

Impact of Family Background and Family Traits on the Entrepreneurial Success of an Entrepreneur

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Abstract

This study analyses the impact of family background and family traits on the entrepreneurial success of an entrepreneur. For this, we have interviewed 60 entrepreneurs and small business owners from China. Our findings show that upbringing, personal characteristics, and business success all play a role in entrepreneurial success. The success of an entrepreneurial venture largely depends on the entrepreneur. Any history of business in the family, educational and professional qualification of the family members and, of course, that of the entrepreneur have an underlining impact on the success of the entrepreneurial venture or a small business. With a structured set of questions, entrepreneurs and small business owners were interviewed to learn how these underlying factors affect their style of doing business and how successful they have been with these business styles. Adequate literature review has also been done to support the findings of the study results.

Keywords: Family traits and entrepreneurship, family backgrounds and business success, impact of family factors on entrepreneurial journey

Introduction

There have been many studies and research to settle how entrepreneurial success of individuals can be attributed to their family background and personal traits. For small businesses, particularly, the family-owned businesses, how the past entrepreneurial experiences of the family and access to resources can be seen to play a role in predicting entrepreneurial success. Family support system, personal traits of the entrepreneur as well as that of the supporting family members, educational and professional qualification of the entrepreneur or that of the supporting family members, and practical business acumen are generally identified as success factors for an entrepreneurial venture.

But do these factors actually have any bearing on the success or failure of an entrepreneurial business is a question worth investigating. The findings to this question may help entrepreneurs and small businesses in identifying their strengths and weaknesses to make full out of the opportunities while dealing and managing the market threats.

Methodology

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To inquire the research question as identified above, we had structured a questionnaire that included questions about how family background and family & individual traits have an impact on the success of an entrepreneurial business. 60 entrepreneurs and small business owners from Mainland China who have done well with their businesses were identified and outreached to respond to the questionnaire. Some responses to the questionnaire were collected using Google Form, while others were collected by in-person interviews.

These questions were categorised into three master questions, accompanied by sub-questions under each master question:

1. How does an entrepreneur's family background and past business experience impact their style of doing business?
2. How do the family and personal traits of entrepreneurs compliment the entrepreneur's motivation?
3. How does the family support system and family resources impact entrepreneurs' business?

The responses to the questionnaire were collected and analysed to examine the impact of the factors under questions on the overall success of an entrepreneurial venture.

Discussion & Analysis

Out of 60 entrepreneurs and small businesses, the majority of the respondents (73%) have accepted that the family background, family & individual traits, family's past business experience, and family support system greatly affect the success or failures of an entrepreneurial or small business.

7% (4) of the surveyed/interviewed entrepreneurs have been neutral to the impact of these factors on the success of their businesses. While, 20% (12) of respondent businesses have indicated that these factors, except entrepreneurs' own traits, experiences, and capabilities, do not have much impact on the success or failures of an entrepreneurial business.

Findings of the study representing the majority are in sync with previous research. Family background and traits significantly influence entrepreneurial success. Hagenauer (2024) has shown that family background impacts an individual's entrepreneurial style and business success. Another study (Georgescu & Herman, 2020) analysed that family support system, family's business experience, can affect entrepreneurial success. Similar research findings have established that entrepreneurial success has been associated with personal traits, motivation, and family support (Nghah et al., 2024; Felix & Pandithasekara, 2022). Family traits affect entrepreneurial success through entrepreneurial intention by increasing people's perception of the desirability, feasibility and self-efficacy as well as entrepreneurial experiences (San and Khuong, 2019). Personality traits are intermediate variables between family traits and entrepreneurial success, and predictors of entrepreneurial success (Zhou et al., 2019). Common personality traits that underlie entrepreneurial success include the so-called Big Five factors with need for achievement, internal drives, extraversion and openness being the most associated with entrepreneurial success (Ali and Rashid, 2023).

Various aspects of the entrepreneurial journey are influenced by family support, which is an important determinant of entrepreneurial success. Research suggests that decision-making processes are shaped by family support and helps in bouncing back as well as maintaining long-term success (Dewi, 2024). Particularly in the case of women entrepreneurs, family support comes out as a crucial element for their success (Pasha et al., 2023). The involvement of families is highlighted as a key factor in deciding the fate of entrepreneurial undertakings (Ashraf et al., 2020). In addition, there has been research that demonstrates how family support combined with internal locus of control can have significant effects on entrepreneurial intention (Annisa et al., 2021).

Moreover, relatives' positive contribution, especially creating a supportive environment encouraging enterprise attitudes and motivations, was stressed (Arquisola & Muanar, 2019). It has also been noted from studies that there is a strong relationship between the family environment and entrepreneurial intention, to which family support has a positive and significant influence on it (Riwayati et al., 2021). Moreover, availability of exogenous resources such as social supports, including family support, enhances intent and successfulness in entrepreneurship (Ugwueze et al., 2022).

Conclusion

The above-mentioned research conclusions support the majority findings of this study; however, there are two other sections of the surveyed/interviewed businesses that are either neutral or not in agreement with the research statement. While family background and other factors do help the majority of entrepreneurial ventures, still the personal zeal and capabilities of the entrepreneurs hold key importance for the success of an entrepreneurial venture. Personal experiences and practical orientation of the entrepreneurs can help them achieve scalability in the business ventures. There are many businesses where the entrepreneurs' families didn't have any past business experiences or lacks family resources, but these entrepreneurs excelled in their businesses. Future research can be focussed on identifying how these entrepreneurs who lacked family support systems were able to achieve successes, what are the factors that come handy in those situations. This can help those who want to undertake entrepreneurship as their careers.

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