

NE167R Concept Paper

Management - B15

6/98

Cynthia Jasper

Sara Douglas

Rita Kean

**Relevant literature addressing management issues
in family-owned businesses follows.**

Anderson, E. Q., Fornell, C., & Rust, R. (1997). Customer satisfaction, productivity, and profitability: Differences between goods and services. Marketing Science, 16(2), 129-145.

There is a widespread belief that firms should pursue superiority in both customer satisfaction and productivity. However, there is reason to believe these two goals are not always compatible. If a firm improves productivity by "downsizing," it may achieve an increase in productivity in the short-term, but future profitability may be threatened if customer satisfaction is highly dependent on the efforts of personnel. If so, there are potential tradeoffs between customer satisfaction and productivity for industries as diverse as airlines, banking, education, hotels, and restaurants. Managers in these types of service industries, as well as goods industries in which the service component is increasing, need to understand whether or not this is the case. For example, if efforts to improve productivity can actually harm customer satisfaction—and vice-versa—the downsizing of U.S. and European companies should be viewed with concern. It follows that developing a better understanding of how customer satisfaction and productivity relate to one another is of substantial and growing importance, especially in light of expected continued growth in services throughout the world economy.

Andrus, D. M., Ott, R. L., & Ainsworth, P. (1993). Small-business executive responses to accountant print ads. Journal of Advertising Research, 33(2), 47-56.

Increased competition in the market for professional services has resulted in accountants becoming more interested in advertising their practices. A crucial component of promoting a professional service is an analysis of the informational content of an advertisement for a firm's services. This analysis should include the identification of those elements of a professional practice that would most influence a client's selection of a particular firm.

FBR
Lyman - says that customer's
different

Bates, T. (1994). An analysis of Korean-immigrant-owned small-business start-ups with comparisons to African-American- and nonminority-owned firms. Urban Affairs Quarterly, 30(2), 227-248.

Social resources available from peer and community support networks may have little impact on small-business viability. In this study, the author finds that differences between Korean-immigrant-owned small businesses and African-American firms exist because Korean entrepreneurs are more apt to be highly educated and wealthy. Koreans invest heavily in small businesses, but their returns are often meager; per dollar of invested capital, the sales and profits of Korean firms lag behind those of African-Americans. Self-employment appears to be a form of underemployment for many Koreans.

Bates, T. (1994). Utilization of minority employees in small business: A comparison of nonminority and black-owned urban enterprises. The Review of Black Political Economy, 23(1), 113-121.

Structural changes in the urban economy are causing African-American workers in blue collar occupations to rely increasingly upon the small business sector for employment. This study finds that most of the nonminority-owned small businesses operating in large urban areas do not employ minorities. Even among the businesses physically located within minority communities, the majority of the workers in the nonminority small firms are white. Black-owned businesses, in contrast, rely largely on minority workers even when their firms are located outside of minority neighborhoods.

Beckhard, R., & Dyer, W. G., Jr. (1983, Summer). Managing continuity in the family-owned business. Organizational Dynamics, 12(2), 5-12.

Perpetuating a family business when the founder retires or dies calls for careful planning by the founder, the family, and the firm's key professionals. In this article we will look at the critical issues and dilemmas that face founders and second-generation "founders" and provide a perspective for thinking about a family-owned business as a complex system that includes the subsystems of family and firm and the interactions between them.

Beehr, T. A., Drexler, J. A., Jr., & Faulkner, S. (1997). Working in small family businesses: Empirical comparisons to non-family businesses. Journal of Organizational Behavior, 18, 291-312.

Members of the owning family of a small family firm are reputed to experience special problems, most notably specific types of conflicts and outcomes associated with them. This analysis uncovered more advantages than disadvantages, however, when family members were compared to non-family-owned businesses. Previous literature had not used comparison groups and may

have been based upon a subset of family businesses that differs systematically from family firms in general and from this study's sample specifically.

Birley, S. (1989). Female entrepreneurs: Are they really different? Journal of Small Business Management, 27(1), 32-37.

The entrepreneurial sector is now viewed as a significant factor in the design of strategies for economic recovery and growth in many nations. In the United Kingdom, for example, the Department of Trade and Industry was recently renamed the Department of Enterprise. Increasingly, all sectors of the population are urged to consider self-employment. In the education sector alone, many "Start Your Own Business" programs have been designed for students, for the unemployed, for managers, for ethnic minorities, and for women. This rapid growth in the segmentation of the market has, however, been based on a history of research which has drawn evidence almost entirely from male entrepreneurs.

Bowen, D. D., & Hisrich, R. D. (1986). The female entrepreneur: A career development perspective. Academy of Management Review, 11(2), 393-407.

Recent literature on female entrepreneurs and entrepreneurial careers reveals that: (a) up to this time, piecemeal studies of entrepreneurs (male and female) fail to provide a clear picture of the factors which encourage an individual to enter an entrepreneurial career; and (b) even less is known about female than male entrepreneurs. A comprehensive career model (a more definitive picture of the determinants of entrepreneurial behavior for women) is developed.

Chaganti, R. (1986). Management in women-owned enterprises. Journal of Small Business Management, 24(4), 18-29.

According to recent statistics, women are starting small businesses at twice the rate of men, and women-owned enterprises (WOEs) now account for 25 percent of all small businesses. Survival rates are comparable to those of male-owned ventures. It should be useful, therefore, to gain a better understanding of the factors that explain the success of these ventures.

Cliffe, S. (1998). Family business: Facing up to succession. Harvard Business Review, 76(3), 16-17.

What if you knew that a tornado was set to strike thousands of the country's businesses. If you ran one of those companies, wouldn't you start ringing alarm bells to warn your people to prepare?

Cohen, C. (1998). Succession in the family business (Letter to the Editor). Harvard Business Review, 76(3), 177.

Deacon, R. E., & Firebaugh, F. M. (1998). *Family Resource Management: Principles and applications* (2nd. ed.). Boston: Allyn and Bacon.

Diss, W. T. (1988). Estate planning tips: Locking in the advantage. Journal of Accountancy, 188(1), 36-42.

The revenue-seeking legislators who wrote and passed the Tax Reform Act of 1986 did not omit estate planning from their agenda. Astute estate strategists will do well to act immediately to reflect these recent changes in their practices: In addition to those already enacted, important further estate and gift tax changes are possible in 1988.

Diss, W. T. (1991). Estate freeze transfers of a family business or farm. Journal of Accountancy, 191(5), 83-88.

The 1990 Revenue Reconciliation Act, passed by Congress in October 1990, repealed section 2036(c) and added chapter 14 to the Internal Revenue Code. Chapter 14 represents continued efforts to control "abusive" lifetime transfers of common stock or junior partner equity interests in family-owned business and farm corporations and partnerships. The legislation further undermines families' efforts to retain ownership of their businesses despite federal gift and estate tax (unified transfer tax) rates up to 60%.

Dyer, W. G., Jr. (1986). Cultural change in family firms: Anticipating and managing business and family transitions. San Francisco: Jossey Bass.

Cultural Change in Family Firms is part of the Jossey-Bass series on the management of family-owned businesses. This series is designed primarily for people actually involved in family businesses, including owners, managers (both family and nonfamily), and members of the board of directors, as well as professionals who serve family firms, including lawyers, bankers, and management consultants. Thus, practitioners are the intended primary audience for this book. In *Cultural Change in Family Firms*, Dyer is quite successful in meeting the needs of this audience. It is asserted that academics and researchers will also find this series to be useful.

Edmundson, B. (1997, September). A new era for rural America. American Demographics, 30-31.

Old and young adults in pursuit of work and play are creating boomtowns far from the madding crowd.

Fiegener, M. K., Brown, B. M., Prince, R. A., & Rile, K. M. (1996). Passing on strategic

vision: Favored modes of successor preparation by CEOs of family and nonfamily firms. Journal of Small Business Management, 34(3), 15-26.

How do CEOs of small businesses help their successors develop the strategic knowledge and insight needed to run the company? This study compared the ratings of 236 family-firm CEOs with those of 1221 nonfamily-firm CEOs regarding the relative importance of different modes of successor preparation. The results show significant differences between the family and nonfamily subsamples in 15 of the 19 forms of preparation studied. In general, CEOs of nonfamily firms tend to favor successor preparations that are "outsourced" rather than internalized within the company. CEOs of family firms take a more direct approach to preparing successors—one that places a premium on developing personal relationships between CEO and successor, and between the successor and the stakeholders of the business.

Fogg, S. L. (1989). Financial and estate planning resource guide: Current reading. Journal of Accountancy, 189(3), 165-166.

Foster, M. J. (1993). Scenario planning for small businesses. Long Range Planning, 26(1), 123-129.

Entrepreneurs are risk takers and innovators but are not always strong supporters of strategic planning, especially in smaller businesses. However, small business entrepreneurs, like everyone else, have to face up to the uncertainty inherent in the future. One key element of strategic planning is to devise ways to handle that uncertainty and a useful technique for this is scenario building. It is often assumed that scenario building is an approach which only large, wealthy organizations can use because of the time, cost and expertise involved. This article describes a simplified approach to scenario building which can be employed with benefit by even the smallest firms.

Francis, B. C. (1993). Family business succession planning. Journal of Accountancy, 193(2), 49-51.

A primary goal in financial planning is to help clients decide how, when and to whom to transfer their wealth. In planning for closely held business owners, two issues should be addressed: the disruptive effects of a change in management and ownership on the operation and the value of the family business, and the liquidity necessary to pay estate taxes.

Gaskill, L. R., Jasper, C., Bastow-Shoop, H., Jolly, L., Kean, R., Leistritz, L. & Sternquist, B. (1996). Operational planning and competitive strategies of male and female retailers. The International Review of Retail, Distribution, and Consumer Research, 6(1), 76-95.

Interest in the managerial practices of females in business has increased over the past decade due

to women's increased representation in business. Anecdotal evidence has suggested that women approach decision making differently from men. The purpose of this study is to determine if gender differences regarding managerial strategies exist in the retail setting. Targeted managerial strategies focused on short-term planning processes (personnel, financial, inventory and market planning) and competitive strategies in operation (differentiation, cost leadership and focus). In a sample of 459 retailers from a twelve-state region, MANOVA was used to determine if significant differences in managerial strategies existed between genders. The data on retail competitive strategies suggest that men and women do differ on managerial strategies, with female business owners significantly more likely than male business owners to recognize the importance of differentiation and focus as retail competitive strategies in their business operations. Gender differences were also found in the operational planning areas of market and inventory planning.

Gaskill, L. R., Van Auken, H. E., & Manning, R. A. (1993). A factor analytic study of the perceived causes of small business failure. Journal of Small Business Management, 34(1), 18-31.

The important role of small business in the U.S. economy suggests that an understanding of why firms fail (and are successful) is crucial to the stability and health of the U.S. economy. Robinson and Pearce (1984) recognized a growing interest, statewide and on the federal level, in identifying factors associated with the conduct and performance of small firms. An understanding of such factors would enable public policymakers and small business advisors to better serve the small business sector. Cochran (1981) suggest that research on business failure for subgroups of the small business sector would prove useful, and that research on business failures for specific industries in regions might be more useful than studies that are national in scope.

Heck, R. K. Z., Owen, A. J., & Rowe, B. R. (1995). Home-based employment and family life. Westport, CT: Auburn House.

Hisrich, R. D., & Brush, C. (1984). The woman entrepreneur: Management skills and business problems. Journal of Small Business Management, 22(1), 30-37.

Starting and operating a business entails considerable risk and effort, especially for the entrepreneur, who creates and builds a business from scratch, thereby assuming all of the responsibilities for development and management as well as the corresponding risks and gains. The risk is perhaps even greater for a woman entrepreneur, who has all the usual business problems as well as the problems associated with being a woman in a male-dominated arena. In spite of this, increasing numbers of women have entered the labor force, some of whom have elected to start and operate their own businesses.

Jaffe, D. T., & Scott, C. D. (1998). How to link personal values with team values.

Training & Development, 52(3), 24-30.

Here's how companies such as Levi Strauss, AT&T, and Nordstrom conduct a values discussion to resolve conflicts between people's personal values and those of their team or organization. The result is behavior that expresses the desired values and workers' commitment to company goals.

Kalleberg, A. L., & Leicht, K. (1991). Gender and organizational performance: Determinants of small business survival and success. Academy of Management Journal, 34(1), 136-161.

In this study, we examined several hypotheses on how the survival and success of small businesses headed by men and women are related to industry differences, organizational structures, and attributes of owner-operators. We found that businesses headed by women were not more likely to go out of business, nor less successful, than those owned by men. Our analyses are based on data collected annually over a three-year period from an initial group of 411 companies in the computer sales and software, food and drink, and health industries in South Central Indiana.

Loscocco, K. A., & Leicht, K. T. (1993). Gender, work-family linkages, and economic success among small business owners. Journal of Marriage and the Family, 55, 875-887.

This study investigates work-family connections and economic success among women and men small business owners. We use what we term gender similarity and gender difference models to frame this investigation. The first model emphasizes the similarities between women and men in the processes through which work outcomes are determined. In contrast, the gender difference model assumes deeply rooted institutional and individual bases of gender difference. Analyses of data from a 3-year panel survey of 99 women and 312 men owners show more support for the gender similarity than the gender difference model. There is considerable gender similarity in the processes through which business and individual characteristics affect personal earnings, although women owners are disadvantaged in some characteristics critical to business success. Family situation has a direct impact on these owners' business success and indirectly affects personal earnings. We uncover vestiges of traditional gender roles consistent with the gender difference model, but primarily in the context of marriage. Thus, children are experienced as an incentive to fulfill the good provider role not only among married men, but also by single women. The event history analyses show that these effects persist over time.

Matthews, C. H., & Scott, S. G. (1995). Uncertainty and planning in small and entrepreneurial firms: An empirical assessment. Journal of Small Business Management, 33(4), 34-52.

Although previous research in large firms provides some evidence that perceived environmental

uncertainty influences strategic planning, the influence that the perception of environmental uncertainty has on both the strategic and operational planning of small firms remains largely unexplored. This study seeks to address this issue. Analyses of data gathered from 130 small business ventures and entrepreneurial firms suggest that entrepreneurial firms engage in more sophisticated planning than small firms overall. In both types of firms, however, as perception of environmental uncertainty increases, strategic and operational planning decrease. Implications for future research are discussed.

Moore, D. P. (1990). An examination of present research on the female entrepreneur: Suggested research strategies for the 1990's. Journal of Business Ethics, 9(4/5), 275-281.

Intensive investigations into female entrepreneurs are a relatively recent research phenomenon. Advances in the past five years, while dramatic, find the field in an initial stage of paradigm development. Individual studies appear fragmented, unrelated, and seem to describe only small segments of the female entrepreneurial population and more frequently than not apply theoretical tools developed in other areas which are neither reliable or valid. This article examines a number of current research and methodological issues, presents a descriptive analysis of the traditional and modern female entrepreneur, suggests focal areas for research oriented toward the establishment of typologies, models and theory developments.

Mount, J., Zinger, J. T., & Forsyth, G. R. (1993). Organizing for development in the small business. Long Range Planning, 26(5), 111-120.

Small business development is analyzed in terms of transition phases that link phases of comparative stability. Enterprises founded as owner-operated businesses may evolve into a functionally organized entity; if so, they move through two distinct transition phases. These transitional phases lie between the owner-operated and an owner-managed organization, and between the owner-managed and a more complex organization guided by functional managers. Each of the five phases is marked by particular characteristics, and calls for a phase-specific blend of entrepreneurial and management activities. The framework recognizes that not all small enterprises pass through all five phases; there are firms that start in a more evolved phase, and there are many that remain within a particular phase, either by design or by virtue of barriers to further development.

Nelson, G. W. (1987). Information needs of female entrepreneurs. Journal of Small Business Management, 25(3), 38-44.

Past research has suggested that women approach the entrepreneurial experience with disadvantages rooted in education and experience. A past tendency for women to study non-business school subjects and to work as employees in "soft skill" areas has led some researchers to contend that female entrepreneurs are hampered by internal barriers to success.

O'Hare, W., & Larson, J. (1991). Women in business. American Demographics, 13(7), 34-38.

Women in rural mountain states are twice as likely as women in rural southern states to own a business. Women owned 30 percent of smaller corporations in 1987, up from 23 percent in 1982. Nearly all of their businesses are in retail trade, finance, and services. As women gain work experience and education, their fortunes as entrepreneurs improve.

Olson, S. F., & Currie, H. M. (1992). Female entrepreneurs: Personal value systems and business strategies in a male-dominated industry. Journal of Small Business Management, 30(1), 49-57.

Research, in business, as in other disciplines, has been characterized by a certain trendiness in topics chosen for study. For instance, most publications today contain articles relating to (1) the critical role of strategy in the survival and success of business; (2) the influence of individual value systems, especially in small companies, on the functioning of an organization, and (3) the ever-increasing role of women-owned companies. While the past emphasis on these topics has not always reflected needs, studying these three facets is now both relevant and timely.

Paré, T. P. (1990). Passing on the family business. Fortune, 121(10), 81-85.

This article discusses a study of critical success factors that are perceived by South Pacific entrepreneurs as being necessary for successful operation of small businesses in the region. It is based on the recognition that entrepreneurship and enterprise have a critical role to play in economic development, especially in developing societies such as the island nations of the South Pacific.

Power, M. (1995). Home is where the work is. Human Ecology Forum, 23(1), 8-11.

Russell, W. E. (1989, February). Recent developments in estate planning for retirement distributions. Taxes—the Tax Magazine, 110-116.

A very important but often ignored area of estate planning is the coordination of post-death distributions out of qualified retirement plans with an individual's estate plan. Commonly, the spouse is named the first beneficiary. Where pension benefits are at all significant, such a beneficiary designation in effect defeats the estate plan in several different respects. First, the credit shelter portion of the taxable estate may not be fully funded. Second assets passing directly to the spouse will not have the protection of a marital trust.

Rust, R. T., & Zahorik, A. J. (1993). Customer satisfaction, customer retention, and

market share. Journal of Retailing, 69(2), 193-215.

We provide a mathematical framework for assessing the value of customer satisfaction. The framework enables managers to determine which customer satisfaction elements have the greatest impact, and how much money should be spent to improve particular customer satisfaction elements. This makes it possible to hold customer satisfaction programs accountable, by forcing them to demonstrate their benefits with respect to bottom-line profitability. We use an individual-level model of loyalty and retention, and then build up to market share by aggregation. We demonstrate the application of our approach in a pilot study of a city's retail banking market.

Sarason, Y., & Koberg, C. (1994). Hispanic women small business owners. Hispanic Journal of Behavioral Sciences, 16(3), 355-360.

Hispanic entrepreneurship is a relatively new phenomenon, particularly among women, but the trend appears to be growing. This study investigates the special conditions of Hispanic women who have achieved ownership of a small business. A description of the characteristics of these owners is included and discussed. The women in this study were most likely to be new to small business ownership and to have started the business themselves. It is hoped that future research will follow these entrepreneurs to better understand the special conditions that allow Hispanic women to advance in the workforce.

Scherer, R. F., Brodzinski, J. D., & Wiebe, F. A. (1990). Entrepreneur career selection and gender: A socialization approach. Journal of Small Business Management, 28(1), 37-44.

Scott, C. E. (1986). Why more women are becoming entrepreneurs. Journal of Small Business Management, 22(4), 37-44.

From 1972 to 1982 the number of self-employed women in the United States increased by 69 percent. This represented a rate of increase five times greater than that for men in the same period. From 1977 to 1980 the proportion of non-farm, sole proprietorships operated by women increased from 22.6 percent to 26.1 percent. In addition the number of non-farm, sole proprietorships operated by couples soared from 284,405 in 1981 to 440,000 in 1982. To find out why women are turning to entrepreneurship in increasing numbers, two surveys were conducted: one of women entrepreneurs in the state of Georgia, and another of both male and female entrepreneurs in the Atlanta area for purposes of comparison.

Smith, P. L., Smits, S. J., & Hoy, F. (1998). Employee work attitudes: The subtle influence of gender. Human Relations, 51(5), 649-666.

Using the construct of job satisfaction, this study examined work attitudes of 286 females and

416 males employed in 27 female-owned and 29 male-owned small businesses in three industries: construction, manufacturing, and distribution. Job satisfaction scores (dependent variables) were analyzed with regard to the interaction of owner-employee gender. Demographic and job-related variables were also considered. The gender-moderated results are discussed in terms of methodological implications for conducting research regarding work attitudes.

Stafford, K., Winter, M., Duncan, K. A., & Genalo, M. A. (1992). Studying at-home income generation: Issues and methods. Journal of Family and Economic Issues, 13(2), 139-158.

Stevenson, L. A. (1986). Against all odds: The entrepreneurship of women. Journal of Small Business Management, 24(4), 30-36.

Women-owned businesses are the fastest growing segment of the small business population in North America. In the U.S. between 1977 and 1982, the number of female non-farm sole proprietorships grew at an annual rate of 6.9 percent; all non-farm sole proprietorships grew at an annual rate of 3.7 percent. By 1984, there were 3 million female owned non-farm sole proprietorships in the U.S., according to Small Business Administration estimates. In Canada, the growth in the female portion of self-employment has increased by an average of 5.8 percent compared to 2.8 percent for males, and it is estimated that there were approximately 365,000 self-employed women in non-farm businesses in 1984. Based on 1972 Census information, fewer than 5 percent of U.S. businesses were owned by women. This number has increased to 28 percent of self-employed businesses in 1982. In Canada, it is estimated that women make up 27 percent of all self-employed persons.

Stevenson, L. A. (1990). Some methodology problems associated with researching women entrepreneurs. Journal of Business Ethics, 9(4/5), 439-446.

Ward, E. A. (1991). Locus of control of small business managers. The Journal of Social Psychology, 132(5), 687-689.

The paramount reason for studying small business managers is their greater-than-expected role in job creation (Ibrahim & Goodwin, 1986). One of their distinguishing psychological characteristics is locus of control (LOC) (Gilad, 1982). Internal LOC has been used to distinguish successful small business managers from unsuccessful ones, as well as to distinguish managers from the general public (Gilad, 1982; Ward, 1989).

Wicker, A. W., & Burley, K. A. (1991). Close coupling in work-family relationships: Making and implementing decisions in a new family business and at home. Human Relations, 44(1), 77-92.

This research examined the relative influence of husbands and wives in decisions concerning several activities that occur in both the home and the business. Ratings by 24 women who with their husbands had recently opened a retail or service establishment indicated that influence was significantly related to (1) setting (wives had more influence at home), (2) activity (wives had most influence in decisions about division of labor), and (3) particular setting-activity combinations. Such a differential pattern of influence may reflect a way of resolving conflicting norms of equality and husband dominance. Additional findings suggest the operation of an equity norm: Wives' influence at home and in the business varied according to the number of hours they worked, and according to whether the business was "gender typed." Qualitative data indicated that couples rarely discussed division of labor in either setting, although this issue was a frequent source of family tension. Two years later, most of the respondents from the 15 firms that survived reported that the business had positively affected their marriages.

Yusuf, A. (1995). Critical success factors for small business: Perceptions of South Pacific entrepreneurs. Journal of Small Business Management, 33(2), 68-73.

Variable Name	Question Asked	Card #	Variable # in code book
	Dependent variable		
PROFIT	What was the profit for this business in 1996? Profit/Loss	5	B31
	Independent variables		
MANAGE	Please indicate to what extent each activity is part of your business's regular practices by using a scale from 1 to 5. (a) through (j). added up indices	5	B15
ASSET	What were the total assets of [business Name] as of December 31, 1996?	5	B34
HELP2	Have you ever asked for help from state or local economic development offices or the local chamber of commerce?	5	B17b
TENSION	Please indicate the level of tension that each issue generates in your home life (a) through (g). added up indices	6	B41
EDU	What is the highest grade of school has completed?	2	H12(f)
GENDER		7	1bb
RACE	What is your race?	6	B49