking behaviour and capabilities vary internationally and are based on differing norms, expectations and "informal rules of the game" (Colli and Rose, 2006). This reference shows this picture is replicated in ethnic minority communities in Scotland, where varying social norms, behaviours and expectations mould the development and use of social capital.

SUMMARY

Although the entrepreneurial benefits of social capital are becoming well established, understanding the specific social processes that may enhance the ability of the entrepreneur to recognize or exploit opportunities is fairly limited (Davidsson and Honig, 2003). Yet, if entrepreneurship is a socio-economic process whereby economic actions are conditioned, if not at the very least influenced, by social relations then understanding the impact of the social context on the entrepreneur becomes increasingly important (Aldrich and Zimmer, 1986; Granovetter, 1985; Young, 1998). Cooke and Wills (1999) made the point that insights into social capital can be generated by examining smaller firms. This special issue not only

broadens our understanding of how social capital within the entrepreneurial context can be defined, measured and conceptualized, it also expands our knowledge about the very nature of entrepreneurship. However, it also demonstrates a number of areas for future research. For instance, the extent to which entrepreneurship is carried out through social interactions and networks (Anderson et al.); the extent to which different types of networks are used for different stages of entrepreneurial activity (Casson and Giusta); the influence of social networks on the way entrepreneurs act (Bowey and Easton); understanding the complexity of social capital with different ethnic business owners (Deakins et al.); and, social capital and the differences and similarities between social and private entrepreneurs.

THE STRATEGIC ORIENTATION OF FAMILY FIRMS - IN SEARCH OF GROWTH STARS

Evidence from the SME economy suggests that a minority of family business owner-managers are growth orientated. Most owner-managed ventures are lifestyle activities and the motives of their owner-managing directors (OMD's) are not always financially orientated (Westhead, Cowing, Storey, 1997). The strategic orientation of the lifestyle ventures is tuned to the "Small Is Beautiful" socio-economic ethos. The predominant small family business owner-manager prefers the status quo (Reid, Dunn, Cromie, and Adams, 1999) and cherishes an autonomistic culture (Birley, 1996).

In a recent empirical analysis; although predominantly conducted within the United Kingdom business environment, reflects the current situation of family firms as a holistic approach as well. Results were achieved by tabulating the responses of family business OMD's about their business and personal goals concerning the future of their business. Poutziouris (2000) categorized the UK SME family business economy into the following four generic groups:

1. **Traditionalists:** This group represents OMD's of traditional and lifestyle family firms that have a propensity to retain family control across generations. They appear interested in carrying on as normal (maintaining the status quo) and in enjoying independence and control, possibly until market conditions or family developments make them reconsider their business agenda. This type of firm represents the majority (i.e., 61%) of family companies.
2. **Open-growth stars:** This group represents OMD's who are interested in increasing the size/scale of the business, organically or via acquisitions and joint ventures. They do not abide dogmatically to introverted family business traditions and are willing to recruit outsiders and to raise external capital to finance their expansion and diversification, which may subsequently lead to flotation. This group comprises 21.4% of family companies.
3. **Strugglers:** This group of OMD's have no clear strategic orientation, as they are subject to financial pressures and have to limit their drawing/payout to make the books balance. They do not have diversification/expansion plans, as they are struggling and, so, survival precedes

plans to retain the business in the family. This group makes up approximately 15 % of firms.

4. **Exiters:** This group considers exit options either through trade sale or even flotation. This group represents a small minority of less than 4% of family companies.

According to Romano, Tanewski, and Smyrniotis (2000), the openness of family companies to externally generated sources of capital are interrelated to personal, familial, and business objectives and aspirations, as well as certain market-imposed capital requirements (i.e., as in the case of fast-growing, capital-intensive, high-technology ventures and so on). Evidence suggests that the higher the extroversion of family company OMD's - positively associated with growth aspirations - the more adventurous they are with external capital. Introverted and closely held family ventures, which adhere strongly to family business control, are less likely to pursue business growth agendas and, consequently, tend to be more reliant on internally generated funds and a conservative approach to financing. External financing of privately held smaller companies is heavily biased toward short-term fund solutions. There appears to be an aversion to institutional finance and, in particular, external equity. This reluctance to external, long-term finance (both debt and risk equity capital) is particularly strong in family companies. This is symptomatic of the behavioural side of the strategic financial development agenda of privately held companies (Michaelas, 1998). The behavioural side of business venturing, which is stronger in the case of family firms, naturally plays a crucial role in shaping their financial structure-conduct and performance. In contrast to the large business organizations that normally have a separation of ownership from management control, family companies operate as an extension of the ethos of their owner-managers (Birley, Ng, and Godfrey, 1999).

THE FINANCIAL DEVELOPMENT OF FAMILY COMPANIES

In a recent comparative analysis of the balance sheet structure of family and non-family companies, Poutziouris, Michaelas, Chittenden, and Sitorious (2000) - after controlling for the impact of demographic variables such as age, sector, and size; find evidence to suggest that family-controlled companies tend to invest more in tangible rather than intangible assets; have fewer long term liabilities (i.e., fewer long-term loans, etc.); and through the retention of profits, build a stronger equity base (i.e., shareholders' funds). Interestingly, given the adherence of family firms to the retention of profits, certain traditional family companies, that is, in production and distribution activities, have stronger corporate equity (shareholders' total assets) than their private counterparts do. This high level of equity suggests that certain groups of family companies - especially growth oriented ventures with a more open culture - appear to be more bankable and could benefit from the advantages of venture capital (infusion of financial and human capital) when they embark on growth agendas, provided the deal addresses certain restrictive aspects that are incompatible with their ethos, e.g., dilution of control, exit options, and so on. In line with the above discussion, the central research inquiry addressed in this paper concerns the extent to which concentration (in the case of introverted family companies) or dilution of ownership has an impact on the financial strategies (as epitomized by venture capital dealings) of private and

family companies. Hence, the central research question arises: *How family social capital influences towards growth-venture goal setting?*

The present project builds on previous comparative analysis of the financial structure-managerial, behaviour business performance of family and nonfamily private SME's (see Poutziouris, Chittenden, and Michaelas, 1998; Poutziouris, Chittenden, and Michaelas, 1999; Poutziouris, Michaelas, Chittenden, and Sitorious, 2000) and provides further empirical evidence on the *Quo Vadis: Financial Development of Family Companies as governed by the pecking order principles.*

PHENOMENON DEVELOPMENT

According to the pecking order hypothesis (Myers, 1984), privately held, smaller companies finance their capital needs in a hierarchical fashion, first using internally available funds, followed by debt and then, finally, external equity. This preference reflects the relative costs of various sources of finance, owing to the existence of information asymmetries. It could be argued that the pecking order hypothesis is particularly relevant to family firms, as they are widely characterized by an aversion to outside capital infusions (Dunn and Hughes, 1995; Gallo and Vilaseca 1996; Poutziouris et al., 1998; Romano et al., 2000; Poutziouris, 2000), and they experience relatively more restrictive transactional and behavioural costs in raising external equity (Pettit and Singer, 1985). Furthermore, a stock market flotation would widen the share ownership of the firm, leading to loss of control by the original owner-managers or even a hostile takeover. As such, the rational response of owner-managers of smaller private companies is to avoid the use of external equity finance and to rely more heavily on retained profits and short-term bank loan finance. In a recent empirical investigation, Poutziouris, Chittenden, and Michaelas (1998) established that the financial development of private companies is influenced by the state of the economy, conditions in the capital markets, internal business characteristics, and the owner-directors' attitudes toward financial independence, business risk, and family business control. Owing to these considerations, it appears that private companies do not necessarily optimize their capital structures when deploying external sources of finance. OMD's adhere to the pecking order philosophy: a sequential preference for internally generated funds (mainly through the retention of profits), followed by short-term overdraft finance and then medium-term bank loans. External equity finance is rare and is often considered as a last resort. However, evidence from practice reveals that certain growth-inspired family companies employ outside equity capital to finance strategic transitions, such as market-oriented business growth, generational and management succession, widening the capital base in the context of an MBO/MBI, and other exit options (Poutziouris, 1999). Therefore, it is imperative to establish the attitude of family OMD's toward externally generated equity capital as they confront the growth-versus-control dilemma.

More specifically, this research paper aims to test empirically the following conjectures governing the financing of family businesses vis-à-vis the experience of their mainstream private counterparts:

- *Conjecture 1: Family firms tend to use more internally generated funds for their development* (Ward, 1987, p. 3; Corbetta, 1995; Poutziouris et al., 1998).
- *Conjecture 2: Family firms tend to be more reluctant towards external private equity - venture capital deals, than their non-family counterparts* (Dreux, 1990; Dunn and Hughes, 1995; Westhead and Cowling, 1997b; Gallo and Vilaseca, 1996; Upton and Petty, 2000).

The purpose of this explorative investigation is to attempt to determine, whilst shedding more light on the dilemma of: the control-orientation of family firms – usually inclined towards maximizing their resources as compared to their non-family, mainly exit oriented counterparts – usually inclined towards a growth-oriented trajectory respectively.

DATA AND METHODOLOGY

This exploratory study was conducted by interviewing a family firm that is predominantly within the I.T industry – in Finland, with their main area of specialization being centred at web-page and media production respectively. In addition, three decisive interviews were conducted, through/via incorporating a diverse representation of industry specialists, who are in continuous relationship with family firms; thus, illustrating the paramount importance that their various contributions accomplished and accentuated the results that were attained from the preliminary interview carried out with the owner-manager of the family firm on focus. These critical contributors comprised of:

- A V2C (Venture to Capital) Business Development Adviser – within the hautoma (incubator) entrepreneurial programme
- A Business Advisor (Uusyritysneuvoja) from one of the main Finnish Entrepreneurial Finance institutions
- An accountant from the Finnish branch of an internationally renowned accounting institution

This young fledgling family firm was officially launched towards the end of 2005 by two aspiring entrepreneurial brothers. The main objective associated with the firm was to be distinguished as a leading web-page design company, nevertheless; broadened their horizons by providing their clientele with the possibility of incorporating a holistic media package that includes: web-pages, multimedia, sound production, print media and graphic design, depending on current customer demands respectively. These two young brothers are budding entrepreneurs who have grown up within an entrepreneurial environment, thus, inevitably contributing to their overwhelming interests of initiating a business that they are profoundly interested in. As the main owner-manager admitted during our preliminary interview, their father has been an inspiration and supporter of their venture and concluding that this is one of the intrinsic factor that motivated them to continuously strive at meeting set out goals and objectives and possibly exceeding expectation. Other pertinent issues that emerged from the impromptu interview included: general challenges, push & pull factors of running the business and the general start-up capital that is provided by two key Finnish financial institutions.

EMPIRICAL FINDINGS

The various interviews conducted demonstrated the complexities and dynamisms associated with family-run-firms. The main issues and objectives that revolved around the research were based on the influence of family social capital within family firms, which mainly arises from the complex settings that they portray; namely – the inevitable co-existence of family and business aspects of firm governance. It was well noted that the respondents contributions and answers to the provided questions, tended to be inclined towards similar empirical observations, experiences and views of their clientele (family firms).

Table 1. The Outlook of Preliminary Interview Results.

Respondents	Business Development Adviser	Business Advisor (Uusyritysneuvoja)	Accountant
<p>Themes (T's):</p> <p>T 1</p> <p>Role & Influence of family within the business?</p>	<p>(I) Positive(s): Acts as a catalyst for accelerating entrepreneurial development.</p> <p>(II) Negative(s): May stifle entrepreneurial development- myopic views.</p>	<p>(I) Positive(s): Family firms seem to be more long-term oriented as compared with their non-family counterparts.</p> <p>(II) Negative(s): Pessimism of growth related strategies – Venture capital & ownership issues.</p>	<p>(I) Positive(s): Cordial family relations promote growth.</p> <p>(II) Negative(s): The almost demise or impediments of family firms by unforeseen circumstances; e.g.: divorce.</p>
<p>T 2</p> <p>How the family participates in goal setting(s) – growth?</p>	<p>(I) Positive(s): Cordial family relations promote the attainment of set out objectives; e.g.: growth & financial issues.</p> <p>(II) Negative(s): The family influence may stifle entrepreneurial traits. Such as innovativeness, creativity, outgoing – ambition (s)</p>	<p>(I) Positive(s): Acts as a lifestyle to the entrepreneur & his family.</p> <p>(II) Negative(s): Stifles growth. E.g.: lack of dynamism within the business-myopic views of owner-manager.</p>	<p>(I) Positive(s): Promotes vital social networks that are essential for business sustainability.</p> <p>(II) Negative(s): Owner manager's tight grip on the business tends to slow down development related projects.</p>

The results from table 1, above; illustrated the almost monotonous results that were received from the respondents. Family firms tend to portray respectable growth potentials, but are rather reluctant to pursue them. This is especially attributed to ownership issues that govern these firms. As a result, this concurs with the framework mentioned earlier: Family firms tend to be control oriented and strive to maximize on their resources, whilst the non-family counterparts tend to be exit oriented and maximize on opportunity.

CONCLUSIONS AND IMPLICATIONS

The findings of this exploratory study indicate that family firms tend to prefer the “keep it in the family” phenomenon as well described by the pecking order theory. (Myers, 1984) Nevertheless, mainstream family firms are gradually inclining to growth related strategies, by incorporating equity finance – venture capital. The family firm in focus portrays a relatively similar observation, due to the fact that, though the owners prefer to generate revenue internally, following the eventual equity path would become a necessity. This is mainly accentuated by their line of business (I.T) and their long-term objectives of business development. Subsequently, more research would be advantageous to the overall contribution of the related growth strategies and opportunities that these family firms are yet to exploit explore and seize respectively.

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