

ATTITUDES TOWARDS FAMILY BUSINESS: IS IT BASED ON CULTURE NORMS?

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ABSTRACT

In a study of college students' attitudes about family businesses, (Ashley-Cotleur, King, Brazeal, 2000) non-Caucasian students expressed less positive feelings about family businesses than Caucasian students. The predominant of non-Caucasian students were Asian. In an attempt to understand the reasons for this difference, interviews were done with eleven Asian family business members to determine their feelings and attitudes about being in a family business. Most of the interviews were conducted with the children of those who had started the family business. Overwhelmingly, these individuals expressed a feeling of obligation to the family, indicating they felt they had no choice but to join the business. The research suggests that negative attitudes towards family business in the Asian culture may be related to cultural expectations that children will carry on the family business.

INTRODUCTION

A key area in which family businesses may have a unique competitive advantage is in the customer's attitude about how family-owned businesses operate (Brokaw, 1992; Ward and Arnoff, 1991).

Literature suggests that customers believe members of a family business have an uncommon integrity and commitment to their business. This belief is likely to result in greater trust in the enterprise (Ward and Arnoff, 1991) and a feeling that family businesses are likely to be more stable and enduring (Brokaw, 1992).

The rationale is that members of the family business care more about their businesses because their names, and often the family's entire net worth, are clearly exposed. This increased motivation to please the customer, coupled with the ability of family business owners to draw on family members in the face of unanticipated circumstances (Alizadeh, 1999), may indeed result in improved service and perceived credibility by the customer. Thus, many consultants have recommended that "smart" family businesses should aggressively promote the fact that they are "family businesses."

However, while the argument that family businesses represent superior quality, service and credibility to the public may appear intuitively appealing, some family business owners have expressed concerns that family businesses may be perceived as less professional because working in the business is a matter of birth and not capability. Recent empirical research (Ashley-Cotleur, King, Brazeal, 2000) has shown that customers are more likely to favor family businesses than non-family business. However, a surprising finding was that Asian students had less positive feelings about family businesses than Caucasian students.

PURPOSE

In an attempt to understand the reasons for the differences, a study was designed to interview Asian family business members to better understand their feelings and attitudes about being in a family business. Therefore, eleven Asian family business owners, and/or family members working for a family business, were interviewed to elicit their opinions about how the business operated and their existing relationships among family members.

LITERATURE REVIEW

Attitudes and Belief: Marketing to Family Business

Until recently, there was no empirical research that rigorously examined attitudes and beliefs of potential customers of family businesses, either in homogenous or ethnic diverse populations. Therefore, researchers relied primarily on the perception of family business owners and consultants to determine the success of a marketing strategy that embraces the family business label.

In a survey of 321 college students, Ashley-Cotleur, King, and Brazeal (2000) found that, in general, the subject have positive feelings about family businesses; however, a surprising finding was that non Caucasian students tended to have less positive feelings about family businesses than Caucasian students. Initially, the authors had hypothesized just the opposite due to the family-centeredness of certain ethnic groups.

The issue of whether different ethnic groups perceive family businesses differently is an interesting one, since it would be advantageous for businesses to make use of these differences when formulating marketing strategies for distinct segments of the population.

Ethnicity and Perceptions of Family Businesses

Cultural differences among various ethnic groups regarding the conduct of business and the role of the family in society leads to the assumption that ethnically diverse individuals would view family-owned businesses differently. A further assumption is that Asians in particular would value a family business and have positive attitudes about such enterprises due to the family-centered nature of their upbringing.

Lee (1996) explores human values from two different perspectives: human centeredness and family centeredness. The value of human-centeredness positions people and human relationships as the core emphasis with considerable attention paid to emotion and trust as guiding factors in all business decisions (Goody, 1996). Business relationships with external constituencies including consumers are closely intertwined with moralistic notions of friendship, loyalty, and trustworthiness (Ram & Holliday, 1993). The Chinese and peoples of Southeast Asia tend to be well versed in the virtues of loyalty, filial piety, faithfulness, care, and sincerity (Salaff, 1981; Yoo, 1998) which are prized within the family unit and are judiciously practiced in the family business environment.

Family-centeredness relates to the extraordinary role of the family as the “primary agent of socialization for Chinese culture” (Chiu, 1998; Lee, 1996). Relationships with all other individuals are patterned after the family experience and its intrinsic sense of obligation and loyalty to leaders in the family structure and organization. The feeling of obligation extends to a concern for worker’s welfare and an implicit desire to attend to consumers’ needs.

There is some concern that family values are changing in Southeast Asia with movement towards a more individualistic society with more emphasis on goals and results (Omstedt, 1997). Family loyalty and obligation is questioned due to increasing mobility, the influx of outside, “Western” values, and a conflict of ambitions between generations. More emphasis is placed on performance, individual achievement, and competition among the younger generation. The changes are particularly prevalent for young Southeast Asians who are heavily exposed to Western culture and values.

However, despite the strong influence of outside cultures, interestingly, 97% of young Chinese adults indicated they would take care of their parents in old age, a typical statistic for Asia, and not matched by young Caucasians. Additionally, Singapore, South Korea, Hong Kong, and Taiwan all require the teaching of moral education. Consequently, a complete loss of family values is not expected as they appear to be deeply rooted in societal expectations.

The crux of the argument for differing perceptions of family businesses across cultures is thus embedded in societal values, which translates into internalization by the family unit and,

finally, the practice of these values in family businesses. If consumers are themselves a product of cultural expectations, they may have internalized societal values of honesty, sincerity, loyalty and obligation and may be more likely to view family businesses in a positive fashion. Family businesses may represent an outgrowth of society's family-centeredness and human centeredness values. In the Asian culture, the emphasis on family as the focal point of personal life and, often, business life leads to the assumption that family businesses would be more highly regarded by this population.

However, since the previous findings suggested the opposite, the researchers were interested in exploring the factors that could be driving the differences between non-Caucasian students versus Caucasian students when it came to their perspective of family businesses.

DATA COLLECTION AND METHODOLOGY

Sample

The study involved 11 companies, ranging in size from 350 employees to five employees. The owner or a family member working for the company was interviewed. The interviewees fell into the following categories:

Founders	4
Sons of Founder	4
Daughters of Founder	2
Wife of Founder	1

Five respondents are first generation family business owners; six are second-generation family business owners. Four of the 11 interviewed are women. Six companies are U.S. based; two are located in the Philippines; two in Thailand; and one is both U.S. and Philippine.

Two of the four founders are still running the business; the remaining two have transferred ownership to a son and son-in-law, but are still involved in the business. Of the four sons interviewed, only one has taken over control of the company from his parents. The remaining three still work for at least one parent who runs the company. Two of these three sons expect to take control of the company upon retirement or death of the parents, but there is no formal succession plan. The two daughters work for their fathers. One will likely succeed her father since she is the oldest of three female children. The other daughter will not succeed because there is an older son.

Measures

A survey instrument consisting of 51 questions was administered to the 11 company representatives. The purpose of the questionnaire was to obtain a brief history of the business, how it operated, the feelings and attitudes of the interviewee toward the business and the family, and future plans for the business and the interviewee. Interviews were conducted in person, by telephone, or over the internet.

The 51 questions were divided into seven categories: Beginning, Past, Present, Succession (if interviewee took over the family business), Future, Outside Board, and Personal Background. All questions were open-ended. (See Appendix for questionnaire.)

Results

The interviews indicated that Asian family business members feel compelled to join the family business. Every second-generation Asian family business member and the wife of a business founder said it was expected that they work with the family. Most did not question the expectations of their parents regarding their place in the business, but some expressed sadness that they could not pursue other dreams or aspirations, if only for a short time.

Responses to “Why did you join the family business?” and related questions are instructive in terms of the motivation of the interviewees: It was kind of automatic, like a reflex. We actually didn’t have to think about it. We knew that after we graduated, we had to help in the family business. Not that we were forced; it was just like an extension . . . I felt that it was my duty to help my mom in the business. . . I would have felt guilty if I had not. (son, left family business after three years. will likely sell business after mother retires)

This wasn’t a choice for me. . .After graduating from college, I received several tempting offers to work abroad. But this obviously wasn’t a choice for me since I knew, being the eldest son, it was my duty to work in the family business. (son, expects to succeed parents)

I was forced by my parents. . .I am the elder son in the family, so I have a responsibility to take care of family business. . .Family members should work together. (son, expects to succeed father)

It’s a family business. Since I’m part of the family, I was expected to help run it. . .It’s almost an obligation on my part as well as my brother’s. (daughter, older brother will succeed father)

I am the most responsible (child). . .I’ve always been the one that my parents expect to do things. . .there has been a lot of expectations from me. . .I always wanted to work with my family. . .I am (enjoying what I’m doing), but sometimes I wonder what would have been if I continued to join the corporate world and did not go into the family business. (daughter, likely to succeed father)

It really wasn’t a decision on my part; (husband) needed help, and I, of course, was willing to help. (wife of founder, business no longer operating)

A number of the second-generation interviewees indicated there was conflict in the family over the business. Many attributed this to the authoritarian nature of the father (or mother). None of the children attributed the conflict to their parents’ expectations that they join the family business; although this may be something they are unwilling to acknowledge or discuss.

Interviews with founders indicated a sense of well being about the future of the business and a sense of pride when family members were involved in the business. Two of the founders had problems with their eldest sons who were in the business. One stole from the business and developed drug problems, but has turned his life around and is now the owner. The other son does not take the business seriously and refuses to work as hard as his mother expects. Since these children were not interviewed, it is impossible to know if feelings of obligation to the business have affected their behavior. Interestingly, one of the founder's sons had decided to take a job outside the family business, and the founder expressed discontent over this decision.

Data Analysis

The interviews conducted with members of Asian family businesses showed a strong sense of obligation on the part of second-generation family members to join the family business. While no interviewees expressed resentment or anger over the responsibility they were expected to assume, a number did indicate that they would have liked to have other choices. Interviews with founders also indicated a strong sense that family members should be involved in the business. Family conflict seemed to be high in the businesses covered by these interviews. While the reasons for such conflict were not specifically addressed in the questions, two possible explanations arise based on information volunteered by respondents: (1) a sense that the children of family business owners have no choice about joining the business could lead to resentment and hostility, and (2) the fact that interviewees indicated that they spent a great deal of time with their families, both on and off the job, may contribute to tensions and frayed nerves. These two points may also explain earlier findings that ethnic students, in particular Asian students, have less favorable attitudes towards family businesses than Caucasian students.

Future Research

The sense of obligation on the part of Asians to their family business was pervasive in the eleven interviews conducted with Asian family business members. However, the number of interviews was small. To determine if the attitudes of these eleven individuals is indicative of a larger population of Asian family business members, additional interviews need to be conducted.

Future research should also compare the responses of the business founder with the second-generation family business member in the same business to see where there is a difference in perceptions as to what is expected and not expected of family members in the business.

In addition, if we are to make the assumption that the attitudes regarding family businesses, in general, are based on an individual's relationship with his/her own family business then the same subjects should be given both the attitudinal survey and the in-depth interviews. As a result, we would be able to examine whether their individual perspective, based on cultural norms, impact their attitude towards family businesses, in general, compared to non-family business.

Conclusion

While Asian cultures have a strong sense of familial loyalty and responsibility leading to a reverence for the family and its members, their values may also cause negative attitudes due to feelings of lost independence, lack of control over one's own destiny, and an inability to break free of parental bonds in both the business and personal worlds.

If those attitudes result in a negative perspective, in general, towards family business, then it would certainly be important for businesses to make use of this information when formulating marketing strategies for distinct segments of the population.

For instance, if a family business were trying to attract young Asian customers, the use of the family business label in advertisements and promotions may not be beneficial, conjuring up thoughts among this group of duty and obligation.

The current research makes a contribution towards a better understanding of the considerations that must be taken into account when family businesses develop a marketing strategy.

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