



Journal Homepage: - [www.journalijar.com](http://www.journalijar.com)

## INTERNATIONAL JOURNAL OF ADVANCED RESEARCH (IJAR)

Article DOI: 10.21474/IJAR01/20008

DOI URL: <http://dx.doi.org/10.21474/IJAR01/20008>



### RESEARCH ARTICLE

#### FAMILY, BUSINESS AND FAMILY BUSINESS

Shreyas Kulkarni

#### Manuscript Info

##### Manuscript History

Received: 05 October 2024

Final Accepted: 07 November 2024

Published: December 2024

##### Key words:-

1. Family: a Group of People Related by Blood or Marriage, Along with their Children Living Together as a Unit.
2. Family Members: all the Descendants of a Common Ancestor.
3. Business: a Commercial Operation.
4. Family Business: a Business that is Owned and/or Run by Current Generation Members of the Founding Family

#### Abstract

This research explores intersections between family, business, and family business. The study characterises the difference with the aim to clarify conceptual differences and their individual role in the society. While family refers to a social unit tied by emotional bonds, business represents a commercial activity driven by financial goals. Family business, however, is a unique combination of the two. Family businesses are uniquely positioned to balance the personal concerns with professional concerns and focuses on longevity and identity over quick profitability. This study provides a key difference that emphasises on how each aspect is different and yet they complement each other. Factors such as governance, leadership, and the role of family values are explored. The paper aims to contribute to a deeper understanding of family and non-family business and explore how family harmony and business success is maintained.

Copyright, IJAR, 2024.. All rights reserved.

#### Introduction:-

##### Objective:-

1. To study the difference between family, business, and family business.
2. To understand the impact of family dynamics on business matters.

##### Limitations

1. Narrow scope: Only specific literature on family businesses are studied, hence the findings cannot be generalised.
2. Family dynamics: It is broad term and difficult to quantify or measure its impact on the family business objectively.
3. Family leaders: There is an overlap of responsibilities, the nature of leadership may often be informal in business matters and there are multiple leaders in family businesses that complicates the study further.

##### What is family?

The concept of family is understood in various different perspectives.<sup>1</sup> The family can be biological, social, cultural, legal, psychological, functional, economic, and so on. According to Hardwig, a group of individuals related by blood or share the same genetics such as parents, grandparents, children, siblings, grandchildren and in some cases even including aunts and uncles are all part of one's biological family. Social family is a group of individuals who share an emotional connection, who often live together and share household responsibilities regardless of whether

<sup>1</sup> Hardwig, John. "What about the family?" Hastings Center Report 20, no. 2 (1990): 5-10.

they are related to each other.<sup>2</sup> According to Otto, cultural family usually refers to different structures in different cultures, for example in the western societies only the parents and their children are considered family, while in India, multiple generations are considered family. Caregiving is common across all cultures. Legal family is recognised by law which includes lawful marriages and adopted children.<sup>3</sup> According to Halley, this provides inheritance rights and other support which are legally binding. Psychologically, families are a source of emotional support, mental health and development. Family nurtures an individual and that forms an identity.<sup>4</sup> Functional family is an arrangement where everyone plays a specific role assigned to them such as financial support, emotional support, nurturing and caregiving etc. Economic family is typically focused on generating income, accumulating wealth, while sharing benefits and responsibilities.<sup>5</sup> Such structures often include family businesses.

The concept of family is increasingly context-dependent in modern society. It is no longer limited to considering biological relationships as a family unit. Family understanding now includes emotional, social, legal, and economic dimensions. Nonetheless, family continues to remain central for individual development.

### **What is business?**

Business is an intentional effort of an individual or a group to produce and sell goods and services with commercial intent.<sup>6</sup> According to Handy, generating profits becomes an essential part of the activity and in order to ensure that, value creation, customer satisfaction, social development becomes a natural objective. In economic terms, business is an enterprise engaged in commercial, industrial, or professional activities to create goods for exchange in the market with an aim to generate profit.<sup>7</sup> Businesses operate in a competitive market where providing value to its customers becomes essential. According to Drucker, businesses must manage their resources efficiently to minimise their loss if they fail to make profit.

Business is organised by distributing roles, functions and departments, together they form a system. The system works together to produce and deliver the manufactured goods that are central to the business.<sup>8</sup> It is a structured process of operation which includes acquisition of raw materials, production, marketing, sales, human resource, and finance. Businesses can be small or large. They have specific objective and strategic goals to achieve. Profit making businesses cover production, labour and overhead costs and surpass their estimate to earn money.<sup>9</sup> Surplus funds at the end of a business cycle are the rewarding profits.

Businesses are increasingly taking social responsibilities by considering the ethical position of its business and role in the society. Besides adopting fair labour practices, they also engage in corporate social responsibility (CSR). Such practice aims to balance profits with positive contribution in the community.<sup>10</sup>

Business usually begins as an entrepreneurial venture by taking risks. Innovative ideas are also risky until and unless it satisfies customer needs or solves an existing problem. These are often opportunities to gather resources and develop cost effective products. The whole process is a business model which helps in determining the competition and whether the venture will be successful.<sup>11</sup>

---

<sup>2</sup> Otto, Herbert A. "What is a strong family?" *Marriage and family Living* 24, no. 1 (1962): 77-80.

<sup>3</sup> Halley, Janet. "What is Family Law: A genealogy part I." *Yale JL & Human.* 23 (2011): 1.

<sup>4</sup> Coontz, Stephanie. "Historical perspectives on family studies." *Journal of marriage and family* 62, no. 2 (2000): 283-297.

<sup>5</sup> Willis, Robert J. "What have we learned from the economics of the family?" *The American Economic Review* 77, no. 2 (1987): 68-81.

<sup>6</sup> Handy, Charles. "What is a business for?" *Harvard business review*, December (2002).

<sup>7</sup> Drucker, Peter F. "The theory of the business." *Alfred P. Sloan: Critical evaluations in business and management* 2, no. 2 (1994): 258-282.

<sup>8</sup> Drucker, Peter F. "What is business ethics." *The public interest* 63, no. 2 (1981): 18-36.

<sup>9</sup> Hammer, Michael. "What is business process management?" In *Handbook on business process management 1: Introduction, methods, and information systems*, pp. 3-16. Berlin, Heidelberg: Springer Berlin Heidelberg, 2014.

<sup>10</sup> Nickels, William G., James M. McHugh, and Susan M. McHugh. *Understanding business*. McGraw-Hill, 2019.

<sup>11</sup> DaSilva, Carlos M., and Peter Trkman. "Business model: What it is and what it is not." *Long range planning* 47, no. 6 (2014): 379-389.

Besides focusing on innovation and value generation, businesses are also functional. A collective but efficient effort from finance, marketing, operations, human resources, and supply chain management, to achieve business objectives is extremely important. This contributes to the overall success of the business.<sup>12</sup>

Businesses have legal responsibilities, including paying taxes, complying with industry regulations, obtaining licenses, and abiding by contractual obligations. Additionally, businesses own properties, enter into agreements, and own intellectual property rights. Businesses are not limited to the domestic market but also engage in trades and investments in international markets. In a globalised and interconnected world, businesses enter into international partnerships, make use of global supply chains, and serve international customers. It requires altogether a different strategy to understand and operate in different cultures and their regulations.<sup>13</sup>

Majority of businesses specifically provide the goods that are in demand. They are driven by customer preferences, and adapt according to their behaviour. Innovation, improving products, and analysing customer feedback is part and parcel of the business operation. It is a continuous interaction to maintain a competitive edge in an ever-evolving market.<sup>14</sup>

Businesses are often quick to adopt new technology to improve their operations. Advancements in technology not only improves the process and manufacturing of new products but also helps in expanding the communication with their target customers through digital platforms. Technology has made business interaction more convenient for all stakeholders.<sup>15</sup>

At its core, business involves creating and delivering value through the exchange of goods and services. Business understanding requires considering elements within its internal environment and the external environment. The definition and role of business continue to expand and adapt with evolving societies.

#### **What is family business?**

In the context of family business, the family owns, governs and leads the business. Some members of the family have the decision-making power in the business process. This has a significant impact on the direction of business while the family continues to exist as a social unit. This is important because family dynamics can significantly impact business decisions and long-term strategy. Roles of family members are less likely to be objective hence, their interaction with the business can either strengthen or challenge the continuity of the family business.<sup>16</sup>

Family business is a commercial venture of a family where decisions are influenced by the generations of the founding family who are related by blood, marriage or adoption. These members have significant control over the decisions, management, and strategy of the business. Here multiple generations are involved either as owners, managers or both. Just like the shared values of the family, the business often has similar values. Family businesses can be small mom-and-pop shops to large multinational corporations. They have a vital role in world economies, it creates jobs and provides social stability.<sup>17</sup>

---

<sup>12</sup> Bargiela-Chiappini, Francesca, Catherine Nickerson, Brigitte Planken, Francesca Bargiela-Chiappini, Catherine Nickerson, and Brigitte Planken. *What is business discourse?* - Palgrave Macmillan UK, 2013.

<sup>13</sup> Artto, Karlos A., and Kim Wikström. "What is project business?" *International Journal of Project Management* 23, no. 5 (2005): 343-353.

<sup>14</sup> Zarnowitz, Victor. "What is a business cycle?" In *The Business Cycle: Theories and Evidence: Proceedings of the Sixteenth Annual Economic Policy Conference of the Federal Reserve Bank of St. Louis*, pp. 3-83. Dordrecht: Springer Netherlands, 1992.

<sup>15</sup> Saunders, Mark, and Philip Lewis. *Doing research in business and management*. Pearson, 2017.

<sup>16</sup> Debicki, Bart J., Curtis F. Matherne III, Franz W. Kellermanns, and James J. Chrisman. "Family business research in the new millennium: An overview of the who, the where, the what, and the why." *Family Business Review* 22, no. 2 (2009): 151-166.

<sup>17</sup> Chami, Ralph. "What is different about family businesses?" (2001).

**Key difference**

Aspect	Family	Business	Family Business
<b>Primary Focus</b>	Emotional, social, and caregiving relationships	Economic activities and profit generation	Combination of family dynamics and business activities
<b>Key Relationships</b>	Based on blood, marriage, or adoption	Based on transactions and professional relationships	Based on both familial bonds and professional/business relationships
<b>Objective</b>	Nurturing, support, personal growth	Profit maximization, efficiency, market success	Profit generation with an emphasis on long-term family legacy
<b>Ownership</b>	Family members share ownership of resources (e.g., home, assets)	Owned by individuals, corporations, or shareholders	Family members are often primary owners or major shareholders
<b>Management</b>	Family roles are emotional or caregiving	Management is based on skills, roles, and expertise	Family members often play leadership roles, blending personal and professional leadership
<b>Decision-Making</b>	Informal, often based on relationships and needs	Formal, based on business objectives, market conditions, and competition	Mix of personal family values and business objectives, sometimes informal or influenced by family hierarchy
<b>Scope</b>	Focuses on the private, personal sphere	Focuses on the commercial or economic sphere	Operates in the commercial sphere but is influenced by family values and legacy

**Conclusion:-**

The concepts of family, business, and family business are distinct but interconnected at the same time. Family is primarily about shared relationships, emotional support, caregiving and togetherness as a social unit. Business is about commercial and economic activity aimed at generating profits. Here management decisions, including ownership and procedural, are based on expertise, professional skills and market demand rather than personal relationships. Family businesses are owned and managed by members of a single family. Family's involvement is often reflected in values, goals, missions, and concerns of the family business. Here business objectives are linked with family reputation and vision.

**References:-**

1. Artto, Karlos A., and Kim Wikström. "What is project business?" *International Journal of Project Management* 23, no. 5 (2005): 343-353.
2. Bargiela-Chiappini, Francesca, Catherine Nickerson, Brigitte Planken, Francesca Bargiela-Chiappini, Catherine Nickerson, and Brigitte Planken. *What is business discourse? - Palgrave Macmillan UK*, 2013.
3. Chami, Ralph. "What is different about family businesses?" (2001).
4. Chua, Jess H., James J. Chrisman, and Pramodita Sharma. "Defining the family business by behavior." *Entrepreneurship theory and practice* 23, no. 4 (1999): 19-39.
5. Coontz, Stephanie. "Historical perspectives on family studies." *Journal of marriage and family* 62, no. 2 (2000): 283-297.

6. DaSilva, Carlos M., and Peter Trkman. "Business model: What it is and what it is not." *Long range planning* 47, no. 6 (2014): 379-389.
7. Davis, John A., Marion McCollom Hampton, and Ivan Lansberg. *Generation to generation: Life cycles of the family business*. Harvard Business Press, 1997.
8. De Massis, Alfredo, Pramodita Sharma, Jess H. Chua, and James J. Chrisman. *Family business studies: An annotated bibliography*. Edward Elgar Publishing, 2012.
9. Debicki, Bart J., Curtis F. Matherne III, Franz W. Kellermanns, and James J. Chrisman. "Family business research in the new millennium: An overview of the who, the where, the what, and the why." *Family Business Review* 22, no. 2 (2009): 151-166.
10. Debicki, Bart J., Curtis F. Matherne III, Franz W. Kellermanns, and James J. Chrisman. "Family business research in the new millennium: An overview of the who, the where, the what, and the why." *Family Business Review* 22, no. 2 (2009): 151-166.
11. Donnelley, Robert G. "The family business." *Family Business Review* 1, no. 4 (1988): 427-445.
12. Drucker, Peter F. "The theory of the business." *Alfred P. Sloan: Critical evaluations in business and management* 2, no. 2 (1994): 258-282.
13. Drucker, Peter F. "What is business ethics." *The public interest* 63, no. 2 (1981): 18-36
14. Halley, Janet. "What is Family Law: A genealogy part I." *Yale JL & Human*. 23 (2011): 1.
15. Hammer, Michael. "What is business process management?" In *Handbook on business process management 1: Introduction, methods, and information systems*, pp. 3-16. Berlin, Heidelberg: Springer Berlin Heidelberg, 2014.
16. Handy, Charles. "What is a business for?" *Harvard business review*, December (2002).
17. Hardwig, John. "What about the family?" *Hastings Center Report* 20, no. 2 (1990): 5-10.
18. Nickels, William G., James M. McHugh, and Susan M. McHugh. *Understanding business*. McGraw-Hill, 2019.
19. Olson, Patricia D., Virginia S. Zuiker, Sharon M. Danes, Kathryn Stafford, Ramona KZ Heck, and Karen A. Duncan. "The impact of the family and the business on family business sustainability." *Journal of business venturing* 18, no. 5 (2003): 639-666.
20. Otto, Herbert A. "What is a strong family?" *Marriage and family Living* 24, no. 1 (1962): 77-80.
21. Poza, Ernesto J., and Mary S. Daugherty. *Family business*. Mason, OH: South-Western Cengage Learning, 2010.
22. Reay, Trish, and David A. Whetten. "What constitutes a theoretical contribution in family business?" *Family Business Review* 24, no. 2 (2011): 105-110.
23. Saunders, Mark, and Philip Lewis. *Doing research in business and management*. Pearson, 2017.
24. Vazquez, Pedro. "Family business ethics: At the crossroads of business ethics and family business." *Journal of Business Ethics* 150 (2018): 691-709.
25. Willis, Robert J. "What have we learned from the economics of the family." *The American Economic Review* 77, no. 2 (1987): 68-81.
26. Zachary, Ramona K. "The importance of the family system in family business." *Journal of Family Business Management* 1, no. 1 (2011): 26-36.
27. Zarnowitz, Victor. "What is a business cycle?" In *The Business Cycle: Theories and Evidence: Proceedings of the Sixteenth Annual Economic Policy Conference of the Federal Reserve Bank of St. Louis*, pp. 3-83. Dordrecht: Springer Netherlands, 1992.