

INVITED ARTICLE

**THE EFFECTS OF ETHNICITY, FAMILIES AND CULTURE ON
ENTREPRENEURIAL EXPERIENCE: AN EXTENSION OF
SUSTAINABLE FAMILY BUSINESS THEORY**

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Entrepreneurs have been traditionally epitomized as rugged individuals garnering creative forces of innovation and technology. Applying this traditional, limited, and narrow view of entrepreneurship to ethnic firm creation and growth is to ignore or discount core cultural values of the ethnic contexts in which these firms operate. It is no longer possible to depend solely on human capital theory and household characteristic descriptions to understand the complex and interdependent relationships between the ethnic-owning family, its firm, and the community context in which the firm operates. This paper addresses the complex dynamic of ethnic firms with three purposes: (a) to provide a cultural context for the three ethnic groups composing the National Minority Business Owner Study; (b) to extend the Sustainable Family Business Theory, a dynamic, behaviorally-based, multi-dimensional family firm theory, by clarifying how it accommodates ethnic firm complexities within their cultural context, and (c) to derive implications for research, education and consulting with worldwide applications.

Keywords: Ethnic-family businesses; entrepreneurship; Sustainable Family Business Theory (SFBT).

1. Introduction

To ignore ethnic and family contexts that create the culture from which entrepreneurship emerges is to forge a myopic view of ethnic businesses owned and operated by their family members. Yet to date, the majority of research has been based on this limited view.

In fact, family appears to be more important in ethnic-family businesses than in others because of the collective orientation that characterizes cultures other than Euro-American (Landau, 2007). Although ethnicity is an individual attribute, it contributes to a larger culture as individuals of the same or different ethnicities interact in families, social groups, and societies (Coleman, 1988; Gollnick and Chinn, 1990). Indeed, the *family*, with its own interpersonal dynamics, acts as the crucible that mixes ethnicities, and creates culture, thereby serving as the “mediating milieu” for the entrepreneurial experience (Rogoff and Heck, 2003; Stafford *et al.*, 1999).

This myopic view may lead to unasked questions and under-specified research models. For example, researchers may not sample ethnic respondents or include ethnicity in their literature reviews and analyses. As a result, the ethnicity of family members may be ignored when, in fact, it dictates their orientation toward markets in their ethnic enclaves (e.g., Light, 1972). By so doing, researchers obtain results that may not be generalizable and attribute results to the incorrect cause. It may also be the case that business management and performance are critically affected by characteristics of the owning family (Duncan *et al.*, 2000; Olson *et al.*, 2003), including the ethnicity of owners (Puryear *et al.*, 2008).

Rogoff and Heck (2003) stated “the growing body of research points to the fundamental guiding principle that the combustion of entrepreneurship cannot ignite and grow without the mobilization of family forces.” Traditionally, portrayal of the entrepreneur as a rugged individual garnering the creative forces of innovation and technology has permeated entrepreneurship research (Dimov, 2007). However, in 1993, Cramton identified a firm creation paradox in that creating firms followed the traditional mantra of rugged individualism publicly, but in private accounts, they described their firm creation as “a collaborative enterprise driven primarily by changing family relationships, not by desire for individual achievement or recognition of economic opportunity.” Nearly 15 years later, Dimov (2007) recognized entrepreneurship as a dynamic, iterative social process that develops opportunities through discussion and interpretation, and accounts for the context in which these opportunities emerge.

Applying this narrow view of entrepreneurship to ethnic firms ignores or discounts core cultural values of the community in which these firms operate (Owen and Rowe, 1995). Yet, most literature on ethnicity and entrepreneurship has focused on traits and trends on the national level and on explanations for the differences among ethnic groups (Owen and Rowe, 1995). Theories of ethnic entrepreneurship have concentrated on ethnic and class resources affecting business development, primarily because of the nature of available data (Bates, 1985; Fairlie, 2004). Data either have come from government sources with large samples and little data on business management or from small samples with limited geographic or ethnic diversity and more in-depth data (Menzies *et al.*, 2007). Within this literature, Bohon (2001) states it is no longer possible to depend solely on human capital theory and household characteristic descriptions to understand the complex and interdependent relationships between the ethnic-owning family, its firm, and the community context in which the firm operates.

With the emergence of the National Minority Business Owner Surveys (NMBOS) (Puryear *et al.*, 2008), however, there now exists in-depth information from random, national

samples of African-American, Korean-American, and Mexican-American family business owners, inclusive of owning families and their firms. Considering both the current definition of opportunity creation in the literature and the focus of most ethnic entrepreneurship literature, the study of these ethnic-owning families and their firms requires a theory that accommodates both family and business systems along with their interaction within the cultural context of their ethnic communities. The purposes of this paper are: (a) to provide a cultural context for the three ethnic groups composing the National Minority Business Owner Study; (b) to extend Sustainable Family Business Theory to accommodate the complexities of ethnic firms and their cultural context, and (c) to derive implications for research, education, and consulting.

2. Previous Related Research

2.1. Ethnicity and entrepreneurship

Three points are clear after reviewing the entrepreneurship and ethnic business literature. First, generalizations are made about all ethnic firms, but Bearse (1985) indicated within group differences are as great as between group differences. Using census data to study self-employment, Fairlie and Meyer (2003) identified as many as 60 ethnic groups in the US. There are many characteristics that create variations within ethnic groups. Whether the group is composed of immigrants or natives to the US, how long they have been in the country, and whether they have had business experience and opportunities prior to entry or historically within the country, the social networks and organizing capacity of the group (Aldrich and Waldinger, 1990), and how residentially segregated the group is or has been (Auster and Aldrich, 1984) may influence businesses' operating and financial patterns (Felman *et al.*, 1991; Scott, 1983).

Second, much of entrepreneurship literature has used mainstream, Euro-American samples and theories that portray entrepreneurship as a series of individual decisions (Auster and Aldrich, 1984; Cramton, 1993; Puryear *et al.*, 2008; Rogoff and Heck, 2003). However, Fratoe (1986) says ethnic businesses are group level phenomena because of their dependence on group resources. Business strategy requires alignment with the environment, and when that environment includes such group values as collectivism, duty, and loyalty, that alignment influences operations more than it does in the mainstream culture (Enz *et al.*, 1990). Furthermore, when small ethnic business success depends on how it interacts with its environment such as customers and suppliers, most of whom are members of the same ethnic group, the same assumptions can not be made about the entrepreneurial process.

Third, little attention has been paid to how families affect the fundamental entrepreneurial process (Aldrich and Cliff, 2003; Dyer, 2006; Rogoff and Heck, 2003). Because family is a conduit of culture and core cultural values (Landau, 2007), family structure and relationships are even more integral to understanding the management processes of ethnic-family businesses than mainstream businesses. In fact, Green and Pryde (1990) described family as being a mediating institution that, along with marketplace conditions, has expanded or restricted entrepreneurial opportunities for ethnic groups. Although family is core to social networks within ethnic groups, network structure depends on the

characteristics of the group (Aldrich and Waldinger, 1990). For instance, some ethnic groups have hierarchical family structures whose members have a clear sense of loyalty and obligation, while others have more diffusely organized families.

2.2. Cultural context of ethnic families

Culture is more complex than either race or ethnicity and is the result of interpersonal interaction (Gollnick and Chinn, 1990). Race represents shared genetic heritage; whereas, ethnicity implies common values, beliefs, and practices based on nationality, common ancestry, and/or common immigration experiences (Hill *et al.*, 2005). Ethnic groups are culture-bearing units (Barth, 1969; Imperia *et al.*, 1985) and common group values are major contributors to a sense of identity and to characteristic ways of perceiving, thinking, feeling, and behaving that influence action in everyday life (Chan and Lee, 2004; Hanson, 2004). Culture, compared to ethnicity, is composed of interpersonal interactive processes reflecting ethnic identity and ways of behaving through family roles and values, communication patterns, affective styles, and decision-making (Hill *et al.*, 2005). It is through family interaction, however family is perceived within an ethnic group, that cultural values and behavior patterns are embedded. Further, race and ethnicity apply to the individual, whereas culture resides in interactions within the family system and between the family and its community (Rueschenberg and Buriel, 1995).

Business-owning families transmit their culture to the firm through family member interactions in both family and business systems and at the interface of the two systems. Because culture is a relational phenomenon, two assumptions are appropriate to note, according to Flemons and Cole (1994). First, roles are defined by the verbally and nonverbally communicated stance(s) of the other person(s) in the interaction. In fact, Flemons and Cole describe roles as shorthand descriptions of interactions. Second, Flemons and Cole indicate the informational world of perception and language is relationally structured so that, for example, making a distinction between the “father role” and the “boss role” is a relational act, and must be considered in a cultural context in the case of ethnic-family firms.

Cultural context includes both the structure and functions of family. Table 1 identifies the most common cultural values, beliefs, norms, and practices of the ethnic groups in NMBOS. In the table, the Euro-American cultural context is included because the majority of previous research and business consultants have that cultural lens. Five dimensions are individual characteristics rooted in ethnicity (identified with an “E”) and five are cultural dimensions reflecting interactive family processes that emanate out of an individual’s culture (identified with a “C”). Researchers and consultants need to explore and come to terms with their own cultural origins (Soto-Fulp and DelCampo, 1994). Culture is only one determinant of a person’s actions. Socioeconomic status, gender, age, length of community residence, education, and other attributes also influence a person’s actions. In addition, people vary in the extent to which a particular culture influences their behavior. Thus, there are not only intercultural differences but diversity within cultures themselves.

In the Euro-American culture, there is a high regard for individualism and privacy, an “I” orientation. The primary relationship is the nuclear family. Parents provide guidance,

Table 1. Ethnic (E¹) and cultural (C¹) dimensions of values, beliefs, norms and practices.²

| Dimensions | Euro-American | African American |
|--------------------------------|--|---|
| E1. Central Orientation | Individual (I) orientation | Collective orientation (we) |
| E2. Communication Style | Being direct, verbal, look one another in the eye, personal self-disclosure typically avoided | High context communication with expression verbally and through music |
| E3. Personal Grounding | Self-promoting, competitive, emphasis on action and work, status defined by achievement | Private gain is respected but value group effort for the common interest; feel responsibility to give back |
| E4. Situation Focus | Doing (task orientation), importance of time | More oriented to situation than time |
| E5. Spiritualism | Orientation toward future, change, progress | Strong spiritual orientation |
| C6. Valued Family Unit | Nuclear and immediate family bonds | Kinship and extended family bonds, often fictive kin involvement |
| C7. Parent Child Relationship | Parent provides guidance, support, explanations and encourages curiosity | More authoritarian child-rearing practices |
| C8. Core Family Relationship | Husband/wife (marital) bond is stressed | Mother and grandmother roles central |
| C9. Family Structure and Roles | Tendency toward democratic family structures, equality, role flexibility | Varied family structures including kinship group of people who care about each other; function of family more critical than structure |
| C10. Attitudes Toward Elderly | Lesser role and respect for elderly in family | Great respect for elderly in the family |
| | Korean American | Mexican American |
| E1. Central Orientation | Collective orientation (we) | Collective orientation (we) |
| E2. Communication Style | Indirect, implicit, nonverbal, non confrontational, emotionally controlled communication | Emphasis on saving face within communication |
| E3. Personal Grounding | Self-effacing, status defined by ascription (birthright, inheritance, age, sex, family name) | Emphasize cooperation; pressure to turn to extended family first for all kinds of aid |
| E4. Situation Focus | Person and relationship oriented | Relationship orientation; relaxed with time |
| E5. Spiritualism | Spiritualism, tradition, living with past | Spiritual/magical belief orientation |
| C6. Valued Family Unit | Family as primary unit | Extended family system, value seeing each other face-to-face |
| C7. Parent Child Relationship | Parents provide devotion and authority, expect unquestioning obedience and respect, Interdependent parent-child relationship | More relaxed toward child development |

Table 1. (Continued)

| Dimensions | Korean American | Mexican American |
|--------------------------------|---|--|
| C8. Core Family Relationship | Parent-child (parental) bond is stressed | Parent-child bond is often more important than husband-wife role |
| C9. Family Structure and Roles | Hierarchical and patriarchal family structure, role rigidity, Gender- and age- based inequality | Tendency toward more patriarchal family structure; males in protective role and females in expressive role |
| C10. Attitudes Toward Elderly | Reverence for elderly in the family | More overt respect for elderly in family |

¹E (Ethnicity) = individual characteristic rooted in ethnicity; C (Culture) = culture composed of interactive family processes that reflect ethnic identities of owning-family

²Adapted from Lynch, EW and MJ Hanson (2004). *Developing cross-cultural competence: A guide for working with children and their families*. Baltimore: Paul H. Brookes Publishing.

support, and explanations; encourage curiosity; and foster critical/independent thinking early. There is a tendency to have democratic family structures with equality between genders, role flexibility, and focus on the husband/wife bond. Status is defined by achievement. The elderly have less influence and respect in the family than younger people. Directness is core to the communication style, often looking into the eye. Self-disclosure, however, is typically avoided. Individuals tend to be competitive; emphasis is on action and work with a task orientation. There is an overall orientation in the culture to the future, change, and progress.

2.2.1. African-American culture

African Americans are an increasingly diverse group, particularly with the influx of recent African immigrants such that distinctions are made between descendants of slaves and the foreign-born African Americans (Kohn and Wilson, 1995; Hill *et al.*, 2005; Willis, 2004). The “we” (collective) orientation is central to African-American culture.

The function of family is critical within the culture rather than the actual structure. Native African Americans tend to have elastic household boundaries. There are varied family structures including a kinship group, called fictive kin, who care about each other but are not related by blood, marriage, or adoption (Hines and Boyd-Franklin, 2005). Mother or grandmother role is central, the latter reflecting the great respect for the elderly (Hines and Boyd-Franklin, 2005; Wilson *et al.*, 1995). African-American parents emphasize observing appropriate respect for adult authority, as reflected in more authoritarian child-rearing practices (Wilson *et al.*, 1995). All responsible adults in the kinship circle of influence take part in education and discipline of children (Willis, 2004). Research indicates interactions within marital couples reflect egalitarian decision making (Wilson *et al.*, 1995). Because much African-American research has been done on low income, urban, single mother samples, there is still much to learn about how their cultural values affect family processes (Hill *et al.*, 2005; Kohn and Wilson, 1995).

Beyond the family construct, it is noteworthy to mention the importance of “community” within the African-American culture. Even when African Americans do not reside in close proximity to each other, there is a sense of community at an abstract level, a collective understanding of cohesion and belonging among them despite differences in ethnic practices (Hill *et al.*, 2005). This sense of community is noteworthy because contemporary African Americans are less likely to live and interact in racially homogeneous communities (Iceland, 2004). This sense of community is reflective of the strong emphasis within the culture on collective unity and social interdependence (Hill *et al.*, 2005). The African-American sense of community is also reflected in the value they place on individual advancement. Private gain by individuals is respected but more value is placed on group effort for the common interest. Many African Americans will express this value by indicating the need to “give back” to the community (Willis, 2004). There is a strong spiritual dimension to the culture (Hines and Boyd-Franklin, 2005). Communication is highly contextual with music playing a large role (Willis, 2004).

2.2.2. Korean-American culture

Koreans place great weight on respecting authority and maintaining a stable social order (Huh-Kim, 1998). As part of that effort, Koreans are taught to embrace a “we” identity rather than an “I” identity. The concept of “we” in Korean culture is based on *jeong*, a unique Korean cultural concept (Song, 2001). “We” represents a unique Korean affect and interpersonal style different from other ethnic groups. The “we” refers to a humanistic and interrelated unit, rather than situational homogeneity in a formal relationship. According to Kim and Ryu (2005), *jeong* expresses a combination of empathy, compassion, and emotional attachment for another person’s comfort and well-being. *Jeong* humanizes social relationships and makes life meaningful. Song (2001) indicates that *jeong* has an important role in shaping boundaries of a “we” group. Within the “we” group, people create interdependent, very intimate, and emotionally attached relationships. Meanwhile, the group tends to develop rigid boundaries to exclude others. Although Korean-American family boundaries remain rigid in terms of the larger society, within the immigrant community, boundaries are porous and permeable because of an absence of an extended kinship network (Kim and Ryu, 2005).

The “we” identity of Korean culture is reflected in the centrality of the family unit. An individual is seen as the product of all the generations of his or her family. The family is highly valued and reinforced by child-rearing practices, rituals, and customs such as family celebrations (Lee and Mock, 2005). Even when Koreans have faced major change through industrialization and Westernization in their own country or immigration to another country, they have maintained this core cultural value. For example, first and second generation Korean immigrants often make extraordinary sacrifices of time and money to participate in events with extended family members such as *han-kap*, the special celebration of the 60th birthday, and *chae-sa*, the ceremony honoring deceased ancestors (Kim and Ryu, 2005).

In traditional Korean families and society, relationships are hierarchical, with age and gender playing major roles in determining place within the hierarchy. Hierarchies by age and gender continue to determine thinking and behavior (Kim and Ryu, 2005). Elders are to

be highly respected, revered, and cared for within families as part of the multigenerational family life cycle (Lee and Mock, 2005). For example, eldest sons and their wives are often expected to meet the daily living needs of the sons' parents (Kim *et al.*, 2004). Gender-based inequality became entrenched during the Yi dynasty, which embraced Confucianism (Kim and Ryu, 2005). Although women have gained legal equality, educational opportunities, and social participation in recent years, many Korean families still adhere to a conservative patriarchal family structure (Kim and Ryu, 2005; Song, 2001).

A hierarchical, patriarchal Korean family structure affects marital and parent-child relationships. In traditional Korean marriages, the wife is usually under the authority of her husband, her father, her father-in-law, and sometimes her oldest son (Lee and Mock, 2005; Song, 2001). The primary relationship is more likely to be the father-son dyad than the husband-wife dyad (Kim and Ryu, 2005; Lee and Mock, 2005; Song, 2001). Parents traditionally provide their children nurturance, support, discipline, and authority. In turn, they expect respect, unquestioning obedience, and submission from their children (Lee and Mock, 2005; Chan and Lee, 2004; Song, 2001).

Meanwhile, many Korean-American families are in transition through the inevitable changes induced by migration, urbanization, and modernization (Lee and Mock, 2005). Strict segregation between the sexes has largely disappeared, and the traditional Korean primacy of the father-son dyad has recently begun to be replaced by the husband-wife dyad. Children's opinions are now being given more consideration than before (Kim and Ryu, 2005). However, many Korean-American families remain hierarchical and patriarchal (Kim and Ryu, 2005; Song, 2001).

Korean Americans prefer implicit, nonverbal, indirect communication (Lee and Mock, 2005; Chan and Lee, 2004; Song, 2001). Gift giving, an example of nonverbal communication, is a normal expression of appreciation (Kim and Ryu, 2005). According to Kim *et al.* (2004), Korean Americans are unlikely to discuss psychological symptoms openly because the direct expression of mental distress is seen as a sign of weakness. Consequently, they express the physical discomfort associated with emotional distress, because this carries less shame. Korean Americans also prefer non-confrontational and emotionally controlled interactions (Lee and Mock, 2005; Chan and Lee, 2004; Kim *et al.*, 2004; Song, 2001). The emphasis on harmony and indirect confrontation minimizes the possibilities of "losing face" for authority figures (Kim *et al.*, 2004).

2.2.3. *Mexican-American culture*

Mexican Americans organize themselves around an extended kin network (Soto-Fulp *et al.*, 1994), calling for sacrifice and loyalty from members (Niska, 1999). Nuclear families usually live near extended family (Falicov, 2005). Some families become transnational, maintaining familial, economic, and religious relationships that span countries (Garcia-Preto, 2005). Family might include fictive kin, compadres, whose membership is ritualized through ceremonies (religious and secular) (Keefe, 1984). Mexican Americans tend to be less individualistic, competitive, and inclined to be risk-takers than their mainstream counterparts. They are more likely to conform to the opinions of family and community and to rely heavily upon

interpersonal relationships in making decisions and formulating strategies (Keefe *et al.*, 1979; Marin and Marin, 1991; Vincent, 1996). Shinnar and Young (2008) found Hispanic entrepreneurs were more affected by pull factors as opposed to push factors suggesting these entrepreneurs must be attracted to creating and operating a business by factors outside their individual and family lives. The parent-child bond is often more important than the marital bond (Falicov, 2005). There is a tendency toward a patriarchal family structure with males holding strong instrumental roles and females holding expressive roles, although spouses may share decision making (Danes *et al.*, 1998; Falicov, 2005). Elderly are respected.

Falicov (2005) indicates indirect, implicit, or covert communication reflects the Mexican-American emphasis on harmony and not making others uncomfortable. They value talking face-to-face (Niska, 1999). Pressure is felt to turn to the extended family first for aid, and when that does not occur, feelings of family disloyalty are experienced. Spirituality is part of many Mexican-American rituals, although members of the professional class are likely to emphasize rituals to maintain tradition rather than to sustain religious beliefs (Williams, 1990). An extension of their spiritualism is a holistic view of health that does not separate body, mind, and spirit (Garcia-Preto, 2005).

2.3. Culture's influence on ethnic entrepreneurial orientation

According to an anthropological typology, culture can be viewed at four levels: artifacts, perspectives, values, and assumptions (Astrachan, 1988; Dyer, 1984, 1988). Artifacts are "symbolic representations" of socially shared perspectives. Perspectives are "situation-specific rules," while values are broader principles of what is important. Finally, assumptions are ideas about the environment on which a group bases its external view of the world. Artifacts, perspective and values are based on these assumptions. Assumptions that a group holds result in a "cultural pattern of the group." Considering the chosen assumptions, particular attitudes, beliefs, behaviors, and actions will unfold and entrepreneurial experience may emerge and thrive.

Dyer (1988) identified family firm cultures, family patterns, and governance patterns. He determined the culture of 40 family firms, described as paternalistic, laissez-faire, participative, or professional. The most prevalent family business culture was paternalistic. Dyer (1984) also identified four "governance patterns" and three "family patterns" associated with firm culture. One shortcoming of Dyer's cultural and family patterns is the lack of focus on family as a crucible for creating and transmitting culture, particularly in the case of entrepreneurial emergence (Astrachan, 1988; Dyer, 1984, 1988). Dyer and others underestimate the family's critical function in the development of values, beliefs, norms, and practices, particularly in the case of business creation.

Narva (2001) was first to identify the "vehicles of the transmission of family values" within the family business setting and delineated such items as: stories, oral histories, and ethical wills, as well as important family business documents such as: a statement of core values, family constitutions, trust instruments, and a written heritage. Ethnicity influences use of these vehicles of value transmission. Even without the use of Narva's value transmission vehicles, cultural values affect entrepreneurs' business decision and management

processes in ways that may be different from the mainstream. Ethnic owners placed higher emphasis on: (a) starting a business from scratch, (b) operating different types and sizes of business, (c) being influenced by parents as role models, and (d) working in larger businesses prior to starting a business (Feldman *et al.*, 1991; Shim and Eastlick, 1998). Cultural values also have an impact on how they interpret and respond to local and more global market dynamics.

More specifically, Hispanics tend to be less competitive because of their emphasis on the larger group, less inclined to be risk-takers than Euro-Americans, more likely to conform to the opinions of their in-group members, and more likely to rely heavily on interpersonal relationships in formulating their business decisions and strategies (Triana *et al.*, 1984; Vincent, 1996). One way these latter two points play out is that Mexican-American small business owners tend to turn first to co-ethnic owners and friends to solve business problems. Another way culture affects Mexican-American entrepreneurs is that they are more likely to consider how decisions affect the family than the business (Marin and Marin, 1991).

Holding a certain cultural value within an ethnic group does not necessarily dictate it will lead to business success. A strong family structure is not sufficient, for example, for a successful business; Keefe (1984) described Mexican Americans as having a strong extended family structure, but found no indication that family strength was channeled into business activities. Nor is the existence of a social network of co-ethnics sufficient for business success. Although African-American residential concentration exists, African Americans accrue few economic benefits from this concentration because it serves primarily as a means of social autonomy, a safe haven from racism, rather than an economic springboard for entrepreneurial activity (Silverman, 1999). Korean immigrants maintain strong ethnic social ties through organizations such as churches. However, they have no powerful intermediate ethnic organizations that effectively coordinate and regulate economic activities, sometimes leading to intra-ethnic competition and price wars, decreasing profit margins and threatening business survival (Kim and Hurh, 1985; Yoon, 1991).

Culture creates a subtle lens from which ethnic entrepreneurs view the world. Yet, it is the essence of what motivates them to action. The most frequent motivation for ethnic business entrepreneurs studied in Chicago was the desire for more income (Tienda and Raijman, 2004). The next most frequent response by Korean entrepreneurs was overcoming labor market disadvantages. In contrast, Mexican and African-American entrepreneurs focused on acquiring independence rather than compensating for disadvantages. Mexican entrepreneurs identified the independence business ownership provides as their motive. African-American entrepreneurs enunciated a desire to be their own boss as their motive (Wong, 1977).

2.4. Culture, entrepreneurship, and ethnic-family businesses

Researchers have suggested ethnic groups can achieve upward economic and social mobility through business ownership (Aronson, 1991; Huck *et al.*, 1999; Olson *et al.*, 2000; Sanders and Nee, 1996). Although firms are described as having four stages, this work will concentrate on founding and growth-because most ethnic businesses have not existed long enough to discuss the last two stages. For example, in a comparative study of ethnic and nonethnic

businesses (Feldman *et al.*, 1991), 88 percent of the ethnic business owners started their businesses. In a study of ethnic entrepreneurship in Chicago, 67 percent of Korean business owners previously owned a business, compared to 24 percent of US-born and 33 percent of foreign-born Hispanics (Tienda and Rajman, 2004).

The relationship between culture and entrepreneurship will be discussed using types of capital. Although each type of capital is an independent concept, they are best understood through their interdependencies (Light, 2001), particularly for ethnic-family businesses. Social capital will be discussed first because it is central to most ethnic values and because it allows the firm to gain access to other forms of capital.

2.4.1. *Social capital*

Social capital is “goodwill that is engendered by the fabric of social relations and that can be mobilized to facilitate action” (Adler and Kwon, 2002, p. 17). Unlike human capital, which is embodied in individuals, social capital is embodied in relationships among people and formal social institutions. It can be relied upon to uphold social norms and reciprocate favors (Coleman, 1988; Zuiker *et al.*, 2003). This type of capital plays a prominent part in the management of many ethnic-family businesses. Pierre Bourdieu, a French sociologist, labeled these relationships used in the management of ethnic businesses as cultural capital rather than social capital (Light, 2001). Bourdieu viewed cultural knowledge as capital because it was ultimately turned to the ethnic owner’s financial advantage. In essence, these behaviors are the fundamental means by which social capital is used for the benefit of the business.

Institutions are a form of social capital that is a major resource for “ethnic enterprises” (Auster and Aldrich, 1984). Social capital is such an important resource for ethnic businesses that they have been defined as firms that depend upon informal support from family, friends, and relatives and the formal networks of ethnic institutions. For example, family, kin, and fellow Koreans are the most important facilitators for small business capitalization, start up, and management for Korean immigrants (Min, 1988). Ethnic enterprises are often part of social networks known as “ethnic enclaves” (Wilson and Portes, 1980). An ethnic enclave is a social network whose members share the same ethnicity and are connected either by geographical proximity or institutionally over potentially wide and separate areas (Auster and Aldrich, 1984; Fratoe, 1986; Waldinger *et al.*, 1990).

A reciprocal relationship between the ethnic firm and its community evolves. Ethnic family and community members mobilize resources for business start-ups such as capital, trade credit from co-ethnic suppliers, information, and training opportunities from co-ethnic owners, and, in some cultures, negotiating competition through informal politics (Auster and Aldrich, 1984; Cramton, 1993; Dyer, 2006). The family and co-ethnic laborers are motivated to work hard and cooperatively to attract customers and provide quality service because they are building the good will and trustworthiness in the community generated by the family name (Auster and Aldrich, 1984; Dyer, 2006; Fratoe, 1986; Wong *et al.*, 1992). In turn, ethnic institutions such as churches and voluntary associations are supported by ethnic business owners for business reasons as well as a sense of co-ethnic loyalty (Aldrich and Waldinger, 1990).

Social capital has both bonding and bridging characteristics. Bonding social capital forms among people who are like one another and is crucial for “getting by.” Bridging social capital forms among people unlike each other and is crucial for “getting ahead” (Hutchinson *et al.*, 2004). Ethnic business owners have made more extensive use of bonding than bridging social capital. Trade with co-ethnic professionals is an example of bonding social capital. In Tienda and Raijman’s Chicago study (2004), 90 percent of Korean entrepreneurs and 58 percent of Mexicans used the services of co-ethnic professionals. Primary reasons for using co-ethnics were language, common cultural understanding, and the trust of co-ethnics. However, Bates (1997) found reliance on ethnic networks was associated with lower profits and higher failure rates. Hispanic business owners received a lower financial benefit from acculturation compared to Hispanic wage earners, primarily because using co-ethnic suppliers did not require them to increase their command of the English language (Olson *et al.*, 2000).

Fratoe (1986) emphasizes that ethnic businesses, once established, need to use bridging social capital. For example, Korean small businesses go beyond the “protected” market of their own ethnic community for their customer base. Korean-American businesses are concentrated mainly in the underprivileged markets of other ethnic communities such as African Americans and Mexican Americans (Kim and Hurh, 1985). Min (1988) reported about 90 percent of Korean immigrant businessmen in Atlanta had a competitive advantage in African-American areas. Some Korean entrepreneurs reported African-American customers showed less prejudice toward them than did Euro-American customers. Min (1988) also found that Korean businesses located in African-American areas of Atlanta had higher business incomes than those in other areas of the city. On the other side of the coin, Korean merchants were also more vulnerable to crime, vandalism, and other problems associated with low income, crime-ridden areas (Min, 1990).

2.4.2. *Human capital*

Human capital within a firm is the skills, abilities, attitudes, and work ethic of those employed by the firm (Dyer, 2006). Human capital theory posits a positive correlation between human capital and productivity. Consequently, measures of human capital are used often as proxy measures of people’s productivity (Zuiker *et al.*, 2003). For example, Bates (1985, 1987) contends the better educated, more productive, subset of ethnic entrepreneurs is concentrated in businesses outside the retail and service industries where the profit is greater.

Families are often the core workforce for small ethnic businesses. They are willing to work long hours, often without pay (Alvarez, 1990; Dyer, 2006; Aldrich and Waldinger, 1990). Korean immigrant businesses rely heavily on family labor. Many spouses provide not only unpaid labor, but also function as business collaborators (Min, 1988; Yoon, 1991). About 21 percent of Korean immigrant entrepreneurs in Atlanta reported that adult children (over 16 years old) helped them with business after school and/or during weekends (Min, 1984). In addition to spouses and children, most ethnic business owners employ co-ethnics at long hours and low wages, similar to apprenticeship. Eventually, owners assist their employees to start a business (Auster and Aldrich, 1984; Fratoe, 1986). Tienda and Raijman

(2004) found Korean ethnic enterprises serve as training platforms more so than do Latino enterprises. Coleman (1988) would describe these latter two examples as human capital formation that depended upon the trustworthy co-ethnic relationships of social capital.

Acquiring human capital in the form of business knowledge, skills, experience, and training is very important for ethnic entrepreneurs because training and skills are typically acquired on the job. When studying new ethnic entrepreneurs, Fratoe (1986) found little difference in individual characteristics of the entrepreneurs such as motivation or risk aversion, but did find meaningful differences in the levels of intellectual human capital, business experience and skills, and training among the business owners. Having other successful co-ethnic owners as role models is an important motivator, and continued connections with successful entrepreneurs remains a need for ethnic entrepreneurs (Dadzie and Cho, 1989). Mexicans in Chicago (Raijman, 2001b; Tienda and Raijman, 2004) substituted experimentation in the informal economy for lack of business experience. They explored the viability of a particular product or service by selling it in flea markets or in their homes.

There have been a number of reasons posited for the low level of business development among African Americans. These include the relative absence of role models; the low status of business ownership in African-American communities; the tendency of middle-class African Americans not to patronize African-American-owned businesses; perceived racial barriers to business development; limited human capital in the form of business knowledge, experience, management skills; and limited financial capital (Green and Pryde, 1990; Rauch, 2001; Silverman, 1999; Swinton and Handy, 1983; Tienda and Raijman, 2004). Aldrich and Reiss (1976) found that although the housing vacancy rate decreased over time and was filled almost entirely by African Americans, the replacement rate of business ownership among African Americans was not high enough to absorb the neighborhood loss of businesses previously owned by Euro-Americans. Aldrich and Reiss attributed the result to lack of business knowledge and financial capital.

However, African-American manufacturers in the ethnic beauty aids industry are an example of African-Americans mobilizing group resources (Silverman, 1999). This industry, composed of dense networks of racial and ethnic institutions, mobilized group resources to: (a) transmit messages to African Americans promoting group solidarity and counteracting racism, (b) serve as catalysts for job creation in the African-American community, and (c) offer help within the ethnic community.

There is a hierarchy among foreign-born and native ethnics (Tienda and Raijman, 2004). In fact, overt conflicts between African Americans and immigrant entrepreneurs have evolved in some large cities (Light and Bonacich, 1988). For example, Koreans starting businesses in African-American communities created concern among African-American leaders, but Light and Rosenstein (1995) found Korean entrepreneurs did not displace African-American entrepreneurs. Rather, they filled niches that had previously gone unfilled.

Much is yet to be discovered about the functioning of ethnic enclaves. Residential concentration of co-ethnics may facilitate ethnic entrepreneurship by affecting both consumption and production (Tienda and Raijman, 2004). Bohon (2001) studied the impact of inter-ethnic business management practices such as hiring and promoting in Latino ethnic enclaves found in large metropolitan US cities. Bohon tested competing hypotheses of

segmented assimilation and queuing theories. Segmented assimilation suggests inter-ethnic cooperation, hiring, and promoting based primarily on human capital; whereas, queuing theory suggests preferential hiring and promoting based on country of origin. Bohon found support for both theories, depending on the enclave and the particular ethnic group. For example, queuing theory explained Mexican behavior. Mexican immigrants who came to the US prior to 1985 were disadvantaged in both Latino enclaves. More recent Mexican immigrants were disadvantaged in New York but not Miami. She concluded assimilation into another ethnic culture may be as difficult as assimilation into the mainstream culture.

2.4.3. *Assets*

Assets are composed of both financial and physical capital. Financial capital is pooled monies of the entrepreneur, nuclear and extended families, and funds from formal financial institutions. Physical capital refers to things such as real estate, equipment, and production infrastructure.

Those immigrants from countries with more developed, effective lending institutions are more likely to use formal financial markets (Osilil and Paulson, 2006; Rajjman and Tienda, 2003). Wealthier, more educated immigrants are also substantially more likely to use commercial financial services. Although growth-oriented small firms need investment capital, non-growth oriented firms do not demand investment capital and are content with having adequate operating capital (Vos *et al.*, 2007). Perhaps the level of “contentment” is higher in ethnic-owning families and firms, hence these more contented households are less likely to enter the financial markets, especially investment capital markets. However, financial capital itself is not sufficient for long-term business viability. It must be matched by high human capital inputs to achieve sustainability (Bates, 1985).

Social and business networks are critical for raising financial capital (Feldman *et al.*, 1991; Kushnirovich and Heilbrunn, 2007; Light, 1972; Min, 1988). In some ethnic cultures, family money is given for business start-ups out of group obligation rather than for any investment goal (Fratoe, 1986). New US immigrants, who often have very small social networks, are more likely to depend on family and friends than on formal financial institutions.

Mexican business owners have substantially smaller networks than Korean business owners. Consequently, they have less business management information, receive less technical advice, and are less competitive (Rajjman, 2001a; Rajjman and Tienda, 2003). In fact, strong Korean start-ups relied heavily on capital derived from family wealth, but weaker startups were likely to use debt (Bates, 1997). Some ethnic groups use rotating credit organizations to raise start-up capital. Korean Americans have “kye” — their version of a rotating credit association. However, Koreans with higher education and income are more likely to belong to a “kye” (Auster and Aldrich, 1984; Osili and Paulson, 2006). Some groups such as Mexican Americans have traditional associations, such as tandas, that are important sources of funds for personal expenditures, but have not transferred their use to business activities (Fratoe, 1986; Rajjman and Tienda, 2003).

Native African Americans have lacked a cultural institution to supply capital, so they have used banks to fund start-ups (Fratoe, 1986; Light, 1972). In addition, African-American-owned firms have been less aggressive in accessing informal sources of capital, such as rotating credit organizations (Smallbone *et al.*, 2003). However, in recent years, co-ethnic support has come from African-American-operated banks and insurance companies. Business development organizations such as The Majestic Eagles in Washington DC have provided support services and encouragement to transform concepts and talents into viable businesses (Green and Pryde, 1990).

African-American-owned firms are under capitalized. They started firms with an average of half as much capital as Mexican Americans (Huck *et al.*, 1999). Personal savings were the most important source of capital for about two-thirds of both ethnic groups. However, 44.4 percent of Mexican Americans used credit by suppliers whereas only 20.1 percent of African-American owners used supplier credit. Co-ethnic suppliers were not more likely to offer trade credit than other suppliers. Co-ethnic suppliers often offer substantial advantages, such as softer sanctions for late payments and flexible payment schedules (Raijman and Tienda, 2003). Financial problems serve as a motive to seek business information. Financial problems led Mexican-American owners to search for information sources they otherwise might not have pursued (Triana *et al.*, 1984).

Immigrant African Americans face many of the same issues. African/Caribbean-owned businesses (ACB) in the UK experienced some of the same financial capital access issues as in the US. ACB were more likely to depend on self-financing, more likely to use non-bank formal sources, and less likely to pursue informal credit for startups (Smallbone *et al.*, 2003). After the business was established, ACB were less likely to qualify for bank loans and had low success rates acquiring other financing (Smallbone *et al.*, 2003; Barrett, 1999).

Ethnic-owned lenders serve the financial needs of ethnic-owners. Prior to the Civil Rights Amendment, ethnic owned banks provided two important functions: African-American banks served borrowers facing racial discrimination (Ammons, 1996), and Asian-American banks served owners engaged in import-export activities (Kwong, 1997). A recent study in Los Angeles suggests ethnic-owned banks have significant influence on the flow of credit into ethnic communities (Dymski and Mohanty, 1999). Differences in denial rates between African American and Euro-American male owners remain; however, increases in the bank competition reduce these differences (Cavalluzzo *et al.*, 2002). The role of the ethnic-owned bank is still important to ethnic-owned businesses for many of the same reasons ethnic-owned suppliers are important to ethnic-owned firms.

3. Sustainable Family Business Theory: An Extension

This section of the paper introduces and discusses an extension of Sustainable Family Business Theory (SFBT) designed to facilitate studying ethnic business owners and making cross cultural comparisons. The theory continues to be based on general theory of social systems and places equal emphasis on family and business. The central tenets of the original SFBT continue to undergird the revision presented in this paper. Figure 1 is a visual summary

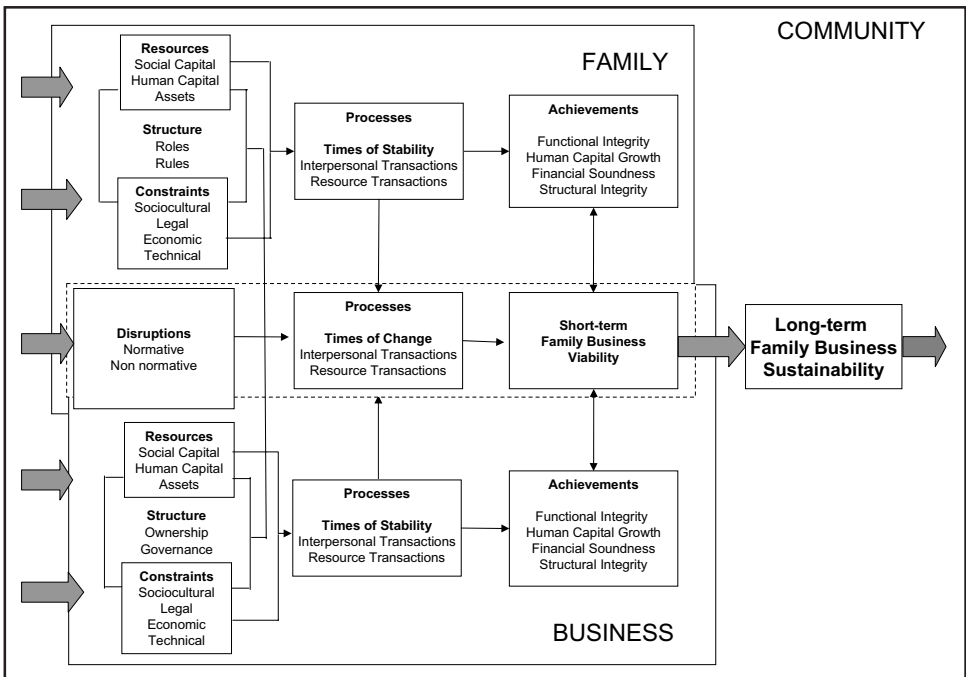


Fig. 1. Sustainable family business theoretical model.

of the changes. The greatest changes are: (1) inclusion of family and business structure, (2) separation of resources and constraints, (3) greater detail about outputs, (4) a distinction between short-term viability and long-term sustainability, and (5) clarification of how the theory applies to ethnic-family businesses and their cultural contexts.

Ethnic-family businesses, the owning-family cultures, and the community cultures interact in complex and with ever changing patterns. Any theory used to study these businesses needs to be flexible and dynamic, addressing issues related to either family, business, or both. For the study of ethnic businesses, SFBT is such a theory. SFBT places the family firm within its community context, including the co-ethnic community. It emphasizes sustainability of the family firm system rather than firm revenue, and posits that family firm sustainability is a function of both business success and family functionality (Stafford *et al.*, 1999). The theory stipulates individuals in either system may affect parts of both systems. SFBT flexibility has facilitated the study of family businesses with all their diversity in size, family stages and business cycles, mix of family and nonfamily employees, industries, legal structures, and cultural contexts.

Central tenets of SFBT include: (a) family is a rational social system (Stafford *et al.*, 1999), (b) family business sustainability is a function of both business success and family functionality (Danes *et al.* 2008), (c) resource and interpersonal processes differ during

times of stability and change (Danes, 2006), (d) family and business interact by exchanging resources across their boundaries (Danes *et al.*, 2007), (e) owning families rationally manage the family and business jointly to optimize achievement of their objectives (Paul *et al.*, 2003), (f) family or business can be destroyed if the boundaries are too diffuse (Stafford *et al.*, 1999), (g) conflicts arise when there is a mismatch between demands and resources (Danes, 2006), and (h) a positive symbiosis between family, business, and community is productive for both the firm and the community (Niehm *et al.*, 2007). During times of disruption, managers must reconstruct processes to ensure sustainability (Danes *et al.*, 2005; Fitzgerald *et al.*, 2001; Winter *et al.*, 2004).

3.1. Community as context for entrepreneurship

Much of traditional firm performance literature is plagued by the underlying assumption that individuals make economic decisions in a social vacuum (Aldrich and Zimmer, 1986). In contrast, SFBT locates entrepreneurship and private firms within the social context of the community, including its culture. The community provides resources, institutions and cultural values, attitudes, beliefs, and practices that can be drawn on to attain goals. It also establishes political structures, social norms, technologies, and markets that constrain the functioning of owning families and their businesses (Renzulli *et al.*, 2000; Zuiker *et al.*, 2003).

In this article, the term “community” is used to indicate *a dynamic system that is continually being created and recreated* (Kulig, 2000; Walter, 1997). It is important to view community in SFBT as a collective interaction rather than simply a group sharing a few common characteristics. This perspective on community is grounded in literature on community resilience. Hawe (1994) has referred to community as a social system that solves its problems and creates a psychological state through shared ties of its members. Bellash *et al.* (1996) described a community of memory, in which members share decision making and activities that incorporate their history and hope for the future. Family is the foundation of community (Landau, 2007). Extending that premise to ethnic-family businesses, owning families are the mortar that connects businesses and communities and makes them function effectively.

3.2. Family and business

Members of family and business may interact with the community. The impetus for the manner and degree to which that interaction with community occurs is rooted in meanings family members give to that interaction. For the ethnic families discussed in this paper, interaction with their communities is imbued with multiple meanings. As an intermediary between the community and the firm, the owning family provides a fertile environment of community values, attitudes, and beliefs that serve as inputs to the firm and may add further meaning to the firm’s direct interaction with the community. For example, one of the family attitudes often transferred into the business through its family employees is responsibility

to the community. Success of the family business depends on whether the firm is managed in harmony with the local community culture (Astrachan, 1988).

SFBT recognizes that disruptions created by change are normal and occur at the interface of family and business. The community, when conceived of as social interactions among people, is the locus of culture and its associated social capital. Family members interact with the community, acquiring social capital. Culture is transferred to the firm at the family-business interface. The interface also is where resources are garnered to manage unexpected disruptions or planned change, and where roles and rules are negotiated. The degree of overlap adjusts depending upon internal and external demands. The SFBT extension further suggests managing responses to disruptions may project the family or business into needed constructive change, fostering sustainability (Danes and Morgan, 2004; Danes *et al.*, 1999).

3.3. Inputs

3.3.1. Resources

Resources are objects, personal characteristics, conditions, or energies that are valued in their own right or because they act as conduits to the protection or achievement of valued goals (Hobfoll, 1989). A major contribution of SFBT has been its positioning of family resources. An “iceberg” metaphor best describes that positioning. The ice segment visible above the water line is very small for icebergs compared to the portion of ice below. That larger portion below the water line is not readily visible, but has a major impact on the successful passage of vessels. Most business theories consider what is above the water line; family members working in the firm. SFBT also considers what is below the water line; family resources not directly involved in the business.

In this extension of SFBT, resources have been classified into forms of capital to facilitate the analysis of the influence of ethnicity and culture on the management of family firms. Family and business resources have been subdivided into social capital, human capital, and assets. Business resources may come directly from the community or indirectly through the family.

Culture is a form of *social capital*. Thus, in the extension of the SFBT model, important features of a culture are accounted for as characteristics of social capital inputs to the family and firm. Thought of as social capital, culture becomes a stock of characteristics that can be drawn upon to achieve goals. Thus, although culture is created through a set of social interactions, the results of those interactions constitute a stock that can be input to the owning family and their business. The network of family and co-ethnic friends and institutions is likely to be a source of support (Sirmon and Hitt, 2003). Van Auken and Werbel (2006) suggest family members may provide financial resources, emotional support, and instrumental support because of the relationships among family members. Under other circumstances, cultural values might constrain business growth.

In contrast to culture, ethnicity is an individual characteristic, a form of *human capital*. Human capital is considered the most fundamental form of capital. Human capital consists of skills and abilities vested in people. It may take the form of intellectual or physical ability.

For example, a business owner may have acquired a deep and extensive knowledge of the nonverbal means of communicating within an ethnic group, a form of intellectual capital. Alternatively, an owner may have become highly skilled at an ethnic handicraft, a physical ability. Also, an owner's ethnicity may enable the owner to travel safely and conduct business more easily in certain locales.

Family members often work in their business. This human capital can be a resource or constraint depending on the stage of either the family or the business. For example, early in a family venture, the family often supplies trustworthy labor (Ward, 1997). In fact, Chrisman *et al.* (2002) stated new family firms might not face the same risks because of family members. In their formative years, the informal nature of family relations and co-ethnic friendships frequently serve to foster commitment and a sense of identification with the founder's dream (Haynes *et al.*, 1999; Van Auken and Neeley, 2000; Van Auken, 2003; Winborg and Landström, 2000). Human capital is also critical for expanding the business and training a potential successor. However, the human resources of the owning family may be outstripped by the demands of a growing business.

Assets are the traditional form of capital. They include financial and physical assets. Financial assets are cash or readily converted into cash. Physical assets are less readily converted into cash. Historically, more attention has been paid to assets. As noted previously, ethnic business owners may have different mixes of assets from Euro-American owners. They also may obtain their financial assets from different sources with different attendant costs.

3.3.2. *Constraints*

Separating resources and constraints facilitates accounting for the constraints culture imposes on owners. Constraints impose limits on resources, acceptable processes, and desirable achievements. Another motive for separating resources and constraints in SFBT was the usefulness of different typologies to describe resources and constraints. Bryant and Zick (2005), in their typology, define socio-cultural constraints as the norms and mores of the community. Violation of these norms imposes social sanctions. The owner's ethnic culture may mandate social sanctions for behaviors mainstream culture considers "normal." Legal constraints are laws and regulations imposed by political entities. Economic constraints are limitations imposed by finite resources and market structures. Technical constraints are the laws of biology, chemistry and physics. Economic and technical constraints are absolute; whereas, the other two constraints are relative.

3.3.3. *Structures, roles, and rules*

The SFBT extension also explicitly includes structure of the family and business to facilitate research and consulting. In both the family and business, structure overlaps resources and constraints because structure is both a resource and a constraint. Although structure is not labeled in Figure 1, empirical research based on SFBT has included structure of both the family and the business (e.g., Danes and Olson, 2003; Danes *et al.*, 2007). Including structure in this manner in SFBT implies that these constructs are states rather than processes.

Family structure accounts for the various definitions of family that differ by ethnicity. For example, structure would be indicated by the number of generations and size of the owning family. Fictive family members of a African-American business owner could be counted in size. Rules about the prominent role of the elderly and grandmothers, in particular, could be accounted for by structure.

Business-owning families may identify the need for an additional family structure, namely, a family council. Moreover, the scope of a family council could be expanded to handle specific issues that affect the overlap of the family and the business. Simply put, a family council could serve, in part, as a nexus between the family and business and could provide a structure to manage processes in time of change. In this sense, family councils would function more like Gimeno-Sandig's (2005) business governance structures.

For the family, structure includes the roles and rules of the family system. Family roles and rules clarify membership, organization, and bonding (Danes *et al.*, 2002; Stewart and Danes, 2001). They clarify who leads, specify how members manage or distribute family resources, and limit the effect of constraints. Roles and rules also cover how the business defines itself in relation to the outside world (Danes and Olson, 2003). Shared meanings are core to family roles and rules and those include values, norms, and beliefs of the family's culture (Haberman and Danes, 2007). Decision, inclusion, and authority patterns also are a part of family roles and rules (Danes and Morgan, 2004; Haberman and Danes, 2007). Some of these roles and rules are evident to every member of the family, but some may be so deeply engrained within the family culture that members count on them unconsciously (Haberman and Danes, 2007).

SFBT also now explicitly recognizes family firm governance as an identifiable business structure. For the business, structure includes ownership and governance as well as legal form filed with the appropriate level of government. Such business structures in SFBT were only inferred in the first SFB Model (Stafford *et al.*, 1999). As family firms mature and grow, ownership and governance change. Founders may be initially the sole owners, but eventually ownership disperses. Family firms may seek private investors or go public to attract capital for growth. Larger family firms begin to form Advisory Councils or Boards of Directors to assist with strategic planning and other specific business issues. The size, composition, and type of these outside groups will vary over time and among firms. Gimeno-Sandig (2005) located these structures in the overlap, but SFBT locates them in the business as an input.

3.3.4. *Disruptions*

Disruptions in SFBT have been classified as normative and non-normative. Normative family disruptions are those associated with aging and family formation. An example would be the death of a family member of the senior generation. Previous research has focused on normative business disruptions such as peak seasons or holidays (Fitzgerald *et al.*, 2001; Miller *et al.*, 2001). Non-normative disruptions are not foreseeable or highly unusual. An example of a non-normative disruption would be the appearance of a sink hole in front of the business that barred access. Another example would be a natural disaster that forced temporary or permanent closure.

3.4. Processes

Processes in SFBT have been simplified. Processes during times of stability take place within each system. These processes can be thought of as routine, or standard operating procedures. Processes during times of change occur in the overlap of the family and the business. Resource transactions (e.g., use or transformation of resources) and interpersonal transactions (e.g., communication, personal relationships, conflict management) in either the business or family may facilitate or inhibit family firm sustainability.

The intersection of family and business in SFBT is especially important when considering the intermingling of assets. Understanding the incidence of resource intermingling is crucial in small business studies because intermingling obscures the financial records of both family and firm with potentially confusing and catastrophic results. For instance, when a family member takes cash from the business for personal use, profits of the business are understated. Or, when the family uses a home equity mortgage to invest in business assets, business assets are overstated and liabilities are unstated (inflating the net worth of the business). In these instances, profitability of the family business is harder to ascertain and may jeopardize its future. Intermingling also leads to inaccurate, and possibly deceptive, financial statements for the family business (Haynes and Avery, 1997; Haynes *et al.*, 1999).

Family and business are affected by environmental and structural change. Owners must constantly monitor internal business, as well as external environmental problems and changes to maintain competitive advantage (Kallenberg and Leicht, 1991; Upton *et al.*, 2001). Business managers and/or family members must perceive, process, and respond to changing environments and reconstruct processes to ensure sustainability over time, whether disruptions come from the community, such as a change in public policy, or from inside the family business (Danes *et al.*, 2005). During stable periods, the family and business are managed within their boundaries, but during disruptions, the other's resources are used. In general systems theory, when encountering disruptions, resources are exchanged across boundaries (Stafford *et al.*, 1999). Therefore, responses to disruptions are placed in the overlap in SFBT. Olson *et al.* (2003) found disruption responses explained 20 percent of family business revenue and that family aspects outside the firm impacted that business revenue. These variables are expected to have an even greater impact for ethnic-family businesses because of their value structure.

Resiliency is the owning family's use of an ability to adjust processes to disruptions (Danes, 2006; Patterson, 2002). Stress will occur in circumstances where resources are threatened, lost, or believed to be unstable, or where individuals and groups cannot see a path to the fostering and protection of their resources through individual or joint efforts (Hobfoll, 2001). Family is the repository of resilience capacity and can serve as a resource enhancer and stress buffer or as a resource drain producing more stress. If owning families have built a stored capacity for resilience, when a disruption is encountered, the store of trust and creativity in problem solving can be more easily and quickly tapped and adapted to new situations (Danes *et al.*, 2002). The degree of overlap between the family and business will determine how disruptions in one system impact the other; furthermore, boundaries between systems often become more permeable during disruptions. The goal is to achieve

a sustainable family business system. Stafford *et al.* (1999) succinctly summarizes the importance of sustainability in the following:

Sustainability results from the confluence of family success, business success and appropriate responses to disruptions. In other words, sustainability requires consideration of the family as well as the business. Sustainability also requires consideration of the ability of the family and business to cooperate in responding to disruptions in a way that does not impede the success of each. (1992).

Resilience capacity against disruptions is a type of social capital. A stock of resilience capacity can be built in either family or business systems, and that capacity can flow across permeable boundaries when it is needed. In agreement with SFBT, Gimeno-Sandig (2005) has argued privately-owned firms must meet owner expectations as well as economic criteria to be considered successful. Furthering this argument, Stafford and Avery (1993) identified congruity as an important family output and defined it as “the extent to which the different schedules pursued by a family, both individually and collectively, fit together agreeably, harmoniously, appropriately, or suitably.” Congruity between family and business can affect long-term family business sustainability, and represents the perception family members have about decision making and activity coordination that fit together harmoniously into group knowledge and action (Avery and Stafford, 1991). At any point, the flow of resilience capacity, represented by congruity, varies depending upon current conditions. Lack of congruity undermines efficiency, reduces cooperation, and decreases resilience.

3.5. Achievements

SFBT recognizes family business achievements are evaluated multi-dimensionally. Objective financial success measures have been the primary concern of most business and economic theories. However, other non-financial indicators such as congruity between business and family and meeting goals also are important assessments of success (Cooper and Artz, 1995; Kuratko *et al.*, 1997; Stafford *et al.*, 1999). Using multiple measures in small business research better captures the entire context in which owners choose to stay in business, how they work with customers and employees, or recognize and solve problems (Danes *et al.*, 2007).

When firm consultants first introduce themselves, if they only pay attention to family members working in the firm, they are ignoring major segments of the family dynamic that affects family firm performance. Feelings of commitment to the business, or lack thereof, relationships among family members, animosities or conflicts about the business, and the role of family in times of change are just a few things that are found at the intersection of family and business, all of which are part of the ice segment below the water line. If the family business is to be successful, issues affected by parts below the water line cannot be ignored. These parts are even more salient for ethnic-family businesses because of their strong cultural value and belief orientation to family.

In the previous SFBT model, no distinction between short-term and long-term achievements was made. In that previous theoretical model, sustainability was the sole result of combining family and business achievements. The hypotheses about sustainability derived from SFBT were that business sustainability depended, in part, on the family system being able to achieve its goals. In this extension of SFBT, the concept “short-term viability” has been substituted for the concept of sustainability. At the time the original SFBT was developed, only cross-sectional data on family businesses were available and sustainability was seen as a concept to be measured derivatively by combining family and business achievements. Later, Danes *et al.* (2007) used congruity to measure sustainability.

In the extension of SFBT presented in this paper, a distinction is made between short-term viability and long-term sustainability. SFBT includes a distinction between time frames because panel data and direct measures of both viability and sustainability are now available. In SFBT, viability is the result of the overlap between what the family and its business achieved in the current year. Sustainability, on the other hand, is the outcome of multiple years of viability. Viability could be measured by congruity in the current year. Sustainability could be measured by congruity at least one year later than the achievement measures. Using terminology borrowed from panel data, if resources, constraints, disruptions, and processes are measured in Wave 1, then achievements and short-term viability are also measured in Wave 1, and long-term sustainability would be measured in Wave 2 or later.

4. Implications and Applications

4.1. Implications for research

The implications for research center around hypotheses that can be formulated using the literature on African-American, Korean-American, and Mexican-American cultures and knowledge of SFBT. The hypotheses have been selected to illustrate the values continua in Table 2 and the ethnic and cultural dimensions from Table 1. The hypotheses are some of the many examples of hypotheses that flow from knowledge of ethnicity and culture and SFBT. This section is organized by the dimensions of ethnicity and culture in Table 1. For each dimension of ethnicity and culture listed in Table 1, a brief rationale is given for an exemplar hypothesis about differences among and within ethnic groups. The rationale is followed by a hypothesis included in Table 2.

An important underlying assumption within the ethnic and cultural dimensions of Tables 1 and 2 is that no one cultural value or belief system is normative (Lynch, 2004). To facilitate the understanding of this assumption, the value sets are depicted on continua. Values on a continuum are not mutually exclusive, and individuals may be at any point on the continuum. The continuum allows for variations existing within ethnic groups, between immigrant and native-born, and within the acculturation and assimilation effects that occur over time.

The first five hypotheses derive from characteristics of ethnicity, a personal attribute that would be framed as a type of human capital in research based on SFBT. The second five hypotheses derive from characteristics of culture, a result of social interactions. As social interaction, culture would be framed as a form of social capital in research based on SFBT. Both ethnicity and culture may impose socio cultural constraints on owners, their

Table 2. Ethnic and cultural dimensions, associated values continua and selected research hypotheses.^a

| Dimensions Selected Hypotheses | Values Continua |
|--|---|
| Central Orientation H1: Collectivist owners will be more likely to describe the business as a family business and family involvement will have a positive effect on perceived success. | Individualistic: ownership is specific to individual...Collective: ownership is defined in broad terms |
| Communication Style H2: When the owner uses indirect communication, family members and co-ethnics are more likely to be employed in the business, and there is more financial advantage for family employees and a homogeneous labor force than when the owner uses direct communication. <i>Note: Variable measures need to consider specific wording of interview questions; that is, direct questions may not be answered directly.</i> | Direct, precise, logical, and verbal...Indirect, implicit, face facing, and nonverbal |
| Personal Grounding H3: Owners grounded in harmony will encourage family involvement in the firm and report higher perceived success when family is involved. | Control through self promotion...Harmony and cooperation through self effacement |
| Situation Focus H4: Owners with a "doing" focus are more likely to base their perception of success on achieving a financial goal than a non-financial goal. | Doing: time is measured by the clock ...Relationship: time is given based on need of task or interaction |
| Spiritualism H5: Owners who are more spiritual, as expressed by religiosity, face more constraints and more rigid constraints on firm behavior. | Strong self-efficacy and personal empowerment: looking to the future ...Limited self-efficacy and personal empowerment: looking to the past |
| Valued Family Unit H6: When the owner's culture values non-nuclear families, there will be less difference between the effects of residential family and nonresidential family employees on firm achievements. <i>Note: Researchers need to delineate the boundaries of their family definition. Also, there is a need to distinguish between family and non-family employees.</i> | Nuclear: small units with little reliance outside...Extended family and kinship networks including fictive kin |
| Parent Child Relationship H7: When guidance is the norm, family and business interactions are more likely to take the form of human resource transfers than monetary transfers. | Individuality ...Interdependence |
| Core Relationship H8: When the parent/child relationship is dominant, spouses will report more conflict between family and business. | Spousal relationship dominant... Parent/child relationship dominant |
| Family Structure and Roles H9: When the owning family has a patriarchal structure, there is more financial intermingling and human capital transfers decline as business revenue increases. | Flexible roles and rules, democratic.... Traditional structure, role and rules, patriarch |
| Attitude Toward Elderly H10: Older generations are more likely to be members of the key decision team when owners are members of ethnic groups whose cultures respect the elderly. | Less respect for age, emphasis on youth...Overt respect, deference to age |

^aAdapted from Lynch, EW and MJ Hanson (2004). *Developing cross-cultural competence: A guide for working with children and their families*. Baltimore: Paul H. Brookes Publishing.

families, or their businesses. Like human and social capital, constraints enter SFBT as inputs to family and business systems. Ethnicity and culture may also affect the structure of the family and business.

4.1.1. *Central orientation*

The lone cowboy often has been seen as the iconic figure of US culture, noted for rugged individualism. By contrast, the ethnic groups discussed in this paper are characterized as extolling the virtue of collective action. SFBT would not explain why an owner perceived their business as a family business; rather, SFBT would predict that owner's central orientation would affect family and business processes, resource transfers between the family, business, and achievements. Danes *et al.* (2007) found female owners perceived the effects of family employees to be positive whereas male owners perceived them to be negative. Like members of ethnic groups whose culture is collective, women are socialized to place more value on collective action than are males in majority Euro-American culture. Owners who value collective action more highly than individual action are more likely to perceive the business as belonging to the family collectively rather than to themselves as individuals and more likely to perceive the effects of family employees positively.

H1: Collectivist owners will be more likely to describe the business as a family business and family involvement will have a positive effect on perceived success.

4.1.2. *Communication style*

The communication style of owners needs to be considered when wording research questions. Direct, simply worded questions may work well when designed to be answered by owners whose ethnic group has a culture that espouses direct communication. The same questions may not elicit accurate answers if used to interview owners whose ethnic group relies more heavily on indirect communication. For example, Kim *et al.* (2001) compared responses of family managers in Korea, Canada, and the US to items comprising a family management score and found Korean responses were less likely to be extreme than the other responses. They inferred Korean managers were socially sanctioned for deviating from their peers and interpreted the center of the scale as the socially "safe" response. US and Canadian managers, on the other hand, did not perceive either a sanction or a social norm that pulled their responses toward one end of the scale. Communication style differences across cultures can create problems for multicultural data collection efforts. Telephone interviews reduce the ability to rely on implicit and nonverbal communication. Perhaps this hurdle could be reduced by the use of trained co-ethnic interviewers in face to face interviews.

Communication style of the business owner is a feature of the owner's human capital. As such, communication style in SFBT could influence disruptions, processes, and achievements in both the family and business. When a business owner uses indirect communication extensively, relying heavily on context and nonverbal language to convey meaning, the situation can be thought of as analogous to the private language used by members of business owning families noted by Winter and Morris (1996). Use of a private language or

implicit, indirect communication means people who are fluent in that implicit language are more efficient processors, more efficient in converting resources into achievements. Family members and employees who are members of the same ethnic group have this fluency that others lack. Consequently, they are more likely to be employed, and when employed, their time will be more highly correlated with achievements than others.

H2: When the owner uses indirect communication, family members and co-ethnics are more likely to be employed in the business, and there is more financial advantage for family employees and a homogeneous labor force than when the owner uses direct communication.

4.1.3. *Personal grounding*

The effects of family employees are expected to differ by this dimension. When owners are self-promoting they are more likely to denigrate the contributions of other family members to the business. When owners are grounded in cooperation, they are more likely to perceive beneficial effects of family members working in the firm. Thus, owners who have family members working in the firm, whether paid or unpaid, are expected to report higher perceived success scores, an SFBT achievement, if they are grounded in cooperation. Typically, collective cultures are associated with cooperative personal grounding. Cramton's (1993) results may be partially explained by the male family head's being a member of the Euro-American ethnic majority and being grounded in self promotion. The same explanation may be true for the results of Danes *et al.*'s (2007) analysis of gender differences in family business performance.

H3: Owners grounded in harmony will encourage family involvement in the firm and report higher perceived success when family is involved.

4.1.4. *Situation focus*

Situation focus is an attribute of the owner's human capital in SFBT. It is expected to affect processes, disruptions, and achievements of the family and business. For example, if the owner of a business has a "doing" focus rather than a "relationship" focus, there may be less discrepancy between objective measures of business performance and owner's perceived performance, both measures of business achievement in SFBT. Owners with a "relationship" focus are more likely to think a business is doing well and perceive themselves as succeeding when the business is satisfying non-monetary needs of a family member. Owners with a "doing" focus are more likely to base their perception of success on achieving a financial or non-relationship goal than are owners with a relationship focus.

H4: Owners with a "doing" focus are more likely to base their perception of success on achieving a financial goal than a non-financial goal.

4.1.5. *Spiritualism*

Spiritualism as a dimension of the owner's ethnicity is an example of the way ethnicity can impose constraints on alternatives considered by business owners. Owners who are

more influenced by spiritualism, as expressed by religiosity, face more constraints and more inflexible constraints than owners who are less influenced by spiritualism. Religious rules are a form of socio cultural constraint in the US. In a country that has religious courts and laws, religious rules would be legal constraints. Both types of constraints would affect disruptions, processes and achievements in the family and business systems. For example, owners' religious beliefs may influence them to close their businesses for religious observances or to only serve certain items on their menus.

H5: Owners who are more spiritual, as expressed by religiosity, face more constraints and more rigid constraints on firm behavior.

4.1.6. *Valued family unit*

Although culture is one type of social capital and its dimensions can be thought of as attributes of social capital, valued family unit is a good example of how culture and ethnicity can affect a system's structure as well as its resources and constraints. In this case, valued family unit directly affects the structure of the family in SFBT and, indirectly, the structure of the business.

Given the variety of cultural definitions of family, researchers must specify their definition of family when conducting and reporting research. It is essential to distinguish between respondents' concepts of family and researchers' definitions of family. For example, if researchers define family as people related by blood, marriage or adoption living in the same house, researchers can expect to find less difference in the effect of nuclear family employees and other related employees on the business for owners from cultures that value extended family rather than nuclear family. Neither SFBT nor the reviewed literature indicated whether family members will be more or less productive employees than nonfamily members. The point is that owners and their families will perceive and act on a set of family roles and rules different from the ones assumed by researchers if culture is not accounted for. In African-American samples, researchers may find there is less difference in effect on the business between family and nonfamily employees because of fictive kin influence that are labeled nonfamily by researchers and viewed as family by the respondent.

H6: When the owner's culture values non-nuclear families, there will be less difference between the effects of residential family and nonresidential family employees on firm achievements.

4.1.7. *Parent child relationship*

When respondents are members of ethnic groups whose cultures promulgate authority as the desired relationship between parent and child or husband and wife, resource transfers between the family and the business will be different from transfers when the owner is a member of an ethnic group whose culture espouses guidance. With authority comes the responsibility to financially support those over whom you have authority. This authority may lead to greater asset transfers from the business to the family and vice versa. When guidance

is the norm, family and business interactions are more likely to take the form of human resource transfers rather than monetary transfers. Guidance requires more interpersonal proximity than authority does, thus more family human capital may be transferred to the firm.

H7: When guidance is the norm, family and business interactions are more likely to take the form of human resource transfers rather than monetary transfers.

4.1.8. *Core relationship*

The core relationship in a family is a cultural dimension accounted for in SFBT through the structure of the family system. As an input to the family system, structure can affect processes and achievements. A greater proportion of spouses who are half of the core relationship in a family will report congruity between the family and the business. However, when they report conflict, they will report greater conflict than spouses in families with a parent-child core relationship report. Congruity and conflict are achievements in SFBT. In Euro-American culture, the norm is for children to separate from parents when they become adults, and conflict is a common element of this separation. However, the separation is normal and a culturally approved resolution of the conflict. When spouses are in conflict that is resolved only by separation, the separation is not culturally approved. Thus, the spouses and others view the conflict as more serious. On the other hand, when a culture views the parent-child dyad as the most important relationship in a family, conflict between the members of that dyad will be viewed like spousal conflict in Euro-American culture.

H8: When the core relationship is parent/child, spouses will report more conflict about the business.

4.1.9. *Family structure and roles*

Family structure and roles is an important dimension of culture. The importance of this cultural dimension is reinforced in SFBT by explicit inclusion of family structure as an input. In SFBT, the structure of the family influences processes and achievements. An example of the effect of family structure on processes is its effect on the quantity and nature of resource transfers between a business and the owning family. When the owning family has a patriarchal structure, there is more financial intermingling and human capital transfers decline as business revenue increases and the business can afford to hire nonfamily employees. Non-patriarchal family structures are often described as democratic family structures. They also can be thought of as flatter, having fewer layers in their hierarchy. More democratic families and flatter families are less likely to trade off financial and human capital transfers between the family and the business.

H9: When the owning family has a patriarchal structure, there is more financial intermingling, and human capital transfers decline as business revenue increases.

4.1.10. *Attitude toward elderly*

Attitude toward the elderly is an aspect of the owner's social capital in SFBT. In SFBT, attitude toward the elderly is expected to affect disruptions, processes, and achievements of the family and business. Respect for the elderly results in their continuing involvement in decisions as they age and may lead to delayed or late successions. Also, older generations are more likely to be members of the key decision team when owners are members of ethnic groups whose cultures respect the elderly. Composition of the key decision making team is an aspect of business structure in SFBT. Decision making is a process and, as such may be affected by respect for the elderly.

Important dimensions of ethnicity and culture, noted in Table 1, should be included in research rather than simply asking owners their ethnic/racial group. Including measures of these dimensions facilitates accounting for variability within ethnic and racial groups as well as between them. Including these measures of dimensions of ethnicity and culture also would provide better indicators of assimilation than English fluency. Inclusion of ethnicity or culture as a qualitative variable is not a refined means of testing the proposed research hypotheses. Better still, would be sample division based on ethnicity and testing for difference in results. The latter procedure would permit response differences among ethnic groups whereas the former procedure would not. One could even test for significant response differences.

H10: Older generations are more likely to be members of the key decision team when owners are members of ethnic groups whose cultures respect the elderly.

4.2. *Implications for education and consultation with ethnic-family businesses*

Cross-cultural competence is needed as well as knowledge of business management and family dynamics to effectively consult with ethnic-family businesses. Lynch and Hanson (2004) defined cross-cultural competence as "the ability to think, feel, and act in ways that acknowledge, respect, and build on ethnic, socio cultural, and linguistic diversity". This definition does not assume any one cultural group is normative. Cultural competence includes, first and foremost, an awareness of one's own values and assumptions (Soto-Fulp and DelCampo, 1994; Willis, 1999). Pulvino *et al.* (2002) further suggest you need to know yourself as a counselor and your biases before working with clients. Table 3 includes a set of questions for consultants to work through to become more cognizant of their own cultural values and assumptions. The self-awareness questions focus on consultants' family and cultural heritage and on beliefs and biases that they might carry. When consultants are aware of their own cultural beliefs and biases before working with an ethnic-family business, there is less potential for imposing cultural beliefs on firm members or blindly ignoring cultural nuances that are essential for problem solving.

Exploring and coming to terms with their own cultural origins is followed by obtaining knowledge specific to each client's culture (Lynch, 2004). For example, trust-building is much more important to working with ethnic-owning families than Euro-American owning families because they may have been frustrated by previous interactions or experienced social barriers because of their different ways of thinking and behaving (Bork *et al.*, 1996).

Table 3. Developing questions for consultation with ethnic-family businesses.

 (a) Questions for self-awareness of consultants' own values and assumptions

* Family and Culture

- What place(s) of origin (city and country) do you identify for your family?
- Are there any celebrations, ceremonies, rituals, or holidays that your family continues to celebrate that reflect your place of origin? How are they celebrated?
- Do you or does anyone in your family speak a language other than English because of your origins? If so, what language(s)?
- Do you recall any socio-cultural factors in your family that made you different from your friends, classmates, neighbors, or others in your community? Consider, for example, your family's socioeconomic status, educational level, or worldview.

* Beliefs and Biases

- Have you ever been with someone in a work situation who did something because of his or her culture, religion, or ethnicity that seemed unusual to you? What was it? Why did it seem unusual? How did you feel? How did you react?
- Have you ever felt uncomfortable, upset, or surprised by something that you saw when you were traveling in another part of the US or the world? If so, what was it? How did you feel? How did you react? In retrospect, how do you wish you would have reacted?
- Have you ever done anything that you think was culturally inappropriate when you have been in another country or with someone from a different culture? In other words, have you ever done something that you think might have been upsetting or embarrassing to another person? What was it? What did you try to do to improve the situation?
- Have you ever interacted with someone who used English as a second language or communicated with different styles from you? How different from your communication style? How did you feel? How did you react? In retrospect, how do you wish you would have reacted?

(b) Questions for knowledge of information specific to each culture

* Communication

- How do your family members make a decision about the business? Who is involved in making-decisions?
- How do your family members manage or share time for the business?
- Do you have a family meeting for the business matters? If any, How often? How long? Who participates? Who leads?
- How do your family members make a decision at the family meeting for the business?
- What family rules are there for effective communication and decision-making at the family meeting?
- What are the important formal/informal channels of communication with community for your family (e.g., churches, ethnic service agencies, chamber of commerce etc.)?
- Where do community entrepreneurs gather as an opportunity to share business information? Does it have co-ethnic members?

* Family Structure and Role in Business

- Who is considered a member of the family?
- Who is considered a member of the business?
- Who in the family might take a guiding or teaching role for the business matters?
- Who does what in the business?
- Who are the core family members and relationships for the business? (e.g., husband/wife, father / son)
- Who makes decisions in times of crisis or high demand?

* Values and Presumptions about the Family Business

- What are the goals of family business? Which goal is more emphasized, growth or happiness?
 - What does it mean to be successful in family business?
 - Do you think family business is successful now? In what aspects? Why not successful?
 - How important is it to grow your family business?
 - How important is it to be happy with your family?
-

Table 3. (Continued)

| | |
|---|---|
| — | In order to achieve the family business success, which value is more emphasized, harmony or control? |
| — | What is the motivation of being in family business? |
| — | How do you define business ownership? |
| — | Do you think your family members have equal / differentiated rights and responsibilities in the business? |
| * Business Problems and Consultation | |
| — | What sources of advice and guidance are sought in the face of business problems? |
| — | Who or what agencies in the community might be a source of advice, support, and/or intervention in business matters? |
| — | With whom do you discuss concerns about the business? |
| * Business Management: Customers, Suppliers and Employees | |
| — | How many family employees? What are their responsibilities in the business? Are they paid? Do they have a formal job description? |
| — | What is your source for operating capital? |
| — | What is your source for investment capital? |
| — | What co-ethnic sources do you use in business (creditors, suppliers, etc.)? |
| — | Do you have co-ethnic or family employees? What are the advantages and disadvantages of co-ethnic or family employees? |
| — | Do you have co-ethnic suppliers? What are the advantages and disadvantages of co-ethnic suppliers? |
| — | Do you have co-ethnic customers? What are the advantages and disadvantages of co-ethnic customers? |

Table 3 introduces a number of questions that can assist consultants in obtaining knowledge specific to each culture they might encounter. Both verbal and nonverbal responses to these questions are important for the consultant to digest. For example, it is not just what is said in response to these questions that is important, but also what is not being said. It is important to pay attention to who provides answers to the questions and how that is decided. Consistencies or inconsistencies in answers to these questions across family and nonfamily employees are also telling.

Until this point, the discussion has focused on the personal culture of the consultant, but there are also professional presumptions of which consultants must be aware as they venture into consultation with ethnic-family businesses. For example, in assessing business vitality within ethnic-family businesses, assessing the impact family members have on that vitality and the cultural dynamics of those ethnic-family businesses is crucial (Bork *et al.*, 1996). In this stage, consultants need to be highly aware of their presumptions of financial reality (Vos *et al.*, 2007). Vos *et al.* (2007) indicate a presumption of *separateness* of financial reality honors the right to maximize utility functions leading to continually increasing business growth. On the other hand, the financial reality of *connectedness* views reality as providing utility (“contentment”, “happiness”). The perspective of *connectedness* may be consistent with ethnic-owning families’ collective orientation that emphasizes relationship and cooperation among people. If consultants do not honor the connectedness perspective, they may not gain accurate information about the ethnic-owning family’s business vision and goals that are based on an underlying paradigm of *connectedness*. Family business consultants need to develop culturally appropriate interventions (Bork *et al.*, 1996). If those interventions are based on faulty presumptions, such as separateness, they may do more harm than good for the viability of the ethnic-family business with whom they are consulting.

It is important to avoid cultural generalization when learning about cultures other than your own. Thinking about values on continua, such as those in Table 2, allows for variations within ethnic groups and with acculturation and assimilation effects. For example, ownership within the Euro-American culture is individual and specific. Property is often labeled with the owner's name, and what belongs to whom is defined through legal documents. Within ethnic cultures, ownership is often defined in broader terms, and the family or the community, not individuals, owns property. An ethnic business could potentially be legally in a male family member's name, but be almost entirely run by female family members because of cultural norms or traditions.

4.3. *The universality of the sustainable family business theory*

Although ethnicity is an individual attribute, ethnicity lies at the heart of culture and forms a lens through which an individual views the world. Families create culture through interaction among their members and with their communities. Culture emanates from values and norms that impart pattern to these interactions. In turn, values affect the way social units are formed. Literature on community resilience identifies the family unit as a potential resource during non-normative change and recognizes families and their cultural histories are essential for the healthy functioning of communities (Landau, 2007). Families are like mini-cultures within cultures that act as the "transmitting milieu" of the larger culture. Moreover, mixed ethnicity within families and within cultures exists. Families with mixed ethnicity often provide the crucible for the blending of values and norms from each of the family's cultures.

On the global level, ethnicity and culture take on broader meanings. In addition to an individual characteristic and social group attribute within a particular culture and/or country, ethnicity shapes cultural niches throughout the world within and across national borders of countries. Ethnic groups and cultures from established nations may spread throughout the world as major populations within foreign countries including voluntary migrants, immigrant workers, "indentured servants," or historically "enslaved populations" from other native countries. Regardless of geographic venue and whether native or foreign-born, ethnicity and culture are generalizable to the broader, worldwide context. At this level, ethnicity and culture are still transmitted by families, and, thus, the SFBT extension has applicability within any country or geographic region worldwide.

Moreover, all business-owning families and family businesses can be studied using this same SFBT. The applications of SFBT expand worldwide. Because SFBT is inclusive of ethnicity and culture, its applications have no geographic or country-specific boundary. SFBT can be used to analyze a vast array of ethnicities and cultures among US family-owned businesses. In addition, SFBT can be used to study family businesses *within* any country including regions or geographic areas that cross national boundaries. Ethnic or cultural subgroups within countries could also be examined for similarities and differences.

Finally, within SFBT, the family and the business may "stretch miles" around the world in scope. In other words, a family-owned business may have international locations or branches of its offices and/or manufacturing. The same is true for the families involved. Ethnic families may hold and maintain ties and interactions with family members in a

different country or region. Indeed, not only is the Euro-American “lone” entrepreneur a myth, so to the American “nuclear” family is becoming an anomaly in our own country and simply not the reality for many ethnicities and cultures within our country and throughout the world.

SFBT stands as a flexible and inclusive theory that allows the researcher, teacher, and practitioner to understand and examine the unique and rich dimensions of the ethnic-family business and its associated family. Within family and business systems, both ethnicity and culture are manifested; the two systems overlap and affect each other. This is true throughout the world. No matter where one’s study and practice emerges, ethnicity and culture are wellsprings of both family life and business activity, worldwide.

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