
Entrepreneurial couples in new venture creation: reflections on expectations, reality and family relationships

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Abstract: Three hundred and forty-four north Louisiana, USA, entrepreneurial couples were interviewed to determine the impact on entrepreneurs and their spouses of starting and managing a new venture. There was commonality between entrepreneurs and their spouses related to expectations and outcomes for and from the new venture. More couples actually felt happier and financially better off after starting and running a businesses than they had expected. Some realised that the time and effort required were important negatives. Most entrepreneurs and their spouses would start a new venture again given the learning that occurred in the new venture formation process.

Keywords: business decisions; enterprise development; entrepreneurship theory; family relationship; married couples; new venture creation.

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1 Introduction

A recent survey from Case indicated that 41% of the US entrepreneurs said they went into their business because it was a family business (Case, 2001). Embarking on a new venture can be challenging for entrepreneurs and their families, especially for the spouses. Running a business presents a unique opportunity for entrepreneurs to interact with their families that is beyond their personal feelings for each other. Whether spouses are directly or indirectly involved in the business decision-making process, entrepreneurs and their spouses encounter uncertainty in seeking a balance between family life and business life. Although entrepreneurs and their spouses may or may not hold similar expectations before starting the new venture, the multiple phases of new venture formation can influence each individual's assessment of the business process and family relationships.

Researchers in the entrepreneurship have recognised the limitations of existing entrepreneurship literature regarding the impact of new venture creation on entrepreneurs and their spouses (Litz, 1997). Many studies have focused on entrepreneurs and examined the entrepreneurs' perspectives on entrepreneurial characteristics, the impacts of the business on personal life, how couples interact in businesses and the impact of family business on family life. There have been very limited studies directly involving spouses and families of entrepreneurs. Several questions from entrepreneurship and family business research fields have yet to be answered. Do entrepreneurial couple share similar experiences in the process of new venture formation? Do entrepreneurial couples share similar expectations and reality assessment before and after starting the new ventures? Do entrepreneurial couples reflect on similar rewards and challenges in their relationship due to the new venture creation experiences? The curiosity of examining these questions became the basis of this study.

Four categories of research questions were explored in this research from both entrepreneurs' perspectives and spouses' perspectives:

- 1 several entrepreneurial characteristics identified in previous literature
- 2 expectations of new venture formation before starting up
- 3 reality assessment of new venture formation after starting up
- 4 impacts of new venture formation on family relationship.

Our research would make an important contribution to studying entrepreneurship and family business because it is among the first to

- 1 Involve both entrepreneurs and their spouses directly in the research process using a large sample instead the conventional case study approach.
- 2 Invite entrepreneurs and their spouses to respond to the same sets of research questions independently and separately.
- 3 Compare and contrast reflections on new venture formation between entrepreneurs and their spouses regarding expectations and reality assessment.

As an on-going research agenda, we started with a more specific region in the USA—Northern Louisiana. This study is in preliminary stage and it is not the authors' intention to generalise the results of this study. We realise that there has been a major gap in entrepreneurship theory to establish a systematic approach that could explain the behaviour of entrepreneurial couples.

Beyond the contribution to theory, the results of this study will benefit other researchers or professionals who work with entrepreneurs by providing new insight into the personal issues and family issues involved in starting and running their own businesses. Some helpful consultation strategies could be derived to help entrepreneurs and their families balance personal and business activities. A brief literature review is presented in Section 2, followed by a description of the sample and methodology, the results and implications and finally, the summary and conclusions.

2 Literature review

Entrepreneurs often start new ventures based on their own assessment of the situation and family needs. Although spouses are sometimes consulted and might be involved in the decision-making process, the spouses' assessment of the venture's potential often relates to their feelings for the entrepreneur. In either case, the family will be affected by the entrepreneur's decision to start a new venture. A family is defined as,

“A fundamental social group in society typically consisting of one or two parents and their children. Two or more people who share goals and values, have long-term commitments to one another, and reside usually in the same dwelling place” (American Heritage Dictionary, 2008).

Shared goals and values and long-term commitment are important aspects of the family and extend to how the family makes a living. These aspects of the family are an important part of this research. At the present time, little or no research has been done on this aspect of the entrepreneurial process.

Many researchers have discussed the characteristics and motivation of entrepreneurs (Bygrave, 1994; Jennings, 1994; Hodgetts and Kuratko, 1995; Vesper, 1996; Lambing and Kuehl, 1997; Kuratko and Hodgetts, 1998; Stevenson et al., 1999; Timmons, 1999; Bhide, 2000; Longenecker, Moore and Petty, 2000; Scarborough and Zimmerer, 2000). These characteristics include: high achievement drive, action-oriented, internal locus of control, tolerance for ambiguity, moderate risk taking, commitment, optimism, opportunistic, initiative, independence, commitment/tenacity or some form of one or more of these. The motivation of entrepreneurs often revolves around the opportunity to gain control over personal lives/independence, to get profits/financial rewards, to enjoy what they are doing, to achieve personal goals and recognition, and to make a

difference/contribute to society. Although previous studies discussed the uniqueness of entrepreneurs, little information exists about how spouses were involved in or felt about new venture creation or what the spouse's perceptions of the outcomes of new venture creation.

Some researchers have discussed the downside or dark side of entrepreneurial behaviours including: uncertainty of short-term income and long-term financial rewards, risk of losing their business and personal assets, long hours and hard work, low quality lifestyle until the business gets established, high stress and complete responsibility (Lawyer and Kelley, 1973; Tate et al., 1985; Handler (1992); Allen, 1995; Hisrich and Peter, 1995; Baumbach, Gallop-Goodman, 2000; Marer, 2000; Mattera, 2000; Montgomery and Sinclair, 2000; Scott, 2000; Hayward, 2001). Many authors discussed the impact of starting a new venture on the entrepreneur and a few discussed the impact on their family (Dunn and Liang, 2001; Liang and Dunn, 2002). Some discussed family involvement in the decision and implications before, during the process and after a business was started. Bygrave (1994) indicated that family responsibilities played an important role in the decision of whether to start a company. Sometimes family members made sacrifices for the good of the business, including long business hours. Occasionally, however, the clash between business interests and family interests was so persistent or so severe the entrepreneurs had to decide which had to come first (Longenecker, Moore Petty, 2000). Quality family relations were influenced by uncertain income, risk of losing family investments, long hours and hard work, and high stress (Scarborough and Zimmerer, 2000, Dunn and Liang, 2001, Liang and Dunn, 2002). These characterisations are speculative and not the result of empirical research.

Kuratko and Hodgetts (1998) mentioned that starting a new venture used much of the entrepreneur's energy and time. Entrepreneurs, who were married, and especially those with children, exposed their families to the risks of an incomplete family experience and the possibility of permanent emotional scars. Several researchers also concluded that business owners had to face the fact that entrepreneurship and parenthood did not match in perfect harmony, and the pressure of female entrepreneurs was evolving dramatically (Davies, 1999; Page, 1999). Although previous literature discussed and examined the interactions between entrepreneurs and family members, it is not clear whether entrepreneurs and their spouses evaluate the business and the impact on their family life differently. Van Auken and Werbel (2006) proposed a set of hypotheses regarding spousal commitment and firm performance that, when tested, could add materially to the discussion of entrepreneurship if spouses were interviewed. Our research will add to the body of evidence to verify hypotheses proposed by Van Auken and Werbel (2006) by simultaneous interviews with entrepreneurs and their spouses.

A recent document released by the US Small Business Administration discussed the challenges in managing a family business (US Small Business Administration, (2008) MP-3). When family members work together directly or indirectly, emotions might interfere with business decisions. Several studies provided some insights regarding risks for entrepreneurs who tried to include their spouses in the businesses (Bures et al., 1995, 1996; Nelton, 1996; Scroggins, 1996; Powell and Foley, 1997; Landes and Frankenberg, 1998; Lieberman, 2000). The potential challenges of having family members work in the business included disagreement associated with decision hierarchy, who had more control, lack of quality time together, lack of financial confidence, stress and pressure from both family and business responsibilities, and diminishing support from each other. Similar findings by Beauprez (1998) concluded that longer hours at the office had put

many executives and managers on road to burnout, and they definitely affected personal lives and health. Other researchers developed various strategies to assist couples that worked in the business together (Nelton, 1996; Jaffe, 1997; King, 1998; Landes and Frankenberg, 1998; Rowthorn, 1998; Hoover and Hoover, 1999; Lobel, Googins and Bankert, 1999; Lieberman, 2000; Schatz, 2000; Srikonda, 2000; Masuo, et al. 2001; Stewart and Danes, 2001). Setting up a balanced family plan which accompanies the business plan could clarify and reduce confusion and conflict in family businesses and among members of families in business.

Several recent articles examined entrepreneurial learning process, yet family members were not included in the discussion. For example, Politis (2005) discussed a theoretical framework of entrepreneurial learning by reviewing and synthesising available research into a conceptual mode that explained the process of entrepreneurial learning as an experiential process. This model identified three main components in entrepreneurial learning: entrepreneurs' career experience, the transformation process and entrepreneurial knowledge in terms of effectiveness in recognising and acting on entrepreneurial opportunities and coping with the liabilities of newness. Minniti and Bygrave (2001) modelled entrepreneurial learning as a dynamic process utilising knowledge accumulated on the basis of past experiences. Specifically, they argued that entrepreneurs tended to choose more positive and promising options and discarded the ones that resulted in failure. It would be logical to assume that entrepreneurs and their spouses make 'jointly iterated decisions' when new venture creation influences family welfare. Unfortunately, spouses were often were not included in the research process beyond the scope of the case studies.

In summary, previous literature has discussed issues related to family business, issues related to couples working together and the theoretical framework about entrepreneurial learning from the entrepreneurs' aspects. It is still not clear if entrepreneurs' and spouses' expectations and their perceptions of reality about business and family issues in new venture creation coincide. How would spouses reflect on the business process compared to entrepreneurs? How would spouses feel about the new venture and the impact on their family compared to entrepreneurs? This research will also fill the gaps in previous studies by examining whether or not entrepreneurs' and their spouses' expectations coincide with reality in business and family development.

3 Methodology

3.1 Description of survey instrument

Two parallel questionnaires were designed for entrepreneurs and their spouses to determine how starting a new venture impacted the entrepreneurs and their families. The two questionnaires had the same questions on:

- 1 *Demographic information* (gender, age, race, location of the business, number of full time and part time employees, years in business, type of businesses, years of other operational or managerial experiences before starting own businesses and source of funding).
- 2 *Entrepreneurial characteristic information* (seeking independence, being control, being creative and willing to accept risks).

- 3 *Reflections on new venture formation* (expectations and reality related to new venture creation such as personal happiness, family happiness, financial rewards and relationship with each other).

Questions were worded slightly differently for entrepreneurs and spouses. For example, one question for the entrepreneur was, 'My spouse works in the business full time'; while the question to the spouse was, 'I work in the business full time'. Reflection questions were constructed as a series of assertions to which the entrepreneur strongly agreed, agreed, disagreed or strongly disagreed. For example, 'As a result of running the business, I am happier'. A total of 344 couples (entrepreneurs and spouses) were interviewed separately and personally in North Louisiana, United States, from July, 2003 through May, 2004.

The sample does not include entrepreneurs and spouses who were not in business, and no attempt was made to include those who had started and not stayed in business or whose business had failed. The sample was a convenience sample. Data was collected through personally contacting each business owner individually. Entrepreneurs and spouses both completed the questionnaire. There was no direct personal family relationship between the interviewers and the respondents. However, it is possible that the interviewers were acquainted with the respondents through other connections.

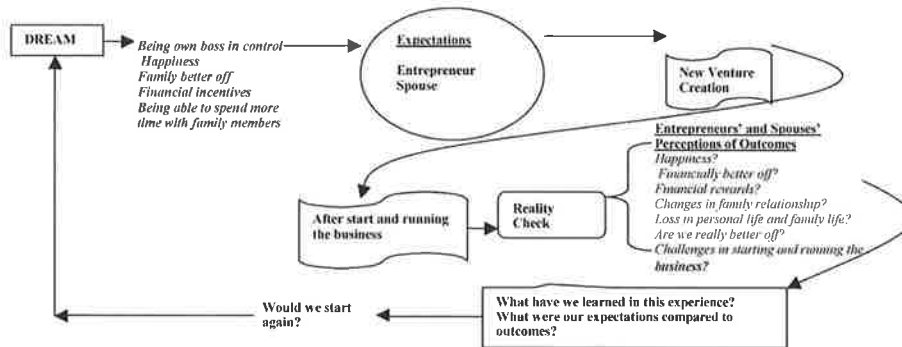
3.2 Description of the research concept

Based on existing literature (for example, Minniti and Bygrave, 2001; Van Auken and Werbel, 2006) and the authors' creativity, a conceptual framework has been developed for this study to link expectations and perceptions of the reality of starting and managing a new venture creation on entrepreneurs and their families (Figure 1). The decision-making process in new venture creation involves two cycles: before starting a new venture and after starting and managing the new venture. New ventures often start as a dream idea as cited in many literature. Family members are directly or indirectly involved, willing or not. While planning and engaging in business activities, entrepreneurs and spouses begin to understand the differences between 'expectations' and 'reality'. Both the entrepreneur and spouse reflect on this new venture experience, which leads to a learning process as they review and re-evaluate their decisions.

Entrepreneurs' and spouses' perception about this learning experience may be positively or negatively related to business development and the impact on family relationships. Different personal reflections might influence entrepreneurs' and spouses' assessments later if they were to start another new venture.

Clearly, families are an integral part of the entrepreneur's experience and they provide support to the new venture creation. It is likely that the entrepreneur's and their spouse's expectations about starting a new venture have an impact on the decision to start. Depending on the outcomes of the business, the entrepreneurs and their family may feel happier, less happy or somewhere between. The interaction between the entrepreneur and family during the process of starting and running a venture can impact the business and family (collectively and individually) positively or negatively. This study was designed to determine how starting a new venture impacts entrepreneurs and their spouses. The key parameters of this study included how entrepreneurs and their spouses define entrepreneurial characteristics, how entrepreneurs and their spouses reflect on the new venture experiences (before and after creating the new venture), and if the new venture created any impact on their relationships.

Figure 1 A conceptual framework for assessing entrepreneurs' and spouse's perception on business and family relationship



3.3 Hypothesis tests for multiple categories

Multiple hypothesis tests were conducted to test for significant differences between entrepreneurs and their spouses to determine if, in fact, the entrepreneur and spouse shared common goals and commitments. Based on the factors identified in the literature review, a set of hypotheses were developed to compare and contrast different perceptions between entrepreneurs and spouses:

- 1 There is no difference for entrepreneurial couples in expected sales, expected profits, expected financial improvement, expected time commitment, expected family's happiness and expected family's support before creating the new venture.
- 2 There is no difference for entrepreneurial couples in perceived family involvement in new venture creation between entrepreneurs and their spouses.
- 3 There is no difference for entrepreneurial couples in the expectations of new venture creation between entrepreneurs and their spouses.
- 4 There is no difference for entrepreneurial couples in perceived business outcomes of new venture creation between entrepreneurs and their spouses.
- 5 There is no difference for entrepreneurial couples in the perceived reality of business creation and development on family relationships between entrepreneurs and their spouses of business creation and development.

3.4 Categorical data analysis

Since, responses to the questions were collected by level choices (for example, experience in operating a similar business less than 5 years or more than 5 years) and preferences (agree or disagree), categorical data analysis is appropriate. Two statistical procedures were applied to test the differences in two categories (entrepreneur vs. spouse): χ^2 test and γ test. Both χ^2 and γ tests can be applied to answer the question when analysing ordinal data: "does Y tend to increase as X increases?" (Agresti, 1990). While χ^2 uses the proportion of the responses in each category to compare the differences, γ test

the number of responses in each category to compare the differences. There is usually an assumption about normally distributed population for χ^2 . When applying γ (in most of the non-parametric approach), there is no assumption about the probability distribution for the population. When sample size is large enough, the test results from both procedures should reach identical conclusions. *p*-values were calculated for both of the tests in all categories.

4 Results of the study

4.1 *Entrepreneur and Business Characteristics*

Almost two-thirds of the respondents were male, 80% were white, 88% were married with children and 61.8% were 30–50 years old. Clearly, most of these small businesses are family businesses. The literature has a great deal of information on the characteristics of entrepreneurs. Being in control, independent, creative and innovative, and optimistic were some that were indicated in other studies. This research discovered similar entrepreneurial psychological patterns compared to previous studies. Over 95% characterised themselves as wanting independence, 92.7% wanted control, 91.2% were creative and 90.4% were willing to accept the risk associated with starting a business. Experience has been cited as important to entrepreneurial success. Only 56.3% had experience in this line of business, 61.1% indicated that they had some experience in this type business, 73.4% had some operations experience and 62.7% had other management experience.

Most of the business were started from scratch (72.6%), most had been started in the last 10 years (71.5%), most were retail or service firms (88.8%), most were urban (60.8%), most had five or fewer employees (64.0%) and the major sources of funds were personal and family savings (51.4%), followed by loans (38%).

4.2 *Business outcomes*

Entrepreneurs and spouses saw business outcomes in much the same way (Table 1.). Annual sales were less than \$500,000 according to 64.5% of the entrepreneurs and 70.4% of spouses. Entrepreneurs and spouses perceptions of sales expectations were higher than expected for 38.3% and 38%, about as expected for 48.2% and 47.3% and lower than expected for 13.5% and 14.7%, respectively. Profits expectations had a similar result. Sales and profit expectations were higher or about as expected for both groups, and 87.8% of the entrepreneurs and 89.7% of the spouses thought the business was up and running well. More spouses, 89.7%, than entrepreneurs, 56.9%, felt starting the business was harder than expected. Spouses seem to feel that the entrepreneur had to work harder to start the business than they had worked at previous work commitments. A smaller proportion of both entrepreneurs (46.1%) and spouses (47.4%) thought starting the new venture had taken longer than they had expected.

Over 40% of entrepreneurs and spouses agreed that their expectations were too optimistic. Entrepreneurs and their spouses had very similar views on how the business process had worked out. This similarity indicates that spouses were about as well informed about how the business was going as the entrepreneurs. This similarity may be a result of information shared by the entrepreneur with their spouse or from direct participation in the business process by the spouse. These business outcomes assessments

by entrepreneurs and their spouses indicate that spouses were generally well informed about the new venture.

Table 1 Percentages of business outcomes from entrepreneurs' and spouses' perceptions

	<i>Entrepreneur's response</i>	<i>Spouse's response</i>	
Annual sales			
Less than \$500,000	64.5	70.4	χ^2
\$500,000–1,000,000	18.1	15.1	0.282
1,000,000 +	17.4	14.5	γ
<i>N</i>	321	311	0.116
Total	100.0	100.0	–
Sales expectations			
Higher	38.3	38.0	χ^2
About	48.2	47.3	0.899
Lower	13.5	14.7	γ
<i>N</i>	342	334	0.806
Total	100	100	–
Profit expectations			
Higher	28.4	29.9	χ^2
About	46.2	48.2	0.553
Lower	25.4	21.9	γ
<i>N</i>	342	338	0.370
Total	100.0	100.0	–
Business up and running well			
Agree	87.8	89.7	χ^2
Disagree	12.2	10.3	0.247
<i>N</i>	343	340	γ
Total	100.0	100.0	0.420
Starting harder than expected			
Agree	56.9	59.6	χ^2
Disagree	43.1	40.4	0.258
<i>N</i>	341	337	γ
Total	100.0	100.0	0.467
Starting has taken longer than expected			
Agree	46.1	47.4	χ^2
Disagree	53.9	52.6	0.400
<i>N</i>	336	329	γ
Total	100.0	100.0	0.740
My expectations were too optimistic			
Agree	46.0	42.0	χ^2
Disagree	54.0	58.0	0.164
<i>N</i>	341	338	γ
Total	100.0	100.0	0.290

Table 2 Percentages of family involvement in business from entrepreneurs' and spouses' perceptions

	<i>Entrepreneur's response</i>	<i>Spouse's response</i>	
Spouse involved in decisions			
Very	39.7	39.7	χ^2
Somewhat	23.2	23.5	0.991
Little	21.5	20.6	γ
Not	15.6	16.2	0.984
<i>N</i>	340	340	–
Total	100.0	100.0	–
Spouse work in business?			
Full-time	26.2	26.5	χ^2
Part-time	27.7	23.0	0.348
No	46.1	50.4	γ
<i>N</i>	336	339	0.466
Total	100.0	100.0	–
Children work in the business?			
Full-time	9.2	9.0	χ^2
Part-time	25.8	24.9	0.967
No	65.1	66.1	γ
<i>N</i>	295	289	0.809
Total	100.0	100.0	–

4.3 *Family involvement in the business*

Since, this research is about families in business and the impact of starting and managing a small business on entrepreneurs, their spouse and their children, the researchers wanted to discover how involved the family members were in the business. Table 2 shows that 62.9% of the spouses were involved in the decision to start the venture. Spouses' responses (63.2%) were similar to the entrepreneurs' responses. About one-half of the spouses worked in the business at least part time, while children (35%) were less likely to work in the business. This is probably because some of the children were too young and some may have been out of the house. These statistics clearly indicate that, while many spouses and children were not involved in decision making or working in the business, over 60% of the spouses were involved in decisions and over half of the spouses and over a third of children worked in the entrepreneurial venture. Clearly, most of the spouses are not passive participants in the new venture creation and management process.

4.4 *Expectations and reality associated with new venture creation process*

Given that family members are involved in starting and running the new venture, 'What were entrepreneurs' and their spouses' expectations before they embarked in the business?' Once they started the businesses, 'What were their perceptions of outcomes

and the impact of the outcomes on their relationships?' The business process includes all of the activities involved in starting and running a new venture. The couples responded to a series of assertions about their personal expectations associated with the business process (Table 3).

Two-thirds of the entrepreneurs and 60% of the spouses expected they would be happier as a result of starting the business. Most entrepreneurs, 70.2% and spouses, 64.3%, expected that their families would be happier. Most entrepreneurs, 77.0% and spouses, 72.8%, expected to be better off financially. Similarly, 72.6% of the entrepreneurs and 74.8% of their spouses expected their families to be better off financially as a result of the venture. There were no statistically significant differences between entrepreneurs and their spouses related to expectations. While about a third of the spouses disagreed that they expected to be happier or their families expected to be happier and a fourth did not expect to be or their families expected to be better off financially, there was commonality between the expectations of most of the entrepreneurs and their spouses about these issues. Clearly, most of the spouses are not only active participants, they had expectations, though slightly lower, except for family expected to be financially better off, similar to those of the entrepreneur about the benefits of new venture creation on themselves and their families.

Table 3 Percentages of personal expectations of entrepreneurs and their spouses

<i>Expectations for starting and managing the business</i>			
	<i>Entrepreneur's response</i>	<i>Spouse's response</i>	
Expected I would be happier			
Agree	66.4	60.4	χ^2
Disagree	33.6	39.6	0.063 ^a
<i>N</i>	342	336	γ
Total	100.0	100.0	0.107
I Expected family to be happier			
Agree	70.2	64.3	χ^2
Disagree	29.8	35.7	0.059 ^a
<i>N</i>	339	333	γ
Total	100.0	100.0	0.100 ^a
I expected to be better off financially			
Agree	77.0	72.8	χ^2
Disagree	23.0	27.2	0.121
<i>N</i>	343	338	γ
Total	100.0	100.0	0.207
Family expected to be better off financially			
Agree	72.6	74.8	χ^2
Disagree	27.4	25.2	0.280
<i>N</i>	339	330	γ
Total	100.0	100.0	0.502

Note: ^aindicates significant at 10%.

Table 4 summarises outcomes assessments. Most entrepreneurs, 85.7%, and spouses, 79.9%, were happier as a result of starting the business. There was, however, a statistically significant difference between entrepreneurs' and their spouses' responses. It is likely that the entrepreneurs were happier because of their new venture while spouses, while happier, did not receive the same satisfaction from the venture. Similarly, most entrepreneurs, 80.2%, and spouses, 81.0%, thought their families were happier. Over 75% of entrepreneurs and spouses felt their income was better, and they were better off financially, while slightly fewer felt that their families felt better off financially. It is interesting to note that personal and spousal happiness was a little higher than feelings of financial well being. In any case, both entrepreneurs and their spouses felt their families were happier and that they were financially better off as a result of the new venture. It is interesting that the outcomes for both entrepreneurs and their spouses exceeded their expectations.

Table 4 Percentage of personal assessment of new venture outcomes

<i>Outcomes of starting and managing a business</i>			
	<i>Entrepreneur's response</i>	<i>Spouse's response</i>	
<i>I am happier</i>			
Agree	85.7	79.9	χ^2
Disagree	14.3	20.1	0.029 ^b
<i>N</i>	342	338	γ
Total	100	100	0.045 ^b
<i>Family is happier</i>			
Agree	80.2	81.0	χ^2
Disagree	19.8	19.0	0.445
<i>N</i>	339	336	γ
Total	100.0	100.0	0.814
<i>Family income is better</i>			
Agree	77.3	78.6	χ^2
Disagree	22.7	21.4	0.367
<i>N</i>	343	337	γ
Total	100.0	100.0	0.665
<i>I am better off financially</i>			
Agree	79.3	74.7	χ^2
Disagree	20.7	25.3	0.091 ^a
<i>N</i>	343	336	γ
Total	100.0	100.0	0.154
<i>Family feels better off financially</i>			
Agree	73.8	73.6	χ^2
Disagree	26.2	26.4	0.513
<i>N</i>	328	337	γ
Total	100.0	100.0	0.956

Table 4 Percentage of personal assessment of new venture outcomes (continued)

<i>Outcomes of starting and managing a business</i>			
	<i>Entrepreneur's response</i>	<i>Spouse's response</i>	
No time for myself			
Agree	57.5	46.1	χ^2
Disagree	42.5	53.9	0.002 ^c
<i>N</i>	341	336	γ
Total	100.0	100.0	0.003 ^c
Not been able to spend time with my spouse			
Agree	50.9	50.3	χ^2
Disagree	49.1	49.7	0.470
<i>N</i>	336	332	γ
Total	100.0	100.0	0.878
Not been able to spend time with children			
Agree	53.4	47.7	χ^2
Disagree	46.6	52.3	0.092
<i>N</i>	309	306	γ
Total	100.0	100.0	0.158
No effect on my marriage			
Agree	51.5	53.3	χ^2
Disagree	48.5	46.7	0.347
<i>N</i>	338	334	γ
Total	100.0	100.0	0.638

Note: ^aindicates significant at 10%; ^bindicates significant at 5%; ^cindicates significant at 1%.

Personal and family time have been cited as problems for entrepreneurs. Significantly more entrepreneurs, 57.6%, than spouses, 46.1%, felt they had less personal time as a result of the business – statistically different. This is probably because entrepreneurs are more involved in their business than their spouses. Slightly over half of the entrepreneurs and spouses felt they had less time with their spouse as a result of the business. A few more entrepreneurs, 53.4%, than spouses, 47.7%, felt they were not able to spend time with their children as a result of the business. Clearly, the amount of time consumed by the business for entrepreneurs and spouses creates some sense of lack of time for their spouse and children.

Although around 20% of both entrepreneurs and their spouses disagreed that they were happier and their families were happier and about 25% disagreed that they were financially better off and their families were financially better off, most agreed that they were happier, their families were happier, they felt financially better off, and their families felt financially better. Clearly, there was substantial commonality between entrepreneurs and their spouses of their perceptions of outcomes.

Table 5 Percentage of personal assessment of new venture creation impact on family relationships

	<i>Entrepreneur's response</i>	<i>Spouse's response</i>	
Effect on Marriage			
Some problems	17.6	19.2	χ^2
Estranged	10.0	10.4	0.989
Separated	1.5	1.8	γ
Divorced	1.5	1.2	0.589
No effect	47.8	46.4	–
Improved	21.7	21.0	–
<i>N</i>	341	338	–
Total	100.0	100.0	–
No effect on family relationship			
Agree	56.5	56.7	χ^2
Disagree	43.5	43.3	0.511
<i>N</i>	333	323	γ
Total	100.0	100.0	0.959
I would start up a business again			
Agree	87.2	86.1	χ^2
Disagree	12.8	13.9	0.384
<i>N</i>	343	331	γ
Total	100.0	100.0	0.683
My family would support me again			
Agree	88.5	90.6	χ^2
Disagree	11.5	9.4	0.230
<i>N</i>	340	339	γ
Total	100.0	100.0	0.387

Table 5 indicates that 48.5% of entrepreneurs and 46.7% of spouses felt the business had an impact on their marriage. The impacts ranged from some problems to estrangement, to separation and divorce. Almost half felt the business had no effect on their marriage, and more than 20% of entrepreneurs and spouses felt the business had improved their marriage. Over 40% of entrepreneurs and spouses felt the business had an impact on family relations. As would be expected, the new venture put a strain on family relationships.

In spite of the problems created by the venture, 87.2% of the entrepreneurs and 86.1% of the spouses would start again, and 88.5% of the entrepreneurs and 90.6% of the spouses felt the family would support the entrepreneur again. New venture creation puts a strain on family relationships, but the new venture was successful enough for most entrepreneurs and spouses that they were willing to make the commitment again.

5 Summary, conclusions and implications

Entrepreneurial activities and new venture creation present challenges and risks for entrepreneurs and their families. Family members often have mixed feelings and experiences in the process of starting and managing a business, especially those that change family relationships. Reflections on the business experience could be tough when the dream does not coincide with reality. The differences or similarities between entrepreneurs' perspectives and spouses' perspectives in new venture creation have not been explored.

In this study, a majority of the entrepreneurs were male and most of them were white, between 30 and 50 years old, and were married with children. The majority of the businesses were started as new businesses, had existed less than ten years, were service and retail firms, were located in urban areas, had fewer than five employees, and had used personal and family savings and loans to start up.

A majority of the entrepreneurs agreed or strongly agreed that they wanted independence, wanted control of their lives, were creative and were willing to accept the risks associated with starting a new venture. Though most had experience in the line of business, over one-quarter of them had no experience in the line of business, and over one-third had no other management experience or operations experience. Lack of experience is often cited as a reason for difficulties in starting and managing new venture. Being able to work well in a business does not imply being able to manage well in a business. Starting and running a business requires a set of skills to sustain or improve profitability. Those who had little or no experience probably exposed their families to a riskier journey in creating the new ventures.

When asked about business outcomes, entrepreneurs and their spouses generally agreed in their assessment of sales, sales expectations, profit expectations, that the business was up and running well, and the difficulty and length of time to get started. Interestingly, a majority of entrepreneurs and spouses did not believe they were too optimistic before starting the new venture. Over 60% of the entrepreneurs and spouses agreed that the spouse was very or somewhat involved in the business decisions, over half the spouses worked in the business, and about a third of the children worked in the business. The commonality of these responses seems to indicate that the spouses were informed about the business either through direct participation or from the entrepreneur.

While some of the couples had lower expectations, a majority expected to be happier, expected their family to be happier and expected to be financially better off. While some couples assessed the outcomes of the business lower, a majority of the couples' positive assessments of the reality of outcomes were also similar. Entrepreneurs and their spouses were actually happier than they had expected to be, their families were happier than they expected them to be, they felt financially better off than they had expected, and their families were financially better off, by a slight amount, than they had expected to be. Entrepreneurs, as a group, were significantly happier than their spouses.

Personal time, time with their spouses and time for their children was a problem for about half the entrepreneurs and their spouses. Time seems to be a major problem for couples involved in starting and managing small businesses. Almost half the entrepreneurs and their spouses felt that the business had an impact on their marriage and on their family relationships. Specific problems in their marriage ranged from some problems to divorce. Some felt the business had no impact or actually improved their relationship.

Although some of the couples had negative experiences after starting/running the businesses, a majority of them would still start a new venture again and believed that their family would support them again. For those who would be less likely to start again, they learned from the business process, from the changes in family relationships and from the experience.

Based on this research, the hypothesis tests results include:

- 1 There is no difference in perceived business outcomes of new venture creation between entrepreneurs and their spouses. The null hypothesis is accepted. This finding suggests that most spouses were informed about the business either through direct involvement or through communication with the entrepreneur or others in the firm. Communication between entrepreneurs and their spouses should be open and continuous. Informed spouses are likely more willing participants in new venture creation and management.
- 2 There is no difference in perceived family involvement in new venture creation between entrepreneurs' and their spouses. The null hypothesis is accepted. Entrepreneurs and their spouse had very similar views about family involvement in starting and managing the venture. Most spouses seemed to be informed about what was happening in the new venture and many seemed to have a say in starting and managing the new venture.
- 3 There is no difference in the expectations of new venture creation between entrepreneurs and their spouses. The null hypothesis is accepted. There were not significant differences between entrepreneurs' and their spouses' expectations about the new venture. Though some entrepreneurs and their spouses disagreed with the expectations assertions, they had similar expectations. Additional research may reveal why they had lower expectations. Most of the entrepreneurs and their spouses had positive expectations from new venture creation.
- 4 There is no difference in the perceived reality of business creation and the impact on family relationships between entrepreneurs and their spouses. The null hypothesis is accepted with the exceptions that entrepreneurs were happier than their spouse and entrepreneurs felt that they had less personal time. While the reality of new venture creation was negative for some entrepreneurs and spouses, most agreed the outcomes were positive. In fact, some had a better outcome than had been expected.
- 5 Many couples indeed agreed on the impacts of the new ventures on their personal relationship. Several couples in our sample had negative experiences in dealing with each other during the venture creation process. Most of the couples agreed that they would still support each other if they started another new venture.

This research has opened a new dimension of the study in entrepreneurship field. Traditional research approaches focused more on entrepreneurs as individuals, while spouses and other family members were often excluded from the analysis. The success of the new venture relies on the teamwork from a family's perspective. The Timmon's Model is a good example to display three key elements in entrepreneurship: resource, team and opportunity (Timmon, 1999). Family members should be considered a part of the new venture team, whether they are directly involved in the business decisions or not. Our study provided empirical evidence that spouses often shared similar expectations and reality assessments with entrepreneurs. Clearly, entrepreneurs and spouses had very

similar views about business outcomes, family involvement, personal expectations, and outcomes from starting and managing a new venture. Evidently, spouses were informed by direct involvement in the firm or entrepreneurs or others kept spouses informed about the venture. These positive interactions between entrepreneurs and spouses might contribute to more confidence for the family to start and support another new venture creation opportunity.

The results of this study, while not conclusive, will benefit entrepreneurs, researchers and practitioners by providing an understanding of how new venture creation relates to family relationships. Since, families share goals and values and have long-term commitments, understanding how expectations and outcomes from new venture creation impact the entrepreneur, their spouse and family is important. It is always helpful for entrepreneurs to share with their spouse and family.

Practitioners should take the time to emphasise to entrepreneurs with whom they work the importance of their family in new venture creation. The emphasis should be on good communication. This communication will help ensure the willing participation of spouses and children in the new venture.

We have opened a new line of research in entrepreneurship. Much of the historic research has focused on the entrepreneur and their behaviour or on family businesses and the particular issues raised by family businesses. This research focused on families in business and suggests that families can be and often are active willing participants in new venture creation and management. Any theory of entrepreneurship must include some attention to the important role of families in new venture creation. In addition, research on the issues raised by this research should add to the growing body of entrepreneurial literature.

Future studies could be expanded to:

- 1 Increase the sample size, response rate and area covered so that the responses could be more representative.
- 2 Conduct surveys in several industries to get a boarder range of answers from both entrepreneurs and their spouses and to compare and contrast the responses.
- 3 Interview or survey those entrepreneurs who decided not to start new ventures and/or those who started and discontinued to find out if spousal and marriage relationships have influenced their decisions.
- 4 Conduct continuous surveys over time to determine if there are trends or patterns in entrepreneurial behaviour related to family relationships.

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