

**INNOVATION AND THE PRESERVATION OF SOCIOEMOTIONAL  
WEALTH: CORPORATE ENTREPRENEURSHIP IN FAMILY CONTROLLED  
HIGH TECHNOLOGY FIRMS**

Using the behavioral agency model we hypothesize that in high technology industries family controlled firms tend to invest less in R & D and engage in lower technological diversification than non-family controlled firms even though doing so increases business risk in this industry. Families adopt these seemingly irrational policies in order to preserve their socioemotional wealth. Furthermore, we argue that the depressing effect of family control on R & D investment is greatest when the CEO is a family member and when institutional ownership is weak, conditions that give the family greater discretion to pursue its socioemotional wealth preservation strategy. Lastly we hypothesize that the family becomes more willing to invest in R & D when firm performance declines as this might result in the dual loss of socioemotional wealth and financial welfare. Overall, we find strong support for these hypotheses