

**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)**  
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### Business Interview

(\* means originally an exempt item; interface questions underlined)

Inputs	Throughputs	Outputs
* Race B49, B50	<u>Hectic times B44</u>	*Gross bus income B30
*Bus age B4	Succession plans B45	*Bus. profits B31
*Bus life cycle B8	Written suc. Plns B45e	*Value shares B32, B33, B34
*Fam empls B12	<u>Bus cash flow freq. B39</u>	Major motive/sat. B19
*#Employees B10, B11	<u>Financial interface B40</u>	*Bus success B18
*Homebased B13	Bus. mgt. B15	<u>Tensions B41</u>
*Ownership form B14	Decision makers B16	Health insurance B29
*Owner exp B6, B7	Ask for help like SBA B17	<u>Bus goals B25, B26</u>
*Assets B33, B34	Amt loans for flow B37	<u>Family goals B27, B28</u>
*Liabilities B36	Collateral B35	Work APGAR B43
*Rural B1, B2, & B3	Use tech B22, B23, & B24	Community sat. B21
Considers fam. bus. B5	Hiring rels B11	
Bus owner assets B32	Succession concerns B46	
% tied in bus B35		
Bus debts B37		
Responsibilities B9		
Bus problems B20		
\$ family owes bus. B38		
Health of bus. mgr. B48		
Yrs in US B52		
Birth order B51		

Summary of Grids, Questions, and Scales on the Household Interview Schedule  
(Q# H23 & H24 did not originate within the committee)

H5. Family Management Scale (10 items) - from home-based study, see Heck, R. K. Z., Winter, M., & Stafford, K. (1992). Managing work and family in home-based employment. Journal of Family and Economic Issues, 13, 187-212. (Based on Deacon & Firebaugh's family management conceptual framework)

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.

	Not at all like you				Exactly like you	DK/REF
	1	2	3	4	5	9
a. When there is a task to be done at home, you wait until the last minute to do it. <b>(implementing - actuating - <u>reverse code in analysis</u>)</b>	1	2	3	4	5	9
b. You think about <u>when</u> to do a task, and not just how much time it will take <b>(throughput - planning - action sequencing)</b>	1	2	3	4	5	9
c. Each week you decide something specific you can do for your family. <b>(input - demands - goals setting)</b>	1	2	3	4	5	9
d. When planning a task, you think the plan through so that your goal is clear before you begin doing the task. <b>(throughput - planning - demand clarification)</b>	1	2	3	4	5	9
e. Before you begin a task, you figure out how much of your time, money and energy you can devote to this particular task. <b>(throughput - planning - resource assessment)</b>	1	2	3	4	5	9
f. Before starting a complex task, you have a firm idea about how to judge the outcome. <b>(throughput - planning - standard setting)</b>	1	2	3	4	5	9
g. As you work, you check whether things are going as you want them to. <b>(implementing - controlling - checking)</b>	1	2	3	4	5	9
h. You are pleased if the work just gets done; you do not spend time thinking about how effectively it was done. <b>(output - resource changes - <u>reverse code in analysis</u>)</b>	1	2	3	4	5	9
i. When things are not going well, you figure out another way to do it. <b>(implementing - controlling - adjusting)</b>	1	2	3	4	5	9
j. When a task is done, you think about how well you like the results. <b>(output - demand responses)</b>	1	2	3	4	5	9

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., Puspitawati, 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?

	Always	Often	Sometimes	Seldom	Never	REF/DK
a. Family members, other relatives, or friends who usually do not work in the business help out in the business without pay. <i>{reduce ft}{additional help}</i>	5	4	3	2	1	9
b. Family members put off or skip routine household tasks to do business work. <i>{reduce ft}{allocate time}</i>	5	4	3	2	1	9
c. Family members get less sleep because they spend more time in the business. <i>{do not reduce ft}{allocate time}</i>	5	4	3	2	1	9
d. Family work usually completed at home is done at the business (pay bills, make appointments, etc.) <i>{do not reduce ft}{allocate time}</i>	5	4	3	2	1	9
e. Family members working in the business do more business tasks at home. <i>{either reduce or do not reduce ft}{allocate time}</i>	5	4	3	2	1	9
f. Some household responsibilities are temporarily shifted among family members so more time can be spent in the business. <i>{reduce ft}{additional help}</i>	5	4	3	2	1	9
g. The family hires (paid) temporary help for either business or home. <i>{do not reduce ft}{additional help}</i>	5	4	3	2	1	9

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- Doherty, W.J., & Colangelo, N. (1984). The family FIRO Model: A modest proposal for organizing family treatment. Journal of Marital and Family Therapy, 10, 19-29.
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- Kaye, K. (1991). Penetrating the cycle of sustained conflict. Family Business Review, 4(1), 21-44.
- Metz, M.E. (1993). Styles of conflict. Palo Alto, CA: consulting Psychologists Press.
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- Sadler, P. (1990). Strategic sense and family sensibility. Director, 43(11), 27, 29.
- Ward, J.L. (1987). Keeping the family business healthy: How to plan for continuing growth, profitability, and family leadership. San Francisco: Jossey-Bass.

→ Gen. Fam. Bus. ←

*a must read but to put in this annotation? \*Kepner, E. (1983). The family and the firm: A coevolutionary perspective. Organizational Dynamics, Summer. [reprinted in Aronoff, C. E., & Ward, J. L. (Eds.). (1991). Family business sourcebook (pp. 474-488). Detroit: Omnigraphics]*

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

ges. references

add references =>

Hollander, B. & Elman, N. (1988). Family-owned businesses: An emerging field of inquiry. *Family Business Review*, 1(2), 145-164.

International Family Business Program Association, Task Force. (1995). Family business as a field of study. *Family Business Annual*, 1(Section II), 1-8.

Handler, W. C. (1989). Methodological issues and considerations in studying family businesses. *Family Business Review*, 2(3), 257-276.

Litz, R. A. (1995). The family business: Toward definitional clarity. *Family Business Review*, 8(2), 71-81.

Upton, N. B., & Heck R. K. Z. (1997). The family business dimension of entrepreneurship. In D. L. Sexton & R. W. Smilor (Eds.), *Entrepreneurship: 2000* (pp. 243-266). Chicago, IL: Upstart Publishing Company.

Shanker, Melissa Carey and Astrachan, Joseph H. (Summer, 1996). Myths and realities: Family businesses' contribution to the US economy- a framework for assessing family business statistics. *Family Business Review*. 9(2), 107-122.

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, Richard L. and Dreux, Dirk R., IV (1996). What's in store for the family business market. Proceedings of The Cornell University Conference on the Entrepreneurial Family: *Building Bridges*, March 17-19, 1996, New York, New York.

Narva and Dreux refer to Family Controlled Enterprises as a market that is differentiated by a family system (one or multi-generational, 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, Mary and Morris, Earl W. (1996). Family resource management and family business: Coming together in theory and research. Proceedings of The Cornell University Conference on the Entrepreneurial Family: *Building Bridges*, March 17-19, 1996, New York, New York.

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, Miguel A. and Vilaseca, Alvaro (Winter 1996). Finance in family business. *Family Business Review*. 9(4), 387-400.

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

Dannhaeuser, Norbert (April 1993). The survival of family-operated firms under developed conditions: The case of Hassfurt, Germany. *The Jnl of Developing Areas*. 27, 307-328.

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:

\*Heck, R. K. Z., & Walker, R. (1993). Family-owned home businesses, their employees, and unpaid helpers. Family Business Review, 6(4), 397-415.

### interesting reference:

Fredland, J. E., & Little, R. D. 1981). Self-employed workers: Returns to education and training. Economics of Education Review, 1, 315-337.

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.

*bold - where people should be working on it*

B16. References:

\*Robinson, R. B., Jr. (1982). The importance of "outsiders" in small firm strategic planning. Academy of Management Journal, 25(1). [reprinted in Aronoff, C. E., & Ward, J. L. (Eds.). (1991). Family business sourcebook (pp. 305-319). Detroit: Omnigraphics].

\*Ward, J. L., & Handy, J. L. (1988). A survey of board practices. Family Business Review, 1(3), 289-308.

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

Lopez,Ramon. (1986). "Structural Models of the Farm Household that Allow for Interdependent Utility and Profit Maximization Decisions," in *Agricultural Household Models: Extensions, Applications and Policy* by Inderjit Singh, Lyn Squire and John Straus (The Johns Hopkins University Press: Baltimore and London): 306-325.

Newman, Derek L. and Osteryoung, Jerome S. (1995). "The Small Firm Finance Paradigm: A Suggested Approach," unpublished paper to the Seventh Annual Symposium on Small Business Finance at Florida State University, April 1995.

Evans, D. S and B. Jovanovic (1989). An Estimated Model of Entrepreneurial Choices Under Liquidity Constraints," *Journal of Political Economy* 97(4): 808-827.

Keasey, K and P. McGuinness (1990). "Small New Firms and the Return to Alternative Sources of Finance," *Journal of Small Business Economics* 2: 213-222.

Leeth, J.D. and J. A. Scott (1989). "The Incidence of Secured Debt: Evidence from the Small Business Community." *Journal of Financial and Quantitative Analysis* (September): 379-394.

B31 Percent ownership

B32 Value of business

B33 Total assets

Kennickell, Arthur B. and Martha Starr-McCluer (1994). "Changes in Family Finances from 1989 to 1992 Evidence from the Survey of Consumer Finances," *Federal Reserve Bulletin*, Volume 80(10): 861-882

Ou, Charles (1993). "Holdings of Privately-Held Business Assets by American Families: Finding from the 1989 Consumer Finance Survey," presentation at the Fifth Small Business Financial Research Symposium at California State University (Long Beach, California).



David Cresson

Robert David Storey

Hisrich, Robert D. and Candida G. Brush, (1984). "The Woman Entrepreneur: Management Skills and Business Problems," Journal of Small Business Management, Volume 22: 30-37.

Humphreys, Marie Adele and Jacquetta McClung. (198 1). "Women Entrepreneurs in Oklahoma," Review of Regional Economics, Volume 6: 13-21.

Kalleberg, Ame L. and Kevin Leicht. (199 I). "Gender and Organizational Performance: Determinants of Small Business Survival and Success," Academy of Management Journal, Volume34(1): 136-161.

Loscocco, Karyn A., Joyce Robinson, Richard H. Hall and John K. Allen. (1991). "Gender and Small Business Success: An Inquiry into Women's Relative Disadvantage," Social Forces, Volume 70 (1): 65-85.

National Foundation for Women Business Owners (1993). "Financing the Business: A Report on Financial Issues for the 1992 Biennial Membership Survey of Women Business Owners," A Research Report by C. J. Olson Market Research, Minneapolis, Minnesota for the National Foundation for Women Business Owners (Washington, DC).

National Foundation for Women Business Owners (1994). "Styles of Success: The Thinking and Management Styles of Women and Men Entrepreneurs," monograph prepared for the National Foundation for Women Business Owners (Washington, DC).

Peterson, Richard L. (1981). "An Investigation of Sex Discrimination in Commercial Banks' Direct Consumer Lending," The Bell Journal of Economics, Volume 12 (2); 547-561.

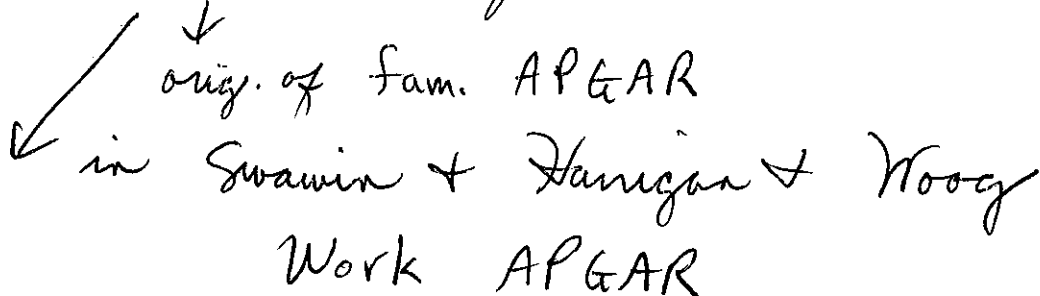
Tigges, Leann M. and Gary P. Green. (1994). "Small Business Success Among Men- and Women-Owned Firms in Rural Areas," Rural Sociology, Volume 59 (2): 289-310.

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:

- 1 ) Sawin, Harrigan & Woog (1994). Measures of Family Functioning for Research & Practice. Springer Publishing.
- 2 ) Conoley, J.C., & Impara, J.C. (1995). Twelfth Mental Measurements Yearbook. Buros Institute of Mental Measurements.
- 3 ) Murphy, L.U., Conoley, J.C., & Impara, J.C. (1994). Tests in Print, 4th ed. Buros Institute of Mental Measurements.

1982 Smilkstein - reference section



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)

Barach, J. A., & Ganitsky, J. B. (1995). Successful succession in family business. Family Business Review, 8(2), 131-155.

Barach, J.A., Gantisky, J., Carson, J.A., & Doochin, B.A. (1988). Entry of the next generation: Strategic challenge for family business. Journal of Small Business Management, 26(2). [reprinted in Aronoff, C.E., & Ward, J.L. (Eds.). (1991). Family business sourcebook (pp. 545-553). Detroit: Omnigraphics]

\*Barnes, L. B., & Hershon, S. A. (1976). Transferring power in the family business. Harvard Business Review, 54 (July/August). [reprinted in Aronoff, C. E., & Ward, J. L. (Eds.). (1991). Family business sourcebook (pp. 135-149). Detroit: Omnigraphics]

\*Birley, S. (1986). Succession in the family firm: The inheritor's view. Journal of Small Business Management, 24(3), 36-43. [reprinted in Aronoff, C. E., & Ward, J. L. (Eds.). (1991). Family business sourcebook (pp. 126-134). Detroit: Omnigraphics]

\*Daily, C. M., & Dollinger, M. J. (1992). An empirical examination of ownership structure in family and professionally managed firms. Family Business Review, 5(2), 117-136.

\*Daily, C. M., & Thompson, S. S. (1994). Ownership structure, strategic posture, and firm growth: An empirical examination. Family Business Review, 7(3), 237-249.

\*Dumas, C. (1989). Understanding of father-daughter and father-son dyads in family-owned businesses. Family Business Review, 2 (1), 31-46.

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\*Fiegener, M. K., Brown, B. M., Prince, R. A., & File, K. M. (1994). A comparison of successor development in family and nonfamily businesses. Family Business Review, 7(4), 313-329.

\*Friedman, S. D. (1991). Sibling relationships and intergenerational succession in family firms. Family Business Review, 4, 3-20.

\*Goldberg, S. D., & Wooldridge, B. (1993). Self-confidence and managerial autonomy: Successor characteristics critical to succession in family firms. Family Business Review, 6(1), 55-73.

Handler, W. C., & Kram K. E. (1988). Succession in family firms: The problem of resistance. Family Business Review, 1(4), 361-382.

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\*Handler, W. C. (1994). Succession in family business: A review of the research. Family Business Review, 7(2), 133-157.

\*Lansberg, I. (1988). The succession conspiracy. Family Business Review, 1(2), 119-143. San Francisco: Jossey-Bass, Inc. [reprinted in Aronoff, C. E., & Ward, J. L. (Eds.). (1991). Family business sourcebook (pp. 98-119). Detroit: Omnigraphics]

\*Longenecker, J.G. and Schoen, J.E. (1978). Management succession in the family business. Journal of Small Business Management, 16(3). [reprinted in Aronoff, C. E., & Ward, J. L. (Eds.). (1991). Family business sourcebook (pp. 150-156). Detroit: Omnigraphics]

Rosenblatt, P. C., deMik, L., Anderson, R. M., & Johnson, P. A. (1985). The family in business. San Francisco: Jossey-Bass (pp. 169-195).

B48. Business owner's health, reference for:

Kao, E., & Hong, G.S. (1995). Bequest motives of family business owners. Family Business Annual, 1, 85-93.

**ERRATA SHEET FOR QUESTIONNAIRES & QXQ**

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.

***Recheck about changes on emails from Barb, Kay & Mary***

4. (October 1997) inconsistent financials...