Towards a better understanding of embedded ties: The role of external networks in shaping family business intergenerational succession

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Research context

2/3 of UK private sector enterprises are family businesses and, although a majority wish to transfer the business to the next generation, only a small proportion achieve this.

Research has focused on factors internal to the family firm, largely ignoring the influence interactions with external actors can have on how family firms manage succession.

The study examines a sample of entrepreneurial family businesses in Northern Ireland because little research has been done on NI family business.

The research draws on the concept of social embeddedness (Granovetter, 1985) as a frame through which to consider the role of social relationships in shaping family firm transitions.

Research objectives

To explore the role of external relations in shaping intergenerational succession in family businesses and to extend theoretical understanding of relational embeddedness. Including:

- To what extent, and how, family businesses make use of their external relationships in managing intergenerational succession;
- Whether family firm members can proactively use social ties as part of their strategy to manage succession;
- Extending understanding of the content of entrepreneurial network ties and the complexity of relationally embedded ties; and
- Questioning the conceptualisation of social ties as strong or weak.

Research contributions

The study extends understanding of the multidimensional content of network ties and how individuals understand and use ties – an under-researched facet of the embeddedness concept.

The approach responds to calls for more interpretivist and qualitative studies to shed light on the subtle dynamics and content of entrepreneurial network ties.

The conceptual frame of embeddedness offers a new perspective from which to understand family firm succession. The study questions the assumption that all the key factors in the succession experience lie within the boundaries of the family firm and the family.

Aims is to assist family businesses develop the most appropriate types of network ties and relationships.

Methodology

- **Philosophical position**
  - Subjectivist ontology & interpretivist epistemology
  - Reflexive approach

- **Research approach**
  - Inductive & qualitative
  - Case study design: unit of analysis is set of network ties relevant to succession in c.5 entrepreneurial family firms.

- **Data collection**
  - Semi-structured interviews plus document analysis.
  - Sample: entrepreneurial NI family firms where a generational transition has taken place in recent years.
  - Multiple interviewees in each case, including external network contacts.

- **Data analysis**
  - Interviews, transcription, and initial analysis concurrently
  - Thematic analysis supported by NVivo