

A Viable Model of Sustainable Family Businesses

Sustainable family businesses require both functional families and profitable businesses. The purpose of this paper is to develop a model allowing for variable degrees of overlap of the family and business rather than assuming they constitute either a single system or two separate systems.

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Modeling Issues

While the interaction of families and businesses is acknowledged in the literature, the dominant perspective has been that family influences harm a business. The universally proposed recommendation for successful coexistence of the two systems is separation (Ibrahim & Ellis, 1994) or clear boundary definition (Rosenblatt, de Mik, Anderson & Johnson, 1990). It is the premise of this paper that sustainable family owned businesses require both minimally functional families and successful businesses.

The dominant paradigm used to examine the interaction of business owning families and businesses has been that of overlapping systems. From our perspective it is not acceptable to sacrifice the family for the good of the business. Neither is it always good for the business to separate it from the family. The important theoretical constructs within the overlapping systems are different from previous models. This model is interdisciplinary. It is the result of synthesizing research from several fields. The family system component is more like a traditional family resource management model than a family studies model. The business component is more like an entrepreneurship model than a business management or marketing model.

Functionality is not a clear construct in the family therapy literature. None of the "theories" of family functionality proposes predictors or correlates of functionality. This study relied on family resource management theories to identify correlates of functionality (Winter, 1996). In those "theories" satisfaction is determined by adaptation, resource management practices, the family manager's human capital, family goal setting, environmental changes, and family structure.

Success is an ambiguous term commonly used by both lay and professional people to describe the achievements of a firm or person. There are two broad constructs used to define and measure business success. One is financial success and the other is survival. Predictors of success can be categorized into four groups: owner characteristics, business characteristics, community characteristics, and owner management practices.

Overlap of the family and business is accounted for explicitly through both explanatory variables and statistical methods of analyzing the systems.

References

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Endnotes

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