FAMILY BUSINESSES: INTERACTION IN WORK AND FAMILY SPHERES

ANNOTATION TO SCREEN, HOUSEHOLD, AND BUSINESS QUESTIONNAIRES

October 5, 1997

ISU Stat Lab draft 5 of screen dated May 28, 1997
ISU Stat Lab final version of household questionnaire dated June 25, 1997
ISU Stat Lab final version (draft #9) of business questionnaire dated June 25, 1997

Annotation Contributors (as of October 5, 1997)
Barbara Rowe (leader)
Sharon Danes, George Haynes, Ramona Heck, Cindy Jasper, Rita Kean, Kay Stafford
<table>
<thead>
<tr>
<th>Inputs</th>
<th>Throughputs</th>
<th>Outputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Race B49, B50</td>
<td>Hectic times B44</td>
<td>*Gross bus income B30</td>
</tr>
<tr>
<td>*Bus age B4</td>
<td>Succession plans B45</td>
<td>*Bus. profits B31</td>
</tr>
<tr>
<td>*Bus life cycle B8</td>
<td>Written suc. Plns B45e</td>
<td>*Value shares B32, B33, B34</td>
</tr>
<tr>
<td>*#Employees B10, B11</td>
<td>Financial interface B40</td>
<td>*Bus success B18</td>
</tr>
<tr>
<td>*Homebased B13</td>
<td>Bus. mgt. B15</td>
<td>Tensions B41</td>
</tr>
<tr>
<td>*Ownership form B14</td>
<td>Decision makers B16</td>
<td>Health insurance B29</td>
</tr>
<tr>
<td>*Owner exp B6, B7</td>
<td>Ask for help like SBA B17</td>
<td>Bus goals B25, B26</td>
</tr>
<tr>
<td>*Assets B33, B34</td>
<td>Amt loans for flow B37</td>
<td>Family goals B27, B28</td>
</tr>
<tr>
<td>*Liabilities B36</td>
<td>Collateral B35</td>
<td>Work APGAR B43</td>
</tr>
<tr>
<td>*Rural B1, B2, &amp; B3</td>
<td>Use tech B22, B23, &amp; B24</td>
<td>Community sat. B21</td>
</tr>
<tr>
<td>Considers fam. bus. B5</td>
<td>Hiring rels B11</td>
<td></td>
</tr>
<tr>
<td>Bus owner assets B32</td>
<td>Succession concerns B46</td>
<td></td>
</tr>
<tr>
<td>% tied in bus B35</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bus debts B37</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsibilities B9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bus problems B20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$ family owes bus. B38</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health of bus. mgr. B48</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yrs in US B52</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Birth order B51</td>
<td></td>
<td></td>
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</tbody>
</table>

H5. One of the things we are interested in learning about is how households with a family business operate. These next items are about how you manage your household. I am going to read some statements. Think of a scale from 1 to 5, where 1 means the statement is not at all like you, and 5 means it is exactly like you. For each one tell me which number from 1 to 5 best describes you. Here is the first one.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Not at all like you</th>
<th>Exactly like you</th>
<th>DK/REF</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. When there is a task to be done at home, you wait until the last minute to do it. (Implementing - actuating - reverse code in analysis)</td>
<td>1 2 3 4 5</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>b. You think about when to do a task, and not just how much time it will take (throughput - planning - action sequencing)</td>
<td>1 2 3 4 5</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>c. Each week you decide something specific you can do for your family. (input - demands - goals setting)</td>
<td>1 2 3 4 5</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>d. When planning a task, you think the plan through so that your goal is clear before you begin doing the task. (throughput - planning - demand clarification)</td>
<td>1 2 3 4 5</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>e. Before you begin a task, you figure out how much of your time, money and energy you can devote to this particular task. (throughput - planning - resource assessment)</td>
<td>1 2 3 4 5</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>f. Before starting a complex task, you have a firm idea about how to judge the outcome. (throughput - planning - standard setting)</td>
<td>1 2 3 4 5</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>g. As you work, you check whether things are going as you want them to. (implementing - controlling - checking)</td>
<td>1 2 3 4 5</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>h. You are pleased if the work just gets done; you do not spend time thinking about how effectively it was done. (output - resource changes - reverse code in analysis)</td>
<td>1 2 3 4 5</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>i. When things are not going well, you figure out another way to do it. (implementing - controlling - adjusting)</td>
<td>1 2 3 4 5</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>j. When a task is done, you think about how well you like the results. (output - demand responses)</td>
<td>1 2 3 4 5</td>
<td></td>
<td>9</td>
</tr>
</tbody>
</table>
H7. Adjustment strategies or time management strategies or capital/labor tradeoffs (7 items); relates to home-based study scale (old "peaks and valleys"); see Winter, M., Pusitawati, H., Heck, R. K. Z., & Stafford, K. (1993). Time management strategies used by households with home-based work. Journal of Family and Economic Issues, 14, 69-96. (Based largely on unpublished observational data collected by Winter)

H7. When things are particularly busy or demanding in a family business, family members sometimes help out. I’m going to read several statements about how your family might respond to demands from the business, and for each one please tell me if your family responds this way always, often, sometimes, seldom, or never. Here is the first one. [READ STATEMENT] When things are particularly busy in the business, does this happen always, often, sometimes, seldom, or never?

<table>
<thead>
<tr>
<th>a. Family members, other relatives, or friends who usually do not work in the business help out in the business without pay.</th>
<th>Always</th>
<th>Often</th>
<th>Sometimes</th>
<th>Seldom</th>
<th>Never</th>
<th>REF/DK</th>
</tr>
</thead>
<tbody>
<tr>
<td>reduce ft</td>
<td>additional help</td>
<td></td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>b. Family members put off or skip routine household tasks to do business work.</th>
<th>reduce ft</th>
<th>allocate time</th>
<th>Always</th>
<th>Often</th>
<th>Sometimes</th>
<th>Seldom</th>
<th>Never</th>
<th>REF/DK</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>9</td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>c. Family members get less sleep because they spend more time in the business.</th>
<th>do not reduce ft</th>
<th>allocate time</th>
<th>Always</th>
<th>Often</th>
<th>Sometimes</th>
<th>Seldom</th>
<th>Never</th>
<th>REF/DK</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>9</td>
<td></td>
<td></td>
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<table>
<thead>
<tr>
<th>d. Family work usually completed at home is done at the business (pay bills, make appointments, etc.)</th>
<th>do not reduce ft</th>
<th>allocate time</th>
<th>Always</th>
<th>Often</th>
<th>Sometimes</th>
<th>Seldom</th>
<th>Never</th>
<th>REF/DK</th>
</tr>
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<tr>
<td></td>
<td>5</td>
<td>4</td>
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<td>2</td>
<td>1</td>
<td>9</td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>e. Family members working in the business do more business tasks at home.</th>
<th>either reduce or do not reduce ft</th>
<th>allocate time</th>
<th>Always</th>
<th>Often</th>
<th>Sometimes</th>
<th>Seldom</th>
<th>Never</th>
<th>REF/DK</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>f. Some household responsibilities are temporarily shifted among family members so more time can be spent in the business.</th>
<th>reduce ft</th>
<th>additional help</th>
<th>Always</th>
<th>Often</th>
<th>Sometimes</th>
<th>Seldom</th>
<th>Never</th>
<th>REF/DK</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>g. The family hires (paid) temporary help for either business or home.</th>
<th>do not reduce ft</th>
<th>additional help</th>
<th>Always</th>
<th>Often</th>
<th>Sometimes</th>
<th>Seldom</th>
<th>Never</th>
<th>REF/DK</th>
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<tr>
<td></td>
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<td>1</td>
<td>9</td>
<td></td>
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REFERENCES:


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Summary of Grids, Questions, and Scales on the Business Interview Schedule
(Q# B15 did not originate within the committee)

Screen questions related to eligible and definition - Definitions of Family Owned Business

add references =>


Shanker and Astrachan use definitions of FOB to construct a framework for analyzing statistical information about FOB; that is, the total number of family businesses in the US and the contribution of FOB to the GDP and to employment numbers. The authors use criteria from the literature (mainly involvement of family members) to define three groups of FOB: *broad, middle and narrow.*

- Broad: all intentions are for the business to remain in the family. Although the family has some say into the broad direction of the company and its strategies, there is low direct family involvement.
- Middle: at least one family member is directly involved with business and has legal voting control.
- Narrow: heavy (multiple members) family involvement in business operations and direction.


Narva and Dreux refer to Family Controlled Enterprises as a market that is differentiated by a family system (one or multigenerational, extended) that has control of the business (directly or indirectly via board of directors) and a pool of capital. FCEs can be a for profit or not for profit company, foundation, investment groups of all sizes. The key is the family recognizes the venture is a family owned enterprise.


Winter and Morris define a family business as one that is owned and managed by one or more family members. Their definition is taken from Aronoff & Ward (1991) and Handler, 1989. Winter and Morris include home based businesses in their definition of a FOB and recognize the family business as an entrepreneurial activity.


Gallo and Vilaseca studied financial aspects of 104 family owned businesses in Spain (more specifically, capital structure, behavior towards investments and risk, dividend policy). For purposes of their study, the authors included the following criteria in their definition of a family owned business:
- greater than 50% of stock owned by family
- management team included at least one family member
- annual sales were greater than $25 million


The author uses the term *family-operated firm* to describe a business that is family owned and managed by at least two or more of the same family, serves as a major source of family income and employees no more than 50 people. Dannhaeuser further delineates a family business as specializing in offering personal customer service.
Third or fourth generation owner means that a grandparent (great aunt/uncle) or great grandparent (great great aunt/uncle) was the first person in that family to own the business.

B10a. By employees, we mean people who work for the business for pay. They may or may not be family members. This does not count the respondent. If the respondent is the only person who works for the business, then the answer is "0." In that case, skip to the household grid, either for the enumeration or the business involvement questions. If the only people who work in the business are a married couple in this household the number of employees is "1" (even though that person is also an owner).

This is the total number of employees, including full-time, part-time, and seasonal employees.

References for labor force and employees: Rosie and Barb:


Interesting reference:

B14. Sole proprietorship (sole owner): Not incorporated, one-owner business, farm or professional practice. The most common form of business ownership (est. 85%). The liability of the owner is unlimited.

Legal partnership: Two or more parties who enter into a legal relationship to conduct business for profit. Defined by the IRS as joint ventures, syndicates, groups, pools, and other associations of two or more persons organized for profit that are not specifically classified in the IRS code as proprietorships or corporations.

C corporation: Legal entity, chartered by a state or the federal government, and separate and distinct from the persons who own it. It generally, but not absolutely, limits the liability of its owner(s). It is regarded by the courts as an artificial person, it may own property, incur debts, sue or be sued.

Subchapter S corporation: A form of corporation with a limited number of shareholders that is treated as a partnership for tax purposes by the IRS.

Limited Liability Partnership (LLP): A partnership with hybrid or limited liability.

Limited Liability Corporation (LLC): A corporation with hybrid or limited liability.
B16. References:


B19a-b Some business owners in the past have indicated that their business is more than just a business, it is a way of life for them and their family. Many farmers, for example, feel this way. On the other hand, other business owners might feel that their business is a job, a way to earn income, but it really does not affect their family's lifestyle.

**References from Kay

B20a-f List of problems many businesses face. Items condensed from earlier drafts. **Cindy???

B21 Community support (could include support by paying customers, moral support by other business owners, support from local media, etc). **Sara???

B22-24 Computers and technology and business. **References from Kay, Sara & Pam???

B25-28 Business goals and family goals. See annotation for H18, H19, H20, & H21 in Household Questionnaire, previously.

B29-40 Finances

B29 Income

B30 Profit


B31 Percent ownership

B32 Value of business

B33 Total assets


B41. Tensions within the family because of the impact of the family business. See annotation for H18, H19, H20, & H21 (see Rosenblatt.)

B43. workAPGAR **Barb (see Measures of Family Functioning for Research and Practice by Sawin, et al. Kay went to three books to get references for this. They are:

1982 Smilkstein - Reference section
orig. of fam. APGAR
in Sawin & Harrigan & Woog
Work APGAR
Barb written to Smilkstein
book - how to use measures
unpublished article
B45, B46, & B47. Business owner's opinion of how important these items are to him/her as far as transferring ownership of the business is concerned. **Inheritance references from Cindy, Karen Goebel:**

References (* means required reading on Heck's syllabus, undergraduate “family in business” course)


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B48. Business owner's health, reference for:

1. (June 1997) S6 - The ISU Stat Lab interviewers have collected verbal information regarding the respondent's primary function or occupation. They can code it to TWO digits and then a NE-167R committee can code it to THREE digits. OR, they can give use the verbal information and the committee can code to THREE digits. Perhaps the group as a preference? Rediscuss and reconfirm with Mary Winter at Madison meeting.

2. (June 1997) QXQ for B31 should read: "This asks for approximate profit. Profit is the amount of money left after all expenses including taxes and owner's salary. Fill in the amount for profit for the business in 1996. It is possible..." (continue with old QXQ)

3. (August 1997) changes made to business financials (compare to Mary's and Barb's August emails):
   B12d CURRENTLY: Is (NAME) usually paid for this work?
   CHANGE: When asking the Business Manager about himself/herself, change the question to: Are you usually paid for this work? That is, do you earn any money from the business?
   (Do not change the wording when asking about other household members.)

   B12e CURRENTLY: How much is (NAME) paid?
   CHANGE: When asking the Business Manager about himself/herself, change the question to: How much do you actually earn from the business?
   (Do not change the wording when asking about other household members?)

   B30 CURRENTLY: What was the gross income of [BUSINESS NAME] in 1996?
   CHANGE: What was the gross income of [BUSINESS NAME] in 1996? This would be all income the business received before wages and expenses were taken out.

   B31 CURRENTLY: What was the profit for this business in 1996?
   CHANGE: What was the profit for this business in 1996? This would be whatever was left after wages and expenses were taken out.

4. (October 1997) inconsistent financials...

Recheck about changes on emails from Barb, Kay & Mary