
Family entrepreneurship: Characteristics And Successful Cases

Introduction

Family Entrepreneurship is considered very important in the world today because it has contribute to job creation, wealth generation, and gross national product. In the world today, the growth of entrepreneurship is on the rise. Studies have confirmed that in the year 2011, there were about 388 million entrepreneurs who were actively involved in the starting and running of new businesses across the globe (Bettinelli et al., 2014). Several countries across the world have recorded an increase in the rates of entrepreneurial across all the departmental levels. The current entrepreneurial changes evidenced across the world can be attributed to the recent challenges in the global economy which have contributed to the downsizing of several large traditional organizations driving most of the employees to seek for new career perspective. Such changes have contributed to an increase in the number of family businesses across the world.

Family businesses have greatly contributed to the economy of several nations making it important for the country's business landscape. Even though most people associate family businesses with small businesses, they always exist in various sizes ranging from small, medium, and large. The known definition of a family business is that it is a company that is owned by a family that has enough equity to be in a position to have control over the strategies and most cases the family is involved in the top management position (Muriithi et al., 2016). This essay is focused on discussing the nature and unique characteristics of the entrepreneurial process under the family entrepreneurship. The essay will first start by discussing the unique characteristics of family entrepreneurship and proceed to address the values of family entrepreneurship in the economy. The essay will then continue by discussing specific policy actions that are aimed at supporting family entrepreneurship and conclude by providing a case study in successful family entrepreneurship.

Unique Characteristics of Family Entrepreneurship

The family business has unique features that are advantageous to both the business, family and nonfamily staffs. Among some of these characteristics include security, preservation of the family name, vested interest, family atmosphere, and relationship.

Security

In a family business, most of the family members employed within the company have always secured their position and are likely to stay in that position. The combination of the security and in-depth knowledge of the institution introduces an environment where an individual can take a risk and quickly move to take advantage of any opportunity that has presented its self (Andersson et al., 2018). In family businesses, new controversial ideas need not be run through a chain of command as evidenced in nonfamily businesses. This is mainly because in most cases, the individual who makes the decision is usually a family member who is securely in control of his respective areas. However, in the case of formality in essential, the chain of

command mostly gather when they are having their dinner. In most family businesses, innovation is evidenced frequently and at a faster rate because of the ability of a family member working in the company to take risks and make quick moves.

Preservation of The Family Name

In most of the family companies, the family name is always on the line even if it is not used as the name of the business. Most of the consumers are likely to associate the products, community and customer services with the name of the family that owns the business. With such a perception among the consumers, the family members of the company and leadership are always more determined in maintaining reputation and community goodwill instead of the fast profit (Daniell and Hamilton, 2010).

Vested Interest

In most cases, a family business is composed of members who are attached to the company, care about its growth and are highly attached to it. Family members always give their best in the company and the success evidenced in family businesses is more than just a business venture. In most cases, a family business is considered personal thus most efforts of the family members always go into every aspect of the business.

Family Atmosphere

In most businesses that are owned by families, the working environment is always family like. Family businesses always treat all their employees like family including those who are nonfamily. Family businesses are likely to foster a longer working relationship with employees who are not members of the family and always work harder to ensure an atmosphere of community and security. It is very rare to find family businesses among the companies that are laying-off their employees. Instead, family business tends to restructure and shift to save workers and positions out of the sense of family loyalty.

Relationship

Family businesses always have a strong relationship with suppliers, vendors, and middlemen. It is always willing to help and interact with its business partners which enables it to experience years of repeat business and invaluable industry information that it might not be able to get if it had a less-involved relationship.

Value of Family Entrepreneurship in The Economy

Family businesses have played an important role in economic growth and expansion. Across the globe, family businesses are considered the biggest form of business recording about 35-70 percent of employment creation and 40-60 percent of gross domestic products (GDP). Family businesses contribute about 70 percent of all businesses across the world. Studies have confirmed that family business plays a major role in enhancing GDP growth and employment in both developed and emerging economies (Galván et al., 2017). Family businesses contribute about 70-90 percent of the world's GDP annually and contribute to a huge majority of businesses in about all nations. Most successful family businesses usually improve community

development, improve the quality of life, and generate new employments for citizens. The family businesses are considered the backbone for most of the economies across the world. Most of the current big corporations across the globe are run as family businesses. Furthermore, a family business is considered the major contributors to economic wealth generation in most of the economies. In the United States, about 80 percent of all business organizations are family businesses and contribute to approximately 50 percent of the gross national product and creates employment to about 50 percent of the employees in the domestic workforce. Of all the largest 500 businesses in the United States, about 35 percent are family businesses (Stemmle, 2016).

The same advantage of a family business in the United States can also be evidenced in several other nations. In Australia, the family business represents about 27 percent of all the companies in the Australia Stock Exchange. The total wealth of the family business in Australia has been on the rise since 1996 and in 2002 it was recorded at about \$3.6 trillion, a rise from \$1.2 trillion. In Australia, small business accounts for about 96 percent of all business and of all the small businesses, 60 percent are family businesses. Family business in Australia creates employment for more than 59 percent of the workforce (Gilfillan, 2018). In Indonesia, the family business contributes to about 80 percent of the GDP. The family business has helped several nations encounter social problems including unemployment, criminality, and poverty. The presence of a family business in a nation plays an important role as providers of innovative opportunities and is also considered as the main player for local expansions. In Taiwan, family business accounts for about 98.5 percent of all the businesses. They contribute to about 47 percent of the total economy and provides job opportunities to about 80 percent of all the employees (Gulzar and Wang, 2010). In the Kingdom of Saudi Arabia, family businesses comprise about 95 percent of all businesses. Of all the 2006 GDP of the Kingdom of Saudi Arabia, the family business has contributed to about 24 percent. Studies have confirmed that family business has contributed to more than half of the total GDP of the Arab nations. Furthermore, of all the businesses that are operated within the Arab region, the family business contributes about 95 percent and has created employment opportunities for more than 70 percent of the total workforce (Galván et al., 2017). The evidenced economic contribution of the family business across the globe is a clear indication that family business is key to the economic development of any nation whether it is the third world, developing or developed nation.

Specific Policy Actions That Are Aimed at Supporting Family Entrepreneurship

Several policies have been established by the government which has had some impact and has improved entrepreneurial actions. There are some policies introduced by the government that is directed to particular companies while others directly affect entrepreneurs (Akinyemi and Adejumo, 2018). In general government, entrepreneurship policies are regulations that make it possible for family businesses to exist within conditions that do not restrict their growth. Most of the governments that support entrepreneurs are likely to introduce and implement growth-oriented structures that contribute to the growth of the family business. Several government policies are always aimed at supporting family entrepreneurship including intellectual property rights, reduction in the burden of starting a business, incentivized tax laws, the inclusion of entrepreneurship with the school curriculum, access of funds for both SMEs and start-ups.

The Intellectual Property Rights

The protection of the intellectual property is an important government policy because it promotes innovation by guaranteeing the protection of ideas. Without the existence of such policies, it would be challenging for entrepreneurs to legally protect their innovations. With the absence of such regulations, innovators are less likely to share their ideas or give them the opportunity to grow. Their fear of their innovations being taken is likely to prevent innovators from taking risks of implementing such a new idea (Mbazo, 2017).

Reduction in The Burden of Starting a Business

The move by the government to introduce policies that encourages a business environment with limited barriers of entry is key in ensuring the growth of a family business. Most of the entrepreneurs find it easier to start their businesses in an environment that has minimal burdensome barriers of entry (Small Business Administration, 2018). A family business is likely to thrive in a business environment that has no steep requirements for business operation. Some of the steep requirements that seem to be barriers for new businesses may include operational taxes to registration processes. The government can effectively support the family business by making sure that the available business entry requirements are possible at every level.

Incentivized Tax Laws

The tax code of a nation can be vital in promoting family businesses. The government should always reform its tax policies in a way that promotes the growth of family businesses. The approach by the government of reforming tax laws to benefit family businesses can greatly contribute to the nation's economy in a positive way. In most cases, the introduction of such policies is likely to create a conducive environment for the introduction of new venture start-ups (Bhat and Khan, 2014).

The Inclusion of Entrepreneurship Within the School Curriculum

The inclusion of entrepreneurship within the school curriculum is also one of the key action policies that are aimed at supporting family entrepreneurship. The move by the government to introduce policies that supports the incorporation of entrepreneurship curricula within various educational levels is key in supporting family businesses. In most cases, such policies are likely to introduce a culture of innovation and solution-oriented persons that will grow to start their business and contribute to the nation's economy.

Access of Funds for Both SMEs and Start-Ups.

One of the major challenges faced by individuals who want to start a family business is access to capital and investment. However, the government has tried to assist in this area by requesting local banks to work with both small and start-ups businesses by providing investments and loans. The government has also introduced state loans that are aimed at targeting start-ups, small businesses and female entrepreneurs. Such policies encourage the start and growth of family businesses (Kayne, 1999).

Cases Study On a Successful Family Entrepreneurship

One of the case studies of interest in successful family entrepreneurship is that of Amy's Kitchen. Just within 30 years, both Andy Berliner and Rachel have moved from preparing food in a small kitchen to funding the college fee of their daughter to managing and owning a multi-million-dollar organic food business (Pwc, 2019).

Amy's Kitchen is a family business that started with principles and passion which are the key main things that have inspired the business until today. The idea of starting Amy's Kitchen started when Andy was preparing food for Rachel who was pregnant with Amy. Both were always passionate about organic food. However, Andy was always busy and did not have time to prepare organic food from scratch and would prefer to buy convenient good-quality food. The main challenge Andy faced with his option of buying good-quality food was its availability. Finding such a portion of food was not easy and could not be found even in the health-food store. With such frustrations, they also felt that there are people out there who were also looking for the same quality of food as they were but could not find. They realized people are likely to buy organic food that is home-made and tastes great. With such an idea, the two decided to prepare only one product to test their hypotheses. The first product that the two made was a vegetable pot pie.

It just took only a few months for pot pie to penetrate the market to an extent that it could now be found in health-food stores within the United States. The positive response of the pot pie confirmed the Berliner hypothesis that people are likely to buy organic home-made food that tasted good. The good response of the first product drove Berliner to start to add new lines to the range. Berliners managed to find an opportunity that no other person of the company was catering for. The product was in high demand as every person wanted it. When Berliners sent out fax about their new products the response was impressive as the number of individuals who made the order was very high. Berliners confirm that the business grew there, just from the start. The business recorded an annual growth of over 20 percent and the same trend continued for about twenty years (Pwc, 2019).

Thirty years down the line their child, Amy was now a grown-up. At the same time, the business had now grown and expanded. As the business started with only one product it now produces more than two hundred and thirty products. Furthermore, as it started with only two people, it now has about 2,500 employees and has a production facility across the United States (Pwc, 2019). The company is now planning to go global by starting a new branch in Portugal to enable the company to handle its growing export business. With the introduction and addition of lines and facilities, the company also added skills to the mix. According to Rachel, the company started with finance, then logistics and finally agriculture. Over the last few years, the company has managed to establish an effective marketing team. The company has experienced employees joining the team whom are willing to stay for their careers. The evidenced character of the employees is because they believe in what the Berliners are doing which seems to be the culture of the company.

Currently, Berliner's business is still recording growth even though it is now at 10 percent yearly. The reduction of the rate of growth experienced by the company is because of the competition from other operators who have ventured into the same market of high-quality organic food. However, the competitive advantage that the company has over newly established businesses in the same market is that it was the first company to produce high-quality organic home-made food and has effectively established a brand that is trusted by people. Furthermore, the company understands that the only way to record continuous growth in the current competitive

market is to keep up introducing new products and ideas. The company has products that are made from a range of international cuisines that are made from a trustworthy ingredient that has been used by the people who grew up eating and loving that food. In most occasions, the company always receive feedback from their consumers who are pleased by their products as they claim that the food provided tastes like what their mothers used to cook. The feedback from the consumers confirms the quality, great-taste, and authenticity of the company's products.

The key main route of diversification that the company has adopted is international cuisine and international expansion. The company has already established itself in Europe mainly in the UK and it is also planning to enter the Indian market. Even though the Indian market seems to be different from that of the US and the UK, it provides the company with a great opportunity. The India market is suited to the company's brand given its larger number of vegetarian consumers and the growing middle class. Even though other rival companies might find the Indian organic food market intimidating, Amy's Kitchen has always had the confidence and courage to support innovative ideas.

According to Berliner, there are several occasions that they had received calls from people claiming that they had no healthy place that they could take their children. Most of them were not vegetarians but were not willing to take their kids to fast food restaurants. Such concerns from the people led to the introduction of Amy's Kitchen just as a pilot but recorded positive results. The sales recorded by the company was twice what is expected. Most of the marketing of the company product was mainly done by the consumers as they communicated to their friends and family how the food provided by the company was lovely (Pwc, 2019). Even though currently the company seems to be a bigger kitchen it is still a back kitchen at heart just using much bigger pots.

Conclusion

A family business is considered an important form of business as it contributes to the growth of the country's economy. Moreover, it also plays a vital role in addressing the social problems in several nations including unemployment, poverty, and criminality. Countries must try to introduce policies that may support the start and growth of family businesses. Among some of the policy that is likely to support family businesses in a nation include reforming tax laws, elimination of barriers in a business environment, provision of funds for starting and expanding business, the introduction of laws that protect innovator's idea, and the inclusion of entrepreneurship within the curriculum of the school.