

Entrepreneurial Dynamic Capabilities and Spousal Resources

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Introduction

Small businesses play a vital role in the creation of new jobs and economic development. Due to the financial crisis in 2007, Taiwan economic development is in a depression. However, the franchise industry is on an upward trend. For example, number of franchisor increased 17.52 %, and number of franchisee increased 10.15% between 2007 and 2008 (Taiwan Chain Stores and Franchise Association 2007, 2008). Because franchise systems may minimize cost and risks for establishing a new small business, the organizational form of franchising has emerged in recent years as an important technique for small businesses. Franchising has provided more competitive advantages than independent business (Hoffman and Preble 2003). Franchising may be recognized as “one of the fastest paths to small business success” (PR newswire 2007). Recently many franchise businesses are owned by married couples (PR newswire 007).

However, due to unprecedented franchise growth, the franchise marketplace has become increasingly competitive. For the franchisor, standard chain operation may gain the economic of scale, but can not flexibly and rapidly respond the different needs of local markets. Especially, while the franchisor of major profit comes from local markets in the increasing competitive market (Tuunanen and Hyrsky 2001), it becomes important whether franchisees can rapidly respond local market changes or not. Because it is important to develop special strategies for the local market, the franchisor must depend on the franchisees who be familiar to local markets and have local expertise knowledge (Kaufmann and Dant 1998). Due to the significance of developing local markets in the franchise system, franchisees should take the local entrepreneurial responsibility (Tuunanen and Hyrsky 2001) to respond the market changing.

Establishing a small business owner' capability of market responsiveness is to develop the dynamic capability (Griffith et al. 2006). *The dynamic capability is a kind of the firm's capability that continually create flexible strategies with integrating and reconfiguring resources to rapidly match the changing environment (Griffith et al. 2006; Eisenhardt and Martin 2000; Teece et al. 1997; Marcus and Anderson 2006). Griffith et al.(2006) refer that through the translation of knowledge resources into the dynamic capability, a small retailer may gain a competitive advantage.

Entrepreneurial couples who married couples working together is a crucial part of family business (Muske and Fitzgerald 2002). These couples are marital partners and business partners, and share goals and dream (Marshack 1993).

Family resources, especially spousal resources are important to the couple-owned business. Greater spousal resources may enhance business financial performance and help the success of a family business (Van Auken and Werbel 2006). Therefore, for the couple-owned franchising business, it is important to understand the factors influencing the supplement of spousal resources and their resources translation into franchisees' dynamic capabilities.

However, a review of existing research reveals several shortcomings that have limited our understanding of the relationship between spousal resources and the couple-owned franchisees' dynamic capabilities. First, although spousal resources are important to small family businesses, the failure to acknowledge the contributions the spousal resources is possibly reflected on the lack of empirical research on the couple-owned business. Marshack (1993) refers that despite the couple-owned business is popular, little existing research has focused on the subject. Reasons for the lack of existing research on entrepreneurial couples are as follows:(1) gathering data on entrepreneurial couples is difficult (Fitzgerald and Muske 2002); (2) a couple in business together is so common that researchers have ignored its unique (Marshack 1994); (3) existing research have focused on the personality dynamics of the male owner, but little explored the women (Marshack 1993). Even though few researchers have explored this issue, their researches are anecdotal or cases studies (Marshack 1993; Muske and Fitzgerald 2006).

Understanding the antecedents of the supplement of spousal resources is important. It is a characteristics for the family business is the overlapped between business domains and family domains. The supplement of spousal resources is dynamic and influenced by the need of the business and family. For example, while the business starts up, a spouse may provide more resources to the business than the family. But while the child was born, a spouse may provide more resources to the family than the business, and become an invisible person (Gills-Donovan and Moynihan-Bradt 1990).

Additionally, family resources has presented by various types, for examples, human capital, financial capital, and care. Because business and marriage relationships have blended in the couple-owned business, spousal resources are unique and need to separate the distinct influences of types of spousal resources. Then, an aim of this research is to examine how business-related and family-related factors affect the supplement of spousal resources, and to explore two spousal resources (instrumental resources and emotional resources) influence the performance.

Second, although prior research explores that spousal resources affect the firm performance (Van Auken and Werbel 2006), little research examines the ability to integrate spousal resources to enhance the firm performance. As Griffith et al. (2006) noted, existing

research on small retailers mostly explores the relationship between resources and capabilities from the resource-based view, but little focus on the ability to translate knowledge resources into the dynamic capability of market responsiveness. In a similar vein, Chirico and Salvato(2008) also refer that little prior literature on the family business explores dynamic capability perspective.

Even if spousal resources are abundant, the firm success is not guaranteed. While family resources are managed effectively, family resources may become valuable and achieve a competitive advantage (Sirmon and Hitt 2003). For couple-owned franchising business, there is a need to improve our understanding of spousal resources translation into dynamic capability of market responsiveness. In the light of this, this study aims to contribute to explore how dynamic capabilities influence the firm performance, and examine dynamic capabilities as the mediating role of the relationship of the two spousal resources on the firm performance.

This study conjecture that (1) business and family factors are antecedent of the supply of spousal resources; (2) spousal resources affect franchisees' dynamic capabilities and the firm performance; (3) franchisees' dynamic capabilities affect firm performance; (4) franchisees' dynamic capabilities may mediate the relationship between spousal resources and firm performance.

The structure of the article is as follows: after the introduction, in the next section, the conceptual framework and the research hypotheses will be provided, followed by a description of the methodology and the results of the hypothesis testing, and finally, a discussion of results and implications will conclude the article.