

A comparative study of employee initiative within family firms and non-family firms:

The influence of entrepreneurial orientation

In June 2018 Lieke Verstraaten graduated from the Tilburg School of Economics and Management at Tilburg University. Lieke followed the MSc Strategic Management and wrote her master thesis in the area of family firms. The following text is a summary of the MSc thesis.

In this master thesis a comparison is made between employees working for small and medium-sized family and non-family firms in order to determine the differences in the level of employee initiative and how entrepreneurial orientation influences this relationship.

This study proposes that employees working for family firms have a higher level of taking initiative, compared to employees working for non-family firms, due to the nurturing work climate within family firms. Family firms are characterized by more and stronger direct and indirect encouragements that stimulate employee initiative. However, research also suggests that nepotism and conservatism in family firms may discourage employees to contribute with initiatives. In addition, this study proposes that a high entrepreneurial orientation should lead to a higher level of employee initiative in both family and non-family firms. Due to the stronger direct encouragements that stimulate employee initiatives in family firms, it is expected is that a high entrepreneurial orientation has a stronger effect on the level of taking initiative of employees working for a family firm than employees working for a non-family firm.

Data are collected among 59 entrepreneurs, 233 employees working for family firms and 274 employees working for non-family firms and hypotheses are tested with multiple regression analysis. The findings confirm there is a difference in the level of taking initiative between employees working for small and medium-sized family and non-family firms. However, the results show the opposite of the proposed hypothesis. Employees working for family firms have a lower level of taking initiative than employees working for non-family firms. Furthermore, the findings show that entrepreneurial orientation does not influence on the relationship between family firm status and employee initiative.

The findings of this study suggest that family firm owners and managers should think of ways to stimulate employee initiative since it is beneficial for organizational effectiveness, and eventually organizational success. However, additional research is needed to explain the cause of the differences between employees working for family and non-family firms.

If you are interested in the master thesis you can contact the Tilburg Institute of Family Business via tifb@tilburguniversity.edu and request a pdf file.