



Entrepreneurial Environment by Exploring Family Business Participation

Vivek Sharma & Sudhir K Jain

Indian Institute of Technology, New Delhi, India

Abstract

Drawing from the literature on family business, educational prowess and entrepreneurship, this study tries to develop a new measure for studying the family business participation by heirs at the last stage of their necessary education. It is premised that in developing economies like India where too many youngsters are running towards too few jobs, the family business heirs should be keen to keep in touch with their family business so as to avoid a state of joblessness. As such, they are likely to use their educational attainment effort towards generating inputs for their family ventures unless they have decided to quit business totally. Basing the research on a sample collected from the State of Jammu & Kashmir in India, the authors have attempted to analyse the tenacity of the entrepreneurial roots by leveraging family business research. Using factor analysis on the responses of 181 graduating family-business-heirs from Jammu & Kashmir (India), the researchers have evolved 'Family business participation' factor, which offers potential to decode entrepreneurial environment of any society. Further, the article reports the reliability and validity measures used to develop the new factor Family-Business-Involvement and the theoretical support it receives from the literature on family business involvement. The possibilities of analysing the demographic differential across the measure are discussed to propose a humble possibility of harnessing family business research towards forwarding the research goals in the field of entrepreneurship and education.

Keywords: Family business participation, Entrepreneurship environment, Jammu & Kashmir (India), Educational Prowess

JEL Classification: I29

Paper Classification: Research Paper

Introduction

Economic development has repeatedly been endorsed as being related to entrepreneurial activity by many researchers (Toma et al., 2014; Szirmai et al., 2011; Naude, 2011; Pfeifer & Sarlia, 2010; Caree and Thurik, 2010; Walzer, 2009; Audretsch et al., 2006; Acs. et al., 2004 and 2005). In-fact, in the case of developing countries like India, researchers Koster & Rai (2008) have gone ahead to suggest that fostering of entrepreneurship should be the main focus of the developmental policy. This is easier said than done. Towards this end, one tends to look towards entrepreneurship research for support. Interestingly enough, on one hand, entrepreneurship research has forwarded sound theoretical initiatives for studying Entrepreneurship Orientation (EO) of individuals in the last few decades but on the other it has increasingly acknowledged the



differences across societies, as a significant obstruction to attempts at generalisation of opinions (Begley et al., 2005; Hindle, 2010; Beugelsdijk & Maseland, 2011; Trettin & Welter, 2011; Huggins & William, 2011; Backman & Karlsson, 2013; Zeffane, 2014; McDonald et al., 2015; Berglund, 2015). These differences seriously plague the attempts to study Entrepreneurship Orientation of societies. It is here that family business research can rise to the occasion. While studies of entrepreneurship and family business have developed independently, off-late, they have been moving closer to each other (Anderson et al., 2005). In fact, family business research has been bringing together researchers who have been treading separated paths till now (Sharma, 2016). Taking the movement forward, the present paper proposes that family business research can help in assessing the Entrepreneur-friendliness of a society. By studying the level of family business participation among graduating students, one can gauge the perception about entrepreneurship among the youth standing at the verge of entry into work spheres. The present technical paper attempts to generate and validate a tool to do just that.

Role of family/parents in nurturing of an entrepreneur has been under the scanner of researchers for long (McClelland, 1965; Ronstadt, 1984, Dyer, 1992). In a seminal work, Dalton and Holdaway (1989) have noted that many of the interviewed entrepreneurs reported having family responsibilities at young age and reported that they were given opportunities by parents to engage in entrepreneurial activities. Further, Habbershon et al. (2003) have reported that the frequent interactions between individuals, families and firms, create a unique blend of collective thinking that may facilitate or constrain entrepreneurial attitudes. In another study Kim and Gao (2013) have reported that family involvement in business and firm's performance, are positively moderated by a family's longevity goals. Previously also, research has pointed to the facilitating/constraining impact of cultural patterns on family business (Hall et al., 2001; Zahra et al., 2004). So, while research has endorsed the link between socio-cultural factors and the decision for family business participation, it has also reported the link between family's long term involvement in business and the firm performance.

Leveraging the 'Cause and Effect' theory in such a scenario, the present study proposes that the reverse must also be true. In other words, the general participation in family business, as displayed by the heirs, is born out of the general feeling of facilitation/constraint offered by the familial, societal and policy structures. This is more likely to be true for a developing society having demand-supply imbalance in employment opportunities. To put more explicitly, the family business heirs in the societies having increasing human resources and lagging employment opportunities, are more likely to explore career opportunities in the family business only and thereby display increased participation in family business unless the business itself is on a downward trajectory or the business environment is not conducive enough for a family to explore revival/diversification or because of the individual preferences of the business heir. The third case situation involving individual preferences is rarely applicable to Indian scenario where there is a dearth of employment opportunities and also very high competition among the student fraternity. In case of the first two situations, the family interactions are likely to lead the family business heir, towards a decision to stay away from business. He/she is thus likely to devote more time to academic prowess and avoid family business participation. Such a study of family business participation among graduating business heirs seems to offer an opportunity to gauge the general entrepreneurship environment, prevalent in a society.

Literature Review

Entrepreneurial scholarship has reported the positive impact of entrepreneurial and proactive orientation on the firm performance (Bucktowar et al., 2015). The presence of proactive

orientation is known to wield significant impact on future performance of family business as well. But, entrepreneurship research has also been criticised for its failure to realise the potential entrepreneurial capacity of families, their business initiatives and their organisations (Aldrich and Cliff, 2003; Rogoff and Heck, 2003). This apathy towards family business, despite of the research findings that have confirmed the role of family business as being major contributor to economic development in many countries (Westhead and Howorth, 2007; Zahra et al. 2004), is unimaginable. Researchers (Chrisman et al., 2007) have repeatedly given a call for analysing managerial behaviour and firm performance in case of family firms while some (Nordqvist and Melin, 2010) have also suggested that family should be considered as a separate unit of analysis for entrepreneurial research. Decisions about participation in family business are likely to be susceptible to unique factors that are not likely in other business contexts (e.g. sibling rivalry, perceived unfairness in property division, child's wishes to differentiate themselves from parents and marital discord (Kellermans and Eddleston, 2004). But, family businesses are also known to display a striking ability of aligning their views and acting as united, in situations where required (Bourdieu, 1996). Going further, Habbershon and Pistrui (2002) have called for more research on families running one or more businesses as they might have an intention to grow these businesses with family foundations. Family's creation of group or portfolio structure was also reported by Habbershon et al. (2010). Also, the preponderance of family firms in south-east Asia, has been cited as a reason to study the family business orientation in any study that is conducted to describe regional entrepreneurial dynamics (Nordqvist and Melin, 2010). The call for investigating family business has thus been given by many a researcher in the recent past.

A significant finding regarding family business research says that for the purpose of studying the impact of entrepreneurial families on career decisions, the families should include relatives of both affine and kin (Stewart, 2003) as they too are likely to be involved in family businesses at times. Family is thus one of the key locations for accumulation of capital (financial, cultural and social) as well as its dissemination. For many entrepreneurs, family has been a rich repository of economic, affective, educative and connective resources (Steier, 2007). Following the same line, Heck et al. (2006) have opined that family acts as incubator for generation of new business ideas and many-a-times, a family may buy or start a new firm but may not integrate it with existing business, so as to allow next generation to take lead and practice becoming entrepreneurs. The knowledge about products, customers and competitors is transferred across generations in a way that is difficult for competitors to achieve (Bijuggren and Sund, 2001; Cabrera et al., 2001). Carney (2005) also pointed out that social capital (access to relationships cultivated over time) is one most important source of competitive advantage for family businesses. This advantage can be drawn upon to achieve certain business outcomes (Salvato and Melin, 2008; Sirmon and Hitt, 2003). Thus, there is more than one force that pushes a graduating heir of a family business, to participate in the family initiative actively and/or passively. Based on this premise, the family business participation by graduating youth is likely to provide significant details about social, financial and cultural capital supporting entrepreneurship (collectively referred to as Entrepreneurial Environment), as prevalent therein. Available literature on family businesses has also proven that they tend to have long term orientation. Whereas this orientation leads to increased innovativeness, proactive participation and autonomy on one hand, it also leads to decrease in risk-taking and competitive aggressiveness (Lumpkin et al., 2010), if the environment is not conducive. Such a scenario is likely to push adequately qualified away from family business and into the job sphere. Thus, literature has already supported the theme of the present paper. It has endorsed the view that the construct of family business participation among family business heirs is likely to point out the health of entrepreneurial/business environment in a country. In this sense, family business participation of graduating family business heirs is likely to be a direct reflection of the entrepreneur friendliness prevalent in the society.

Research has explicitly warned about un-mindful application of views generated in developed countries on growth and sustainability of family business in developing countries. So it would be sensible to explore a new route, from the overlapping domains of entrepreneurship and family business, in an attempt to explore the entrepreneurship environment, prevalent in a society. Such approach is likely to lay a neutral ground for exploration of entrepreneurship environment across societies/regions.

Defining Family Business in view of Entrepreneurship Research and Study Area

For the purpose of our research, we have chosen a definition used among management scholars recently proposed by the European commission.

A firm, of any size, is a family business, if:

- (1) The majority of decision-making rights are in the possession of the natural person(s) who established the firm, or in the possession of the natural person(s) who has/have acquired the share capital of the firm, or in the possession of their spouses, parents, child or children's direct heirs.
- (2) The majority of decision-making rights are indirect or direct.
- (3) At least one representative of the family or kin is formally involved in the governance of the firm.
- (4) Listed companies meet the definition of family enterprise if the person who established or acquired the firm (share capital) or their families or descendants possess 25 per cent of the decision-making rights mandated by their share capital. This definition includes family firms which have not yet gone through the first generational transfer. It also covers sole proprietors and the self-employed (provided there is a legal entity which can be transferred).

The above definition very well serves our purpose as we wish to develop the family business participation factor as a proxy for the entrepreneurship environment prevalent in a society. Researchers have repeatedly endorsed entrepreneurship fostering to be the main activity of developmental policy. But the task of designing an effective entrepreneurial promotion policy is not even graspable without an understanding of entrepreneurial culture. In case of large nations like India, different States are likely to be quite different from each other, sociologically. The task of comparing the entrepreneurial roots of such diverse backgrounds can be quite challenging because of the differing socio-political and the resulting behavioural factors. On similar lines, a study by Cowden et al. (2015) has reported significant differences within China with respect to innovativeness and the authors have reiterated the challenges inherent in making comparisons at a country level. Further, just as one State of a large country might be different from another in a geographically large nation, even a single State may display significant differences in socio-cultural behaviour across different societies owing to geographical, demographic and cultural differences. Any finding about entrepreneurial roots in one State would thus have to be confirmed for similarity with others before experimenting with their policy of entrepreneurship promotion. The case of the State of J&K (India), selected by the writers as research area, is one such scenario. It consists of three regions viz. Jammu, Kashmir and Ladakh which are ethnically, culturally and geographically quite distinct from each other. Across these three regions, the employment preferences towards entrepreneurship are quite different, as explored by Sharma and Jain (2016), in a sociological study involving employment preferences. Moreover, J&K has remained central to a state of sustained conflict involving China as well as Pakistan, ever since independence in 1947.



In-fact, since 1989, it has been a hot-bed of terrorism, centred in Kashmir part of the State. The entrepreneurs in fragile and conflict handling areas behaving differently from their counterparts elsewhere, has already been reported (Koveos, 2015) in literature.

But despite all these peculiarities viz. peaceful or disturbed, developed or developing, any person engaged in meaningful income generating activity of own, is not a job seeker and hence not an entity for whom employment needs to be generated. Thus the definition of family business by European commission is well suited for our purpose of entrepreneurship research. Further, such a definition does not distinguish between product and service industry. India's growth story has been strongly scripted by growth in services unlike that of its neighbour China which is a production powerhouse. Researchers have often debated whether India should aim to build labour-intensive manufacturing units which can provide jobs to its growing millions or whether it should continue to exploit its comparative advantage in service-sector. One moderate view says that sustaining economic growth and rising of living standards will require shifting labour out of agriculture into both manufacturing and services and that these two routes to economic growth and higher incomes are rather complementary (Eichengreen and Gupta, 2011). Based on this reasoning, the definition of family business being endorsed by the present research does not distinguish between the service-based or production-based businesses and should be suitable for our purpose of drawing a generalization.

Research Proposition

Mindful of the sociological differences and keeping in view the challenge of studying entrepreneurial roots, the present attempt proposes to study family business participation, in order to analyse the entrepreneurial environment of a developing economy. If the graduating youth undertaking professional course and hailing from family business background, continues to remain mentally and/or physically involved with his family ventures and uses education to generate ideas/skills for advancing their business then he is likely to possess a generally positive sentiment about his own business, as well as about the overall business environment in the State/Society. In such a scenario, he is likely to have a greater interest in the growth of their business ventures to take them from Small Scale Enterprises to Medium Scale Enterprises and then on to Large Scale Enterprises. He is also likely to make use of the entrepreneurship promotion efforts of the society. So higher the involvement with family business in a society, the stronger and more vibrant the entrepreneurial roots of such societies. This is more likely to be true in developing economies having dearth of job opportunities or a high demand-supply ratio of jobs. In such societies family business heirs are likely to closely remain in touch with their family business in order to thwart an onslaught of joblessness. As such the exploration of family business participation by the graduating offspring of family business backgrounds is a possible proxy to explore the entrepreneurial environment in developing economies. The present attempt tries to set the ball rolling in this direction by trying to evolve and validate a measure for family business participation of graduating students. The data for the research has been collected from State of Jammu & Kashmir (J&K) in India.

Research Objective

In order to analyse the family business participation by graduating youth hailing from family business backgrounds, the present research aims to generate a measure that can be used to record the activeness of youth's participation in family ventures while pursuing their professional courses.

Research Methodology

Selection of the study area

The study has been carried out in the Jammu region of the State of J&K (India) which has borders with both Pakistan and China. It is the northernmost State of India and central to an ongoing border dispute of India, with both the neighbours. The State has also been at the receiving end of alleged State-sponsored terrorist activities originating from across the border in Pakistan. The State has huge tourism potential which has been gradually marred by these disturbances and the State is finding it difficult to provide employment to its citizens. The entrepreneurial promotion in such a scenario is a dire necessity. Further, the State is divided into three distinct regions, geographically, demographically and culturally. The regions are named Jammu, Kashmir and Ladakh. For the purpose of present research the sample has been selected from the Jammu region of J&K. This region is the most homogenous one, in cultural and religious terms and is also the most inhabitation-friendly of the three, by virtue of its moderate environment and a very easy, all-weather accessibility, from rest of the country. The study has been a part of doctoral research aimed at studying employment preferences of educated youth across J&K.

Target population and sampling

For the research the sample was drawn from among young students who were about to pass out of their colleges. The number of graduating students in Jammu region of the state of J&K is approximately 35000. The sample size was decided according to the formula by Yamane (1967).

$$n = \frac{N}{1 + Ne^2}$$

Where, n = Sample Size

N = Population Size

e = Level of precision

With the rounded off population size as per scope of study, the sample size should be 398 or 400 (rounded off) for precision level of $\pm 5\%$. A sample size of 400 was required for the purpose. A sample of 582 respondents (well in excess of requirement) studying in the Jammu region of the State of Jammu and Kashmir, India, was taken.

Data Collection Method

A purposive cum convenience sampling technique was used to select the respondents. This is a very common practice in descriptive entrepreneurial research (Kolvereid, 1996; Tkachev and Kolvereid, 1999; Krueger et al., 2000; Fayolle and Gailly 2005; Veciana et al., 2005; Liñán et al., 2011). After eliminating 18 incomplete questionnaires, a sample of 564 usable instruments was finally accepted for the study. Previous permission from college authorities were taken before collecting the sample. The selected respondents were studying together for an extensive period of over two years and were thus quite likely to constitute a homogenous mix. Furthermore, they were pursuing professional qualifications like engineering and management and thus job option was a ready possibility for these respondents. The data were collected in 2015. The present attempt seeks to develop and validate a family business participation measure. In doing so, we have relied on sociological rather than psychological statements as these are likely to be free of regional stereotype and thus more universally replicable. In the first step, the respondents having family businesses were separated. Out of 564 respondents only 181 (32 per cent) belonged to



this category. These 181 respondents were then subjected to a series of self-generated statements regarding their participation with their family business (representing both active as well as passive participation). The statements were framed after a careful review of the literature, so as to measure the active as well as passive participation by the youth, in their respective family business. The framing was done after intensive discussions with various specialists including family business owners at helm of affairs, members of academia and graduating students from family business backgrounds. Using these statements the data were collected on a five point likert scale measuring disagreement-agreement. The responses were coded as Strongly Disagree (1) to Strongly Agree (5). The responses were duly coded using SPSS Statistics 20 and the data were prepared for analysis using the same package.

Data analysis

In order to ensure that the statements are consistent with the theoretical concept being measured, help was sought from senior professors to carry out the preliminary content validity assessment. There was substantial convergent evidence that the family business heirs were uniform in their apprehension of the statements when contrasted against that of the whole sample. The factorial clustering of the responses of family business heirs lent enough support to the theory based grouping of the items. The coded data were then subjected to reliability analysis. In a preliminary study, the potential items had already been subjected to reliability analysis using internal consistency method. The items which if deleted, would lead to increase in the scores of Cronbach Alpha were dropped till a mix having significant correlations was reached. The statistics of the final analysis are reported in the section on results and analysis. The reliability and validity measures resulted in finalisation of six statements. The further analysis of the data threw up interesting results which were well representative of the region under study viz. the State of J&K in India. These findings are reported in the section 5 as are the implications of ratings allocated to various statements on the negative-positive scale.

Results and Discussions

Results of the Factor-Analysis

The original six questions were found to be clubbed as one factor in a single iteration. The final Cronbach's Alpha for these six statements was 0.786. The value is significantly high for a new attempt. Tests for adequacy of data for application of factor analysis (Stewart, 1981) found that the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy statistic was 0.789, which (being > 0.5) is found to be statistically significant. Moreover, the correlation matrix revealed enough correlation for application of factor analysis in the cluster. Besides, the Bartlett's test of Sphericity threw up a value of 290.546 ($p < 0.001$) which also is statistically significant. The decision for arriving at the number of factors was made on the basis of Latent Root Criterion i.e. those variables that have Eigen values greater than 1. Factors having loadings greater than or equal to 0.350 (ignoring the signs) were retained. The results yielded a single factor, explaining 48.929 percent of total variance. Owing to the content of the included statements, the factor was named 'Family-business-participation'. The name of the factor, the statements comprising the factor and the respective factor loadings are summarised in Tables I and II.

Table I: Total Variance Explained by Family Business Participation

Factor	Name of Factor	Eigen Value	Cumulative %
F-1	Family Business Participation	2.936	48.929

The Family-Business-Participation factor represents the extent of participation of an individual coming from family business lineage with his/her family-business/profession. The six statements comprising the factor are described in Table II. The statements involved covered all aspects of family business participation viz. Full-scale participation, partial participation, active participation as well as passive participation. The statements comprising the factor took into account the learning accumulated from non-family actors viz. Uncles, Relatives etc. to take into account the possibility of non-family learning as well. The statements used in the study collected direct as well as tacit responses on family-business participation.

Table II : Factor Loadings for Family Business Participation

		Me-an	Med-ian	Loa-ding
F-1	Family Business Participation			
S-1	I plan to join my Family business	2.46	2	0.628
S-2	I have been partially involved in my family business alongside studies	2.64	2	0.629
S-3	I have been receiving business tips from my Father/ Uncle/ Relatives	2.97	3	0.622
S-4	During my studies I have got many ideas to grow my family business bigger	2.97	2	0.747
S-5	During my studies I have acquired many skills which will help me in taking my family business forward	2.92	3	0.789
S-6	During my studies I have acquired and developed network(s) which will help me in taking my family business forward	2.73	2	0.761

Discussion about categorical responses to statements

Furthermore, the implications of the responses collected from the family business heirs on the positive-negative scale are discussed in next section to understand the roots of entrepreneurship in the society under scanner. The findings are reported in Table III. The first statement (I plan to join my Family business) rates the intention of respondents about joining the family business. The mean response to the statement at 2.46 is slightly below the middle level. The median rating at two, suggests a significant disagreement with the statement. Rummaging further, while 22 per cent respondents agreed with the statement, 54 per cent disagreed with it. This speaks a lot about the perception of business/self employment in the region under study. If youngsters from family businesses are unwilling to continue as businessmen/self employed then the overall attraction of family business as a career option has definitely lost its sheen in the society under scan. Also, a society like J&K which is going all out giving subsidies to promote start-ups and push entrepreneurship, has definitely missed out on existing opportunity of supporting and promoting existing businesses and is erroneously keen on exploring new vistas. Unless such society tries to explore reasons and make amends, the coming generations of new businessmen would again be looking to exit the business created by the time they move into next generation.

Table III : Categorical responses to statements of Family Business Participation (in %)

Statement	Strongly Disagree/Disagree	Neither Disagree nor Agree	Agree/Strongly Agree
S-1	54.1	23.8	22.1
S-2	48.6	25.4	26.0
S-3	39.0	18.1	42.9
S-4	39.2	23.8	27.0
S-5	39.8	23.2	27.0
S-6	45.3	26.0	28.7



The next statement (I have been partially involved in my family business alongside studies) clearly represents the extent of business participation that has been resorted to by the respondent and allowed/mandated by the parent/family. The mean rating to the statement came out to a meagre 2.64 with a median rating of 2. Moreover, almost half of respondents belonging to family business background (49 per cent) disagreed with having been involved in family business. This could be because of an attempt to shield children from rigours of business so that they can concentrate on studies before joining business or because of overall disgruntlement with business and a desire to discourage children from entering the same or because of general apathy on part of respondent. But in either case it does not bode well for the future of family business in the region.

The next statement (I have been receiving business tips from my Father/ Uncle/ Relatives) talks about the participation of respondents with the informal learning process. In absence of formal and effective entrepreneurial programs, the learning achieved through informal channels gains irreplaceable value. While a significant portion of youngsters from business families were receiving this informal training (43 per cent), an almost equal percentage reported non-usage of this learning channel (39 per cent). This finding represents lack of training related communication structures at homes and represents general apathy towards business as a career option for youngsters. The result is a definite decrease in business possibilities. This finding again puts a question mark over the prevalent entrepreneurship environment in the region.

The next statement (During my studies I have got many ideas to grow my family business bigger) talks about the proactive action of respondents in seeking learning from education in order to grow the family business further. The mean rating of 2.97 and median rating of 2 reported a weak response towards family business among selected respondents. With only 27 per cent respondents agreeing with the statement and a significant 39 per cent disagreeing with it, the response is reflecting very marginal agreement with the thought of college as a learning place to grow business further. This also reflects a serious shortcoming of the educational process in the region which doesn't seem to hand-hold the existing business ventures.

The next statement (During my studies I have acquired many skills which will help me in taking my family business forward) again reports confirmation of proactive action towards promoting family business. With a mean rating of 2.92 and a median rating of 3 the responses suggest that few respondents look upon college as a place to pick up skills which can further develop their family business. Here also, only 27 per cent of respondents agreed with the statement, while 40 per cent disagreed with it.

The last statement (During my studies I have acquired and developed network(s) which will help me in taking my family business forward) is representative of the proactive action in order to develop connections that will help the individual in taking the family business to newer heights. A mean rating of 2.73 and a median rating of two suggests that most respondents do not see education as an opportunity to spread network and grow businesses. Same is reiterated by 45 per cent respondents disagreeing with the statement and only 29 per cent agreeing with it. The educational process thus needs revamping in order to promote entrepreneurship.

Instrument Validation

The main purpose of the study was to develop an instrument to measure family business participation so that it can be used as a proxy for assessing the entrepreneurship environment of societies. A very important requirement for measuring the empirical utility of a new measure is to compare it with other established measures. Towards this end we calculated the differential of factor values across various demographics, identified by literature as being significant in shaping



entrepreneurship decision e.g. academic prowess, parent education levels, family income etc. The factor scores revealed significant differential across academic prowess and a corresponding finding has already been reported in the literature pertaining to family business. The process has been described in detail in subsection 6.1.

Academic Prowess Differential

In order to explore the scores of the family business involvement factor across academic performance of the family business heirs, studying in final year of his professional course, the first step was to define the academic prowess. On the basis of past academic performance in 12th standard and graduation, the respondents were divided into two categories viz. Average and Below (AnB) and Above Average (AA). The score of 65 per cent was taken as average, as that is a generally acceptable minimum requirement for applying to jobs in government and private sector alike. The comparison of factor values across the academic prowess reported that the mean score allocated to family business involvement was significantly lesser (statistically) for respondents having above average scores.

In order for any new instrument to be considered valid, its findings should correspond with theoretically proposed outcomes suggested by literature. In this case, our finding reiterates previously established theory (Lumpkin et al., 2010) that the interest in business development and skill transferring, reduces with an increase in educational attainment. Since, a similar finding has been generated from the newly constructed family business participation factor, so the measure is significantly validated.

Table IV: Family-business-participation factor values across Academic Prowess

Demographic Categories		Family Business Involvement Factor	
		Mean	t-test
Academic Prowess	AnB	1.6863	2.650*
	AA	1.4769	

Note: AnB: Average and Below; AA: Above Average; *: Statistically significant at 1 % level of significance

Conclusions & Implications

The present research has attempted to develop and validate a new measure for evaluating participation in family business by the young generation heirs standing at the end stage of their necessary education. The reliability and validity measures have generated a new measure involving six statements, which could be used for analysing the family business participation. The differential analysis across one of the demographics, viz. academic prowess, reiterated a significant finding from previous literature, on family business, thereby giving strong validation support to the new measure. The simple application of mean and median to the responses collected on the negative-positive scale have also validated the society-specific findings about the specific region under study viz. the State of J&K. The findings indicate that a meager 25 per cent of family business heirs seem to be physically or mentally (directly/indirectly) involved in their family business, in the region under study. The findings point to a decreased entrepreneurial environment and reflect a system that is not very supportive of entrepreneurship. This finding is very true of the State of J&K as it clearly depicts the lack of entrepreneurial environment in the society under scanner.

Family business participation of graduating heirs can serve as a proxy for evaluating the entrepreneurship environment of the society, especially in developing economies. Here, a



youngster passing out of a professional course and having the possibility of taking-up the family business is expected to keep in touch with it, in order to avoid the situation of joblessness. Only in cases of extreme dejection with the business/entrepreneurship environment, shall such a student not like to remain in touch with his family business. Thus a low family business involvement despite lower educational prowess is likely to signal dejection with overall business/entrepreneurship environment.

Further, the differential analysis across the measure reports that a higher educational prowess has been reported to signify lesser inclination towards participation in family business. For a society subsidizing higher education and also being simultaneously interested in promoting entrepreneurship and self-employment, it is important to look at the dichotomous situation. In a welfare state, higher education is generally funded by the government and as the analysis suggests, it leads to push the better performing students away from the entrepreneurial mindset and into the race for the already scarce jobs. This is a typical case of policy contradiction and needs immediate attention of the policy maker. Similarly, the differential across gender, educational prowess, family educational background, family income levels and number of active participants in family business are some of the interesting demographics that can be explored for differences across this extracted factor.

References

- Acs, Z. J., Audretsch, D. B., Braunerhjelm, P. and Carlsson, B. (2004). *The missing link, the knowledge filter and entrepreneurship in endogenous growth*. (CEPR Working Paper 4783). London: Center for Economic Policy Research
- Acs, Z. J., and Varga, A. (2005). Entrepreneurship, Agglomeration and Technological Change. *Small Business Economics*, 24(3), 323-334.
- Audretsch, D. B., Keilbach, M. C. & Lehman, E. (2006). *Entrepreneurship and economic growth*. Oxford: Oxford University Press.
- Anderson, A.R., Jack, S.L. & Drakopoulou-Dodd, S. (2005). The role of family members in entrepreneurial networks: Beyond the boundaries of the family firm. *Family Business Review*, 18(2), 135–54.
- Backman, M. and Karlsson C. (2013). Determinants of Entrepreneurship: Is It All About The Individual or The Region. *International Review of Entrepreneurship*, 11(3), 1-24.
- Berglund, H. (2015). Between Cognition and Discourse: Phenomenology and the Study of Entrepreneurship. *International Journal of Entrepreneurial Behavior & Research*, 21(3), 472-488.
- Beugelsdijk, S., and R. Maseland. (2011). *Culture in Economics: History, Methodological Reflections and Contemporary Applications*. Cambridge: Cambridge University Press.
- Begley, T. M., Tan, W. L. and Schoch, H. (2005). Politico-Economic Factors Associated with Interest in Starting a Business: A Multi-Country Study. *Entrepreneurship Theory and Practice*, 29, 35-55.
- Bjuggren, P. O. and Sund, L. G. (2001). Strategic decision-making in intergenerational successions of small and medium size family owned businesses. *Family Business Review*, 14(1), 11–23.
- Bourdieu, P. (1996). On the family as a realized category. *Theory, Culture and Society*, 13(3), 19–26.
- Bucktowar, R., Kocak, A., Padachi, K. (2015). Entrepreneurial orientation, market orientation and networking: Impact on innovation and firm performance. *Journal of Developmental Entrepreneurship*, 20(4).
- Cabrera-Suarez, K., De Saa-Perez, P., and Garcia-Almeida, D., (2001). The succession process from a resource and knowledge-based view of the firm. *Family Business Review*, 14(1), 37–47.



- Carree, M. A., Thurik, A. R. (2010). The impact of entrepreneurship on economic growth. In Acis', Z. J., Audretsch, D. B. (Ed.), *Handbook of Entrepreneurship Research* (pp: 557-594). Springer: Science+Media: New York.
- Carney, M. (2005). Corporate governance and competitive advantage in family-controlled firms. *Entrepreneurship, Theory and Practice*, 29, 249–65.
- Chrisman, J.J., Sharma, P. and Taggar, S. (2007). Family influences on firms: An introduction. *Journal of Business Research*, 60(10): 1005-1011.
- Cowden, B.J., Tang, J., Yang, J. and Zhang, Y. (2015). Exploring innovative new ventures in China and the United States. *Journal of Developmental Entrepreneurship*, 20(2).
- Dalton, G. W., & Holdaway, F. (1989). Preliminary findings—entrepreneur study. Working Paper, Brigham Young University.
- Dyer, W. G., Jr. (1992). *The entrepreneurial experience*. San Francisco: Jossey-Bass.
- Eichengreen, B. & Gupta, P. (2011). *The service sector as India's road to economic growth*. (NBER Working Paper 16757) Cambridge: National Bureau of economic research.
- Fayolle, A., and Gailly, B., (2005). *Using the theory of planned behaviour to assess entrepreneurship teaching programmes*. (Working Paper 05/2005). Belgium: Louvain School of Management.
- Habbershon, T. G., and Pistrui, J. (2002). Enterprising families domain: family-influenced ownership groups in pursuit of transgenerational wealth. *Family Business Review*, 15(3), 223–37.
- Habbershon, T.G., Williams, M. and MacMillan, C.I. (2003). A Unified Systems Perspective of Family Firm Performance. *Journal of Business Venturing*, 18, 451–65.
- Habbershon, T. G., Nordqvist, M., and Zellweger, T. (2010). Transgenerational entrepreneurship. In Nordqvist, M. and Zellweger, T. (Ed.), *Transgenerational entrepreneurship: Exploring Growth and Performance in Family Firms Across Generations* (pp. 141–60). Cheltenham: Edward Elgar.
- Hall, A., Melin, L. and Nordqvist, M. (2001). Entrepreneurship as Radical Change in the Family Business: Exploring the Role of Cultural Patterns. *Family Business Review*, 14(3), 193–208.
- Heck, K. Z. R., Danes, M. S., Fitzgerald, A. M., Haynes, Schrank, L. H., Stafford, K., and Winter, M. (2006). *The Family's Dynamic Role Within Family Business Entrepreneurship : Handbook of research on family business*. (pp. 80–105). UK: Edward Elgar.
- Huggins, R. and Williams, N.(2011). Entrepreneurship and Regional Competitiveness: The Role and Progression of Policy. *Entrepreneurship & Regional Development*, 23 (9-10), 907-932.
- Hindle, K. (2010). How Community Context Affects Entrepreneurial Process: A Diagnostic Framework. *Entrepreneurship & Regional Development*. 22(7-8), 599 – 677.
- Kellermanns, F.W. and Eddleston, K. A. (2004). Feuding families: when conflict does a family firm good. *Entrepreneurship, Theory and Practice*, 28(3), 209–28.
- Kim, Y. and Gao, F.Y. (2013). Does family involvement increase business performance? Family-longevity goals' moderating role in Chinese family firms. *Journal of Business Research*, 66(2), 265-274.
- Kolvareid, L. (1996a). OE versus SE : Reasons for employment choice intentions. *Entrepreneurship Theory and Practice*, 21(1), 47-57.
- Kolvareid, L. (1996 b). Prediction of employment status choice intentions. *Entrepreneurship Theory and Practice*, 20(3), 23 – 31.
- Koster, S. and Rai, S. K. (2008). Entrepreneurship and Economic Development in a Developing Country. *Journal of Entrepreneurship*, 17(2), 117-137.



- Koveos, P. (2015). Its time for entrepreneurs to solve world problems, *Journal of Developmental Entrepreneurship*, 20(4).
- Krueger, N. F., Reilly, M. D. and Carsrud, A. L., (2000). Competing models of entrepreneurial intentions. *Journal of Business Venturing*, 15(5-6), 411-432.
- Liñán, F., Urbano, D and Guerrero, M., (2011). Regional variations in entrepreneurial cognitions: start-up intentions of university students in Spain. *Entrepreneurship & Regional Development*, 23(3-4), 187-215.
- Lumpkin, T., Brigham, K. and Moss, T. (2010). Long-term orientation: implications for the entrepreneurial orientation and performance of family business. *Entrepreneurship and Regional Development*, 22(3), 355-78.
- McClelland, D. C. (1965). Achievement motivation can be developed. *Harvard Business Review*, November- December, 7-16, 20-24.
- McDonald, S., Gan, B.C., Fraser, S.S., Oke, A. and Anderson, A.R. (2015). A Review of Research Methods in Entrepreneurship 1985-2013. *International Journal of Entrepreneurial Behavior & Research*, 21(3), 291-315.
- Meek, W.R., Sullivan, D.M. and Mueller, J. (2014). Gender differences in entrepreneurial relationships within the franchise context. *Journal of Developmental Entrepreneurship*, 19(4).
- Naudé, W. (2011). *Entrepreneurship and economic development*. New York: Palgrave Macmillan.
- Nordqvist, M. and Melin, L. (2010). Entrepreneurial families and family firms. *Entrepreneurship & Regional Development*, 22(3-4), 211-239.
- Pfeifer, S. and Sarlija, N. (2010). The Relationship between Entrepreneurial Activities, National and Regional Development and Firm Efficiency-Global Entrepreneurship Monitor (GEM)-based Evidence from Croatia. *Journal of Entrepreneurship*, 19(1), 23-41
- Ronstadt, R. (1984). *Entrepreneurship: Text, cases, and notes*. Dover, MA: Lord.
- Rogoff, E. G. and Heck, R.K.Z (2003). Evolving research in entrepreneurship and family business: recognizing family as the oxygen that feeds the fire of entrepreneurship. *Journal of Business Venturing*, 18(5), 559-66.
- Salvato, C. and Melin, L., (2008). Creating value across generations in family-controlled businesses: the role of family social capital. *Family Business Review*, 21(3), 259-76.
- Sharma, P. (2016) Preface. In K. Randerson, C. Bettinelli, G. Dossena, and A. Fayolle (Eds.), *Family entrepreneurship: rethinking the research agenda* (pp.xiv). Abingdon, UK: Routledge.
- Sharma Vivek, Jain, Sudhir K. (2016). Entrepreneurial Orientations of Youth in J&K, India: A Case for Educator Influence. In Iiris Aaltio and Minna Tunkkari Eskelinen (Ed.) *Proceedings of The 11th European Conference on Innovation and Entrepreneurship* (pp.733-739). UK: Academic Conferences and Publishing International Limited.
- Sirmon, D. and Hitt, M. (2003). Managing resources: Linking unique resources, management and wealth creation in family firms. *Entrepreneurship, Theory and Practice*, 27, 339-58.
- Steier, L. (2007). New venture creation and organization: a familial sub-narrative. *Journal of Business Research*, 60(10), 1099-107.
- Stewart, A. (2003). Help one another, use one another: toward an anthropology of family business. *Entrepreneurship, Theory and Practice*. 27(4), 383-96.
- Stewart, D. L. (1981). The application and misapplication of factor analysis in marketing research. *Journal of Marketing Research*, 18, 51-62.

- Szirmai, A., Naudé, W., Goedhuys, M. (2011). *Entrepreneurship, innovation, and economic development*. Oxford: Oxford University Press.
- Tkachev, A., and Kolvereid. L., (1999). Self-employment intentions among russian students. *Entrepreneurship and Regional Development*, 11(3),101–114.
- Toma. S. J., Grigore, A. M., Marinescu, P. (2014). Economic development and entrepreneurship. *Procedia Economics and Finance*, 8, 436–443
- Trettin, L. and Welter. F. (2011). Challenges for Spatially Oriented Entrepreneurship Research. *Entrepreneurship and Regional Development*, 23, 575-602.
- Veciana, J.M., Aponte. M. and Urbano. D. (2005). University students' attitudes towards entrepreneurship: a two countries comparison. *International Entrepreneurship and Management Journal*, 1(2), 165–182.
- Walzer, N. (2009). *Entrepreneurship and local economic development*. Lanham: Lexington Books.
- Welsh, D.B., Kim, G., Memili, E. And Kaciak, E. (2014). The influence of family moral support and personal problems on firm performance: The case of Korean female. *Journal of Developmental Entrepreneurship*, 19(3).
- Westhead, P. and Howorth, C. (2007). Types of private family firms: an exploratory conceptual and empirical analysis. *Entrepreneurship and Regional Development*, 19, 405–31.
- Yamane, T. (1967). *Statistics: An Introductory Analysis* (2nd Edn). New York: Harper and Row.
- Zahra, S.A., Hayton. J. and Salvato. C. (2004). Entrepreneurship in family vs. non-family firms: a resource based analysis of the effect of organizational culture. *Entrepreneurship Theory and Practice*, 28, 363–81.
- Zeffane, R. (2014). Does Collectivism Necessarily Negate the Spirit of Entrepreneurship? *International Journal of Entrepreneurial Behavior & Research*, 20(3), 278-296.

Authors' Profile

Vivek Sharma obtained his doctoral award from Shri Mata Vaishno Devi University, Katra, J&K, in 2017. A mid-career researcher, he has worked with private sector and as an entrepreneur for over 15 years before taking up full-time research in entrepreneurship. In his doctoral dissertation he has attempted to elucidate the factors that impact employment preferences of graduating youth and possibly stifle the growth of entrepreneurship as well as entrepreneurs in the post-socialist market economies like India. Presently, he is working as Business Development Manager with Foundation for Innovation & Technology Transfer, Indian Institute of Technology, New Delhi.

Sudhir K Jain, Fellow of Indian Society for Training & Development (ISTD) and former Head of the Department of Management Studies, Indian Institute of Technology Delhi, obtained his Ph.D. degree from I.I.T. Kanpur in 1979. He retired as Professor and Chairman of 'Economics & Entrepreneurship' Group and Coordinator, SIDBI Program in Entrepreneurship at I.I.T. Delhi. Previously, he has held the positions of Vice Chancellor, Shri Mata Vaishno Devi University, Katra, J&K (India) and Executive Director, NIESBUD, Govt. of India. He has published over 150 research papers in reputed international/national journals and conference proceedings and supervised 25 Ph.D. theses.

