The Prevalence of Family Business from a Household Sample

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This paper presents U.S. prevalence figures and their relationship to various family business definitions offered in literature to date. The percentage of households that own at least one family business where its owner or manager resides in the residential family/household was 13.8%. Results yielded a 10.0% prevalence rate for households having a business that qualified for this 1997 National Family Business Survey. The level of prevalence was shown to be associated with gender, ownership/management, involvement of family members, and generation of owner. These findings are useful for refining family business definitions. This paper also offers implications for future research, teaching, and practice relative to family businesses.

Introduction

Even though family businesses undergird and sustain our economy and society, their pervasiveness often goes unnoticed (Cox, 1998). Notwithstanding some previous conceptual work defining family businesses (Litz, 1995), this type of business is so unnoticed and understudied that there are few serious efforts to count or determine the prevalence of family businesses accurately (Shanker & Astrachan, 1996; Upton & Heck, 1997). The lack of definitional precision, sound sampling, and methodology precludes such efforts. Litz (1997) suggested a tenure track professor's 6-year academic time line for publishing as an additional reason for the lack of empirical studies: It may limit inquiries into privately or closely held family firms given the availability of data on large, publicly held corporate enterprises (Litz, 1997).

Several estimates, though crude but improved upon with the sampling, methodology, and analyses herein, suggest that the majority of all firms in the United States are family-owned and family-operated businesses. These family firms contribute about half of both the nation's GDP and total wages (Barnes & Hershon, 1976; Hershon, 1975; Holland, 1981; Ibrahim & Ellis, 1994; Ward, 1987). Yet, the focus of attention is mainly on large, publicly held corporate enterprises. Even the extant family business literature often focuses on large-scale family firms (NE-167R Technical Committee, 1993). However, most of our economy operates around the small- to medium-scale, closely held enterprise that is nearly always a business that is owned and/or managed by one or more individuals who can be designated as a member or members of a family—namely, the family business.

In fact, much of what is designated as entrepreneurship is often synonymous with or very closely related to family business (Casson, 1991; International Family Business Program Association [IFBPA], 1995; Kent, Sexton, & Vesper, 1982; Sexton & Kasarda, 1992; Sexton & Smilor, 1997). Entrepreneurs rarely operate alone or in a vacuum. Whether born of necessity, attribute driven, or emerging from environmental milieus (Ibrahim & Ellis, 1994), entrepreneurs are usually family members maneuvering in concert or disharmony with an array of other family members, sometimes even within the nonresidential, extended family arena (Butler & Greene, 1997;

Moen, 1998; Upton & Heck, 1997).

Admittedly, the number of family firms or prevalence will depend on the definition. The purpose of this paper is threefold: first, to review operational definitions used to delineate and study households with a family firm; second, to offer prevalence estimates from the national study entitled, "Family Businesses: Interactions of Work and Family Spheres" and its 1997 National Family Business Survey (1997 NFBS), a nationally representative sample of U.S. family businesses; and third, to examine in detail selected characteristics of family businesses.

Generally, there are at least three major reasons to better define and count family businesses. First, few previous studies clearly define the entity of a family business, and previous research fails to sample or count family businesses correctly. This is the main reason for the analyses herein. Second, development of a useful empirical definition of a family business and a proper sampling procedure using households is necessary for further in-depth research and study of the interface of family and business functions within a single family. And third, a proper definition and count of family businesses is important to future research and current policy, practice, service, and education: Promoting definitional consensus among researchers may increase the likelihood of theory development, in-depth empirical analyses, comparative studies, and replication.

Previous Research

Definitions Used in Previous Empirical Research. Family business research literature is riddled with definitional issues as well as major methodological and empirical concerns (Handler, 1989; Upton & Heck, 1997). Most research suffers from lack of an integrated theoretical model and weak empirical efforts (Wortman, 1994; Upton & Heck, 1997). Clearly, the lack of high-quality and comprehensive data hampers family business research.

Although it is probable that there will be multiple definitions of family business, it is imperative that these definitions have external validity, clarity, and generalizability among researchers, educators, policy makers, and practitioners. Most definitional literature is conceptually based, with no empirical evidence to support the choice or use of a particular definition. Most empirical study sampling frames are selected based on the type and size of the businesses. Such circumstances expose the research to a high probability of bias and statistically inadequate results (i.e., sample selection bias) (Heckman, 1979). Moreover, sampling family business from the population of businesses severely limits the research focus and the ability to examine the complexity of the family in relation to its business and, in particular, the interdependency of the family and the business. Studies completed to date by MassMutual (1993, 1994, & 1995) and the latest survey with MassMutual and Arthur Andersen (1997) are examples of such limited research. These studies further limit their samples based on the number of employees, amount of annual revenues, and number of years in business.

Handler (1989) developed a useful classification of family business definitions, including those that were based on ownership/management, interdependent subsystems, generational transfer, and multiple conditions. Herein, previous family business research was reviewed and classified according to the family business definition used by and relative to Handler's classifications.

Ownership/management. Although most researchers address the ownership and management of the family business, some studies emphasize ownership and control by a family entity (Alcorn, 1982; Barry, 1975; Dyer, 1986; Hershon, 1975; Kleiman, Petty, & Martin, 1995; Lansberg, 1988; Lansberg, Perrow, & Rogolsky, 1988; Rue & Ibrahim, 1996; Sharma, Chrisman, & Chua, 1997; Stern, 1986) (see Table 1). Other researchers define specifically that at least one or more family members must own and manage the business (Barnes & Hershon, 1976; Hollander & Elman, 1988; McConaughy, 1994; Winter & Morris, 1998). Still others infer that multiple (i.e., two or more) family members must own, and/or manage, the family firm (Daily & Dollinger, 1992; Daily & Thompson, 1994; Dunn, 1996).

Interdependent subsystems (family involvement in the business). Researchers note that the family firm involves a general interacting of two systems—namely, the family and the business (Goldberg & Wooldridge, 1993; Harvey & Evans, 1995; Kepner, 1983; Kirchhoff & Kirchhoff, 1987; Narva & Dreux, 1996) (see Table 1). Other researchers specify that interactions between the family and the business must involve multiple family members (Covin, 1994; Davis, 1983; Tagiuri & Davis, 1996). Finally, other studies specify very detailed interactions, such as influence over major decisions, board membership, and succession planning for the business (Beckhard & Dyer, 1983; Handler, 1992). The 1997 NFBS reported in this paper invokes the specific length and intensity criteria of at least 1 year of being in business and a minimal time involvement of 312 hours per year (i.e., about 1 day per week) (Winter, Fitzgerald, Heck, Haynes, & Danes, 1998).

Generational transfer. Several researchers further specify that there must be an intent to transfer or an actual generational movement of the business in addition to ownership and management control. These definitions involve multiple conditions and are categorized here specific to their generational transfer criteria (Barach & Ganitsky, 1995; Birley, 1986; Churchill & Hatten, 1997; Fiegener, Brown, Prince, & File, 1994; Litz, 1995; Ward, 1987, 1988) (see Table 1). Businesses that have not transferred or have no intent or potential to transfer may be entrepreneurial firms that have gone public or hired professional management, or existing family businesses that have done the same and do not retain control over the ownership and/or management (Litz, 1995).

Multiple conditions. Several researchers apply multiple criteria to define family businesses. Some use only two criteria of ownership/management and involvement of family members (Blake & Saleh, 1995; Cox, 1998; Lyman, 1991) (see Table 1). Still other studies define family business according to a variety of additional criteria (Astrachan & Kolenko, 1994; Dannhaeuser, 1993; Donnelley, 1964; Rosenblatt, deMik, Anderson, & Johnson, 1985).

Definitional Works. Determining a prevalence rate of family firms necessitates a level of definitional precision not achieved to date in the family business literature. Wortman's (1995) survey of the literature yields more than 20 different definitions of a family firm, and he notes the singular and ad hoc nature of many definitions. Earlier work by Handler (1989) describes a variety of definitions for a family business, each varying relative to family ownership, involvement of family members, control or management by a family member, and the family's intent to transfer. Litz (1995) attempts to identify family businesses conceptually, based on ownership, management, and intent to transfer. He develops a 3 x 3 matrix, or nine business types, based on ownership and management and then examines the intent to transfer notion. Litz identifies four of the nine business types as either family businesses or potential family businesses. Although his conceptual work helps to develop further possible definitions of family business, it does nothing to test these definitions, for he does not apply or tie his definitions to empirical data.

Upton and Heck (1997) note the pressing need for a consistent family business definition. Such definitional refinement would allow comparative studies and replications as well as precursor work leading to the development of a conceptual framework for the family firm. To date, definitions have been inconsistent, and important dimensions, such as the degree or intensity of ownership, involvement, and management, have not been fully conceptualized or empirically explored. Previous research bears out that a definitive family business definition is likely to remain elusive. Only a few studies specify in detail the family aspect of their definitions by including criteria that relate to the family as well as the business (Kepner, 1983; Rosenblatt et al., 1985).

Early writings of Hollander and Elman

(1988), relative to a systems approach, suggest that a family business is a business that is owned and/or managed by one or more family members. This simple definition was used herein for this national study. The Methods section of this paper further discusses definitional issues.

Previous Counts of Family Businesses. Most previous studies (Barnes & Hershon, 1976; Hershon, 1975; Holland, 1981) that offer counts of family businesses are based on U.S. Small Business Administration (SBA) reports derived from its own data sources. These data sources do not differentiate between family and nonfamily firms. Dreux (1990 & 1994) used Dun & Bradstreet data, excluding sole owners, to develop estimates of the number of family businesses. Dun & Bradstreet data include only those who file detailed financial information with this source and, so, result in a biased sample of businesses. Still other researchers, such as Ward (1987), collected their own data using various business lists; in most cases, the quality of such lists and the resulting counts could be questioned.

Shanker and Astrachan (1996) recently reviewed these previous research claims and conclude that most are questionable in their scope, methods, and generalizations. Although primary data was not collected, Shanker and Astrachan used extant business data sources, such as those from the SBA, to infer the validity of these previous definitions, prevalence, and associated economic contributions of family business. They found a range from a narrow definition resulting in 4.1 million family businesses contributing 12% of the GDP, 15% of the workforce, and 19% of new jobs to the broadest definition resulting in 20.3 million contributing 49% of the GDP, 59% of the workforce, and 78% of the new jobs.

Methods

The 1997 NFBS used a household sampling frame. The sample was limited to families (defined as a group of people related by blood, marriage, or adoption who shared a common dwelling unit) in which at least one person owned or managed a family business. Another criterion of the sample was work intensity in the business as assessed by length of time in business and number of hours per week of involvement. To qualify for this study, the owner-manager had to have been in business for a least 1 year, worked at least 6 hours per week year-round or a minimum of 312 hours a year in the business, be involved in its day-to-day management, and reside with another family member.

Data collection involved four instruments. The first, the screening instrument, was piloted and developed to ascertain whether the household contained a family business (Heck & Scannell, 1997). Three interview schedules formed the core data collection instruments—one schedule for the household manager, one for the business manager, and one combined interview if the household manager and the business manager were the same individual. After verifying eligibility, the respondent was asked to identify the household manager, the business manager, and the family financial manager. The household manager was defined as "the person who actually manages the household, that is, the one who takes care of most of the meal preparation, laundry, cleaning, scheduling of family activities, and overseeing of child care." The instruments were administered to household members that met the study criteria.

The national sample was purchased from Survey Sampling in Fairfield, Connecticut, a commercial firm that provides samples based on specified sampling frames. Because the interviews were administered by telephone, the sample frame consisted of all households with a listed telephone.

During 1997, the Iowa State University Statistical Laboratory screened 14,115 U.S. households, resulting in 1,116 eligible family households. At the completion of interviewing, the 1997 NFBS consisted of 794 families with a family business, a 71% response rate. The response rate for the 708 completed business interviews was 63.4%. Households with a family business that completed both the business and household interviews numbered 673, a 60.3% response rate. Missing data were imputed. For further details concerning the methods of the 1997 NFBS, see Winter et al. (1998).

Data. The focus of this research paper is to report the prevalence and selected characteristics of 1,116 (9,858,666 weighted frequency) family households that completed a screen interview. These screen data are used to identify the prevalence of households owning or managing one or more businesses and with more than one person in the household. In addition, the 708 (9,747,103 weighted frequency) households that completed the business interview schedule are also delineated by the definitional classifications that Handler developed (1989).

Analysis. Data were analyzed using descriptive statistics of frequency counts, percentage, mean, and standard deviations. In addition, tests for equality of variances were made using Levene's (1960) test. If variances were found to be unequal, then two sample T-tests for equality of means were made. Data were analyzed using the 95% confidence interval, with the level of significance set at $p < .05$.

Strengths and Limitations of the Research Methods.

Household sampling frame. The advantages of the household sampling frame are threefold. First, by interviewing households to find businesses, respondents will include agricultural, newer, smaller, and minority businesses that may be underrepresented in business lists such as Dun & Bradstreet's. Second, because the authors are members of a research team that has studied home-based businesses extensively, the literature on this subset of family businesses can be expanded through this study. Third, one objective of the research is to examine the relationships between the family and the business. The household is the logical place to contact family members concerning both family and business issues.

A household sampling frame may undercount the number of businesses to the extent a household owns multiple businesses. Households were eligible for this study on the basis of participation by the business manager in the main or primary business, defined as the one in which the business manager spent the most hours working. If more than one business qualified on hours, the one generating the higher gross income was chosen. If more than one business qualified on hours and had the same gross income, then the one owned or managed by the household manager was chosen. The number of households with multiple businesses was low and, in most cases, these additional businesses were minor relative to the business that the interview covered.

The limitations of using a purchased sampling list relate to the quality of the list. The decision to use a listed sample rather than random digit dialing (RDD) was economic. RDD is substantially more expensive to use both in terms of time and money due to telephoning nonhouseholds and nonworking numbers. Survey Sampling, a widely used commercial sampling firm, supplements their telephone listings with a variety of lists, including magazine subscription, voter registration, and vehicle and driver registration lists. Of the 14,115 screened households, 14.7% of the telephone numbers were ineligible because they were either not in service or were not the telephone numbers of households. Of the 12,046 eligible households, 12.6% that were assumed to be households were not screened because of refusal or language barrier and about 5.1% never answered or had answering machines. The 9,910 completed screen interviews represent an 82.3% response rate. Such a response rate is acceptable for a telephone interview and reflects the quality of the purchased sample list.

Family business definition. The 1997 NFBS employed a broad definition of a family business, namely, a business that is owned and/or managed by one or more family members. Such a family business definition was chosen for three reasons. First, the conceptual underpinnings of the 1997 NFBS were based on systems theory (Stafford, Duncan, Danes, & Winter, 1999). Systems theory is sensitive to the interrelationships and perspectives of all subsystems, parts, or individuals within the whole system. Thus, both the business and the family systems are important to understanding the family business. In addition, any individual in either system may affect parts of both systems or the family business. Therefore, ownership per se cannot define a family business and may, in fact, be irrelevant to the family and business dynamics.

Second, many family business issues may affect all family members whether they are in or out of the business. For example, tensions or conflicts stemming from the business may affect family members regardless of which or how many family members work in the business. Or, if an entrepreneur owns a business with no family members involved (other than himself or herself) and the business fails, this business failure will no doubt affect the family dramatically. Further, the lack of involvement of family members in a business that another family member owns may be arbitrary, not by mutual consent, and important in and of itself. Dumas (1989) and Cole (1997), among others, documented the exclusion or discounting of females relative to the family business. Spouses and other family members might be less formally involved in the business or involved on an unpaid basis (Heck & Walker, 1993; Rosenblatt et al., 1985).

Third, using a broad definition of family business allows for a more comprehensive examination of both the family and business characteristics of the phenomena under study. In addition, it affords the researchers flexibility in examining the variations in family businesses (Winter et al., 1998). Note that this study's 12-month, 312-hour criteria exclude nascent and new start-up businesses. As a result, the businesses in this study are sufficiently established and occupy a sufficiently large enough proportion of the business manager's time for meaningful interactions to occur between the family and the business. Thus, using a broad definition of family business along with these eligibility requirements does not limit the 1997 NFBS. Rather, it makes the 1997 NFBS more useful in examining a number of family business definitions, often cited in previous family business literature but never tested empirically.

1997 National Family Business Survey: Screen Data

Prevalence of Households Owning a Family Business. In determining the prevalence of family businesses in the United States, results differ based on the operational definition. Looking just for the prevalence of businesses in households, 18.3%, or 18,037,000 households, responded that someone in the household owns one or more businesses of some kind (Table 2). This general prevalence for business-owning households is reasonably comparable to the SBA figures that are total business counts (U.S. Small Business Administration, 1996) and to counts related to the broadest family business definition that Shanker and Astrachan (1996) use. In addition, 4.4% replied that a business manager resides in the household. However, only a small number of the managers are related to the owner of the business that they manage.

Without using the work measures of length and intensity for family household definition, 13.8%, or 13,667,000 households, own at least one business that is owned or managed by a family member living in the residential unit. The majority of these households are families; only 1.4% of the households are nonfamilies. In addition, 1,863,000 (1,465,000 plus 374,000 owners plus 24,000 managers) households own/manage two or more businesses. Families held the vast majority of these multiple businesses.

Work intensity was the first part of the definition. A business owner-manager had to have owned the business for at least 1 year and worked at least 312 hours per year. In applying these criteria, 19.6%, or 2,688,000, did not fulfill the defined work intensity, 11.5% worked less than 312 hours, and 8.1% were in business for less than 1 year, as shown in Table 2. These criteria lowered the prevalence to 11.1%

A family was defined as a household with two or more people related by blood, marriage, or adoption and included partners living as married. Adding this family requirement to the business owner-managers' findings reduced the eligibles by 1.1%, or 1,120,000 households. Family households owning at least one business that met the study's work intensity and years in business requirements numbered 9,859,000 out of the total 98,754,000 households in the United States, yielding a prevalence rate of 10.0%. These prevalence figures and rates reported herein compare favorably with Shanker and Astrachan's (1996) middle and narrow definitions for family business and their corresponding prevalence figures.

Sample Characteristics.

Work intensity. The length of time in business ranged from 1 year to 80 years, with the average being 13.2 years. For reporting consistency, hours worked per week were top coded. It was reasonable to assume that no one could consistently work more than 18 hours per day or 126 hours per week. Business owner-managers reported working an average of 44.6 hours per week. They reported working between a minimum of 6 hours to a maximum of 126 hours per week. When asked how long the owner-manager worked per month and per year, the averages reported working were 193.3 hours per month and 2,319.7 hours per year. Clearly, the business managers were working longer hours than the average 40-hour workweek.

Family characteristics. The business owner-managers reported on average having three household members (Table 3). The size of the household ranged from the minimum of two to a maximum of nine persons. The percentage of the business owner-managers who are male was 75.8%, and 24.2% are female.

Multiple businesses. Only 16.0% of the family owner-managers reported having more than one business in the household. When examining these multiple businesses by business type, all industrial sectors were represented. The household's first and second businesses were compared by industry. The results indicated that 65% of the second businesses are in a different sector from the primary business. For example, the first business might be as a financial service consultant and the second one might be making and selling gifts retail. Overall, households owning more than one business were less likely to have a secondary business in construction and manufacturing and more likely to own a service business compared to other industrial sectors.

Two Sample T-Test Findings. There were significant differences found using a two-sample T-test to compare the gender of the owner-managers to the mean number of years in business and the mean number of hours worked per week, month, and year. As shown in Table 4, males reported being in business significantly more years (M = 14.0, SD = 11.7) than females (M = 10.5, SD = 9.7). There were differences by gender for the reported number of hours worked per week, per month, and per year. When asked how much they worked per week, female business owner-managers reported working significantly fewer hours per week (M = 38.0, SD = 21.2) on average than male owner-managers (M = 46.7, SD = 24.1). This relationship of males working more than females was also significant for hours per month and hours per year. In addition, male owners had significantly larger households (3.3) than females owners (3.1).

Prevalence of Households Owning a Family Business by Definitions. Using the data from the main interviews, 9,747,103 households can be described and categorized by the four main criteria developed by Handler's (1989) typology: ownership/management, independent systems, generational transfer, and multiple conditions. Thus, the prevalence of households that owned or managed a family business can be examined in terms of the selected variables in Table 5 under these four definitional criteria.

The predominant ownership status was sole proprietorships, although subchapter S-corporations amounted to 18.0% of the family businesses under study (Table 5). One-owner businesses were 79.7% of the family businesses, whereas 20.3% had multiple owners. Relative to multiple owners, 14.6% were owned with other family members living in the household, and 12.7% were owned with other family members not living in the household. The business manager owned on average 85.0% of the family business, with the owned share worth $295,586.

The major decision makers were most often the business owner or spouses. Parents, adult children, and other relatives sometimes were involved in the decision making, but all participated at about 5% levels.

Family members working in the business was commonplace, with 19.9% of the family businesses under study having three family members working in the business. Two family members working in the business was the highest rate—42.6%, or 4,149,219 households. The rates of having a relative not living in the household and working in the business as either an employee or unpaid worker were much lower—11.0% and 15.5%, respectively. There were more households with family businesses where these relatives (not living in the household) were unpaid workers rather than employees.

The generation owning or managing the family business was predominantly the founder or the first generation at 86.6%. However, 10.3%, or 1,003,454 households, were second generation, and the third and fourth generations had much lower percentages. A sizable number of the businesses, 2,228,041, or 22.9%, expected to change ownership during the next 5 years. Within this ownership change group, about one-half thought that retaining family ownership was very unlikely, whereas the other half thought otherwise.

The multiple-conditions criteria lowered the prevalence figures incrementally. Starting with the 9,747,103 households, imposing the criteria of 50% or greater ownership reduced the prevalence to 8,795,104, or 90.2% of households with family businesses. Sequentially, if only family members were the major decision makers for the business, the prevalence was further reduced to 7,949,742, or 81.6%. In addition to these two criteria, requiring that two or more family members or relatives be involved in the business caused the prevalence to fall to 6,205,896, or 63.7%. If the business was either a second-generation or higher business, or there was a likelihood that changing ownership would stay in the family, the prevalence was substantially reduced to 807,995, or 8.3% of the households.

Discussion and Conclusions

Results from a nationally representative sample of households indicate a 10.0% prevalence rate of at least one family owned/managed business for the population of U.S. households when the business is more than 1 year old and the owner-manager works a minimum of 312 hours. That is, a family business owner-manager resides in approximately 10 out of every 100 households. The screen data indicate that fewer women owned/managed businesses and they worked fewer hours per week, per month, and per year than those owned by men. It may be that the longer established businesses owned/managed by women have circumstances that justify their working fewer hours than men, or they may choose to do so.

Because of the careful sampling and the national scope of the 1997 NFBS, the nature of family business was examined in great depth by this prevalence analysis. Although ownership status showed that a little over one-half of the family businesses in this study were sole proprietorships, one-owner businesses predominated at nearly 80%. However, spouses, parents, adult children, and other relatives often played a major decision-making role in the business. Ownership does not completely depict the nature of the family business. The majority of businesses had two or more family members of the residential household working in the business. Also, extended family members were involved in about one-quarter of the businesses on both a paid and unpaid basis. Multiple conditions were imposed to reveal the prevalence numbers associated with various family business definitions. Clearly, the more restrictions imposed, the lower the prevalence rate. However, the uniqueness of the 1997 NFBS will allow the stratification of family businesses by various definitions, thereby enabling further examination.

The prevalence and characteristics of business owners are important to policy makers for establishing practices for family businesses. Moreover, practitioners, family business programs, and service providers can better meet the demand for keeping these businesses healthy and vibrant. Educators can use the information to assist students in making career decisions. Finally, researchers will benefit from definitional clarity and established estimates in developing theory, in-depth empirical analyses, comparative studies, and replication.

Beyond this prevalence rate analysis, the 1997 NFBS will allow for more in-depth examination of the family business. These family business data, collected in conjunction with community and family data, provide rich and unique information. Many additional topics are being explored relative to the business, the family, and the interaction between the two. Results from the 1997 NFBS will contribute to the understanding of individual and group well-being in family, business, and community settings. Such understanding will enhance the stability and security of families who own and operate businesses, aid in developing policies and programs that foster family firms, and quantify the family businesses' contributions to local, state, and national community and economic development. The research produced from analyses using the 1997 NFBS will add significantly to the empirical literature on work and family life as well as to general family business literature. The research efforts developed and tested empirically precise definitions of family versus nonfamily businesses and, in turn, established precise empirical estimates of their prevalence. A comprehensive examination of family factors and business factors that are associated with both family viability and business viability can be explored for the first time.

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Table 1. Summary of Family Business Definitions from Previous Literature Based on Handler's (1989) Typology, Relative to Operational Variables in the 1997 National Family Business Survey

Conceptual Definitions by Authors	*Operational Variables from 1997 National Family Business Survey*
Ownership/Management Alcorn (1982); Barnes & Hershon (1976); Barry (1975); Daily & Dollinger (1992); Daily & Thompson (1994); Dunn (1996); Dyer (1986); Hershon (1975); Hollander & Elman (1988); Kleiman, Petty, & Martin (1995); Lansberg, Perrow, & Rogolsky (1988); McConaughy (1994); Rue & Ibrahim (1996); Sharma, Chrisman, & Chua (1997); Stern (1986); Winter & Morris (1998)	Ownership status; multiowners; who are multiowners; decision making or control; percentage ownership; worth of share owned
Interdependent Subsystems (family involvement in the business) Beckhard & Dyer (1983); Covin (1994); Davis (1983); Goldberg & Wooldridge (1993); Handler (1992); Harvey & Evans (1995); Kepner (1983); Kirchhoff & Kirchhoff (1987); Narva & Dreux (1996); Taguiri & Davis (1996); Winter, Fitzgerald, Heck, Haynes, & Danes (1998)	Number of residential household members working in business; paid and unpaid employees who are relatives not living in the household
Generational Transfer Barach & Ganitsky (1995); Churchill & Hatten (1997); Litz (1995); Ward (1987, 1988)	Generation; ownership change in next 5 years; likelihood ownership stays in family
Multiple Conditions Astrachan & Kolenko (1994); Birley (1986); Blake & Saleh (1995); Cox (1998); Dannhaeuser (1993); Donnelley (1964); Fiegener, Brown, Prince, & File (1994); Lansberg (1988); Lyman (1991); Rosenblatt, deMik, Anderson, & Johnson (1985)	Several measures from above imposed simultaneously

Table 2. Prevalence of Family Business, 1997 (weighted data)

Population/Sample/Subsample	All Count	All % Sample/ Subsample	All % Population	Families Count	Families % Sample/ Subsample	Families % Population	Nonfamilies Count	Nonfamilies % Sample/ Subsample	Nonfamilies % Population
U.S. households (HH)	98,754[a]			N/A			N/A		
HH sample interviewed	9,910*			N/A			N/A		
HH w/someone who owns or manages	18,037		18.3	N/A		N/A	N/A		N/A
HH w/owner	14,202[b]	78.7	14.4	N/A	N/A	N/A	N/A	N/A	N/A
HH w/nonresident manager	748[b]	5.3	0.8	N/A	N/A	N/A	N/A	N/A	N/A
HH w/nonowner-manager	4,347[b]	24.1	4.4	N/A	N/A	N/A	N/A	N/A	N/A
HH w/nonowner-manager, not related	3,665[b]	84.3	3.7	N/A	N/A	N/A	N/A	N/A	N/A
HH w/at least one owner who manages or one manager (owner related)	13,667		13.8	12,243		12.4	1,424		1.4
HH w/an owner who manages	13,306[b]	97.4	13.5	11,902[b]	97.2	12.1	1,404[b]	98.6	1.4
HH w/1 business owned	11,467	86.2	11.6	10,232	86.0	10.4	1,234	87.9	1.2
HH w/2 businesses owned	1,465	11.0	1.5	1,346	11.3	1.4	119	8.5	.1
HH w/3+ businesses owned	374	2.8	.4	323	2.7	.3	58	4.1	.1
HH w/a manager who is owner related	413[b]	3.0	.4	407[b]	3.3	.4	6[b]	.4	.01
HH w/1 business managed	389	94.2	.4	383	94.1	.4	6	100.0	.01
HH w/2 businesses managed	24	5.8	.02	24	5.9	.02	0	0	0.0
HH w/3 businesses managed	0	0.0	0.0	0	0	0.0	0	0	0.0
HH w/at least one owner who manages or one manager (owner related)	13,667		13.8	12,243		12.4	1,424[c]		1.4
HH w/length < 1 year	1,110	8.1	1.1	996	8.1	1.0	114	8.0	.1
HH w/time < 312 hours	1,578	11.5	1.6	1,388	11.3	1.4	190	13.3	.2
HH w/nonfamilies < 2 people	1,120[c]	8.2	1.1	0	0.0	0.0	1,120	78.7	1.1
HH w/at least 1 eligible business	9,859		10.0	9,859		10.0	0		0.0
Male owner-manager	7,470[d]	75.8	7.6	7,470[d]	75.8	7.6	0	0.0	0.0
Female owner-manager	2,389[d]	24.2	2.4	2,389[d]	24.2	2.4	0	0.0	0.0

Note. Reported numbers are in thousands of households, except "*", which is the actual number of 9,910 households administered a screen interview. "N/A" means not applicable because data is not available.

[a] Source: U.S. Bureau of the Census: http:\\www.census.gov\population\estimates\housing. [b] Some households have both an owner and a manager of different businesses. These are included in both places. [c] Actually, 1,424,000 of the 13,667,000 households were nonfamilies (one-person households). However, households were eliminated from eligibility first by length of time (< 1 year), then by hours worked (< 312), and then by household size (< two people). Only 1,120,000 households were eliminated due to household size; 304,000 were eliminated for length of time and hours worked. [d] Numbers for male and female reflect the gender of the owner (who manages) or manager (owner related) of the selected business, i.e., the business selected for the main interviews.

Table 3. Selected Characteristics of Family-Owned and Family-Managed Businesses, 1997, N = 9,858,666

Characteristics	*Count*	*Percent*	*Mean*	*Standard Deviation*
Number of years in selected business	—	—	13.2	11.3
Hours per week worked in selected business	—	—	44.6	23.8
Hours per month worked in selected business	—	—	193.3	103.1
Hours per year worked in selected business	—	—	2,319.7	1,237.2
Household size	—	—	3.3	1.3
Business manager gender:				
Female	2,388,821	24.2		
Male	7,469,845	75.8		

Note. Data are weighted to be nationally representative.

Table 4. Two Sample T-Tests for Business Manager's Gender by Number of Years in Business; Hours Worked per Week, Month, and Year; and Household Size, 1997, N = 9,858,666

Variable	*Mean*	*Standard Deviation*	*T-Value*
Years in business:			
Female	10.5	9.7	467.0***
Male	14.0	11.7	
Hours worked per week:			
Female	38.0	21.2	540.7***
Male	46.7	24.1	
Hours worked per month:			
Female	164.3	92.2	540.2***
Male	202.6	104.7	
Hours worked per year:			
Female	1,971.5	1,106.2	540.2***
Male	2,431.0	1,256.0	
Household size:			
Female	3.1	1.3	241.9***
Male	3.3	1.3	

Note. Data are weighted to be nationally representative.
*** $p < .001$.

Table 5. Counts and Percentages of Family Businesses Relative to Handler's (1989) Typology of Definitions, 1997, N = 9,747,103

Conceptual Definition Criteria	*Count*	*% Sample/ Subsample*	*% Population*[a]	*Mean*	*SD*
Ownership/Management					
Ownership status					
Sole proprietorship	5,367,511	55.1	5.4	—	—
Legal partnership	1,027,720	10.5	1.0	—	—
C-corporation	1,261,367	12.9	1.3	—	—
Subchapter S-corporation	1,755,114	18.0	1.8	—	—
Limited liability partnership	41,683	.4	.04	—	—
Limited liability corporation	90,916	.9	.1	—	—
Other	202,792	2.1	.2	—	—
Number of owners					
One	7,773,004	79.7	7.9	—	—
Multiple[b]	1,974,099	20.3	2.0	—	—
Family member living in household	1,425,659	14.6	1.4	—	—
Family member not living in household	1,235,341	12.7	1.3	—	—
Nonfamily member	613,435	6.3	.6	—	—
Stockholders	150,125	1.5	.2		
Percentage of ownership	—	—	—	85.0	28.3
Worth of share	—	—	—	$295,586	$1,001,632
Decision makers					
Business owner	4,593,870	47.1	4.7	—	—
Spouses	2,924,954	30.0	3.0	—	—
Parents	499,999	5.1	.5	—	—
Adult children	388,857	4.0	.4	—	—
Other relatives	764,110	7.8	.8	—	—
Nonfamily members	992,028	10.2	1.0	—	—
Family Board of Directors	383,400	3.9	.4	—	—
Nonfamily Board of Directors	188,531	1.9	.2	—	—
Interdependent Subsystems					
Number of residential household members working in business				2.2	1.0
1	2,622,399	26.9	2.7	—	—
2	4,149,219	42.6	4.2	—	—
3	1,939,818	19.9	2.0	—	—
4	695,303	7.1	.7	—	—
5	315,462	3.2	.3	—	—
6	18,771	.2	.02	—	—
7	6,131	.1	.01	—	—

Table 5. (continued)

Conceptual Definition Criteria	*Count*	*% Sample/ Subsample*	*% Population*[a]	*Mean*	*SD*
Number of relatives not living in household who are employees					
None	7,400,662	75.9	7.5	0.4	0.8
1	1,075,118	11.0	1.1	—	—
2	894,155	9.2	.9	—	—
3	174,734	1.8	.2	—	—
4 or more	202,434	2.1	.2	—	—
Number of relatives not living in household who are *unpaid workers*					
None	7,123,292	73.1	7.2	0.5	0.9
1	1,508,316	15.5	1.5	—	—
2	501,768	5.1	.5	—	—
3	358,409	3.7	.4	—	—
4 or more	255,318	2.6	.3	—	—
Generational Transfer					
Generation					
Founder or first	8,444,018	86.6	8.6	—	—
Second	1,003,454	10.3	1.0	—	—
Third	243,391	2.5	.2	—	—
Fourth or more	56,240	.6	.1	—	—
Expect ownership change next 5 years					
Yes	2,228,041	22.9	2.3	—	—
No	7,335,482	75.3	7.4	—	—
Do not know	183,580	1.9	.2	—	—
Probability of remaining in family					
1 = very likely	489,882	5.0	.5	—	—
2 = somewhat likely	196,764	2.0	.2	—	—
3 = uncertain	239,961	2.5	.2	—	—
4 = somewhat unlikely	344,673	3.5	.3	—	—
5 = very unlikely	1,042,295	10.7	1.1	—	—
No change expected	7,249,948	74.4	7.3	—	—
Do not know	183,580	1.9	.2	—	—
Multiple Conditions					
Percent of ownership 50%	8,795,104	90.2	8.9	—	—
<u>Plus</u> family member control	7,949,742	81.6	8.1	—	—
<u>Plus</u> family members or relatives involved in business 2	6,205,896	63.7	6.3	—	—
<u>Plus</u> second generation and higher or intent to stay in family	807,995	8.3	.8	—	—

[a]Count divided by population of 98,754,000 households. [b]Multiple owners categories may not be mutually exclusive and, therefore, counts and percents for subsamples will not add up to the count for multiple owners.