

# Realizing The Business Of America Is Family Business: Incorporating Family Business Into University Business Schools

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## ABSTRACT

*This paper explores the need for Universities to incorporate family business into their teaching, research, and community outreach efforts. Given ninety percent of all businesses in the US are family owned and nearly a half of all business majors come from families that own a business it is imperative Universities realize their obligation to serve this great stakeholder group. Integrating family business into academia brings vast benefit to the students, the schools, the nation's businesses and above all, the United States economy.*

## I. INTRODUCTION

As, Thomas Petzinger (1999), the writer of a weekly column in the *Wall Street Journal*, says in his book *The New Pioneers*, "what's important to understand is that the family business has become a model for *all* business. The reason is that business, today more than at any time in a century or longer, is built on relationships—the very stuff of which families, too, are made."

Over one-third of today's college students are not getting the education they both need and deserve from United States' colleges and universities. Students whose families own a business comprise this large, underserved cohort. Because family businesses (FBs) are the economic engine driving our nation's economy, as well as the segment of the business community perhaps most concerned about values, it is vitally important that universities work to bring this field into the foreground of education.

Ninety percent of the nation's (and perhaps the world's) businesses are family owned. (Astrachan & Shanker, 1996) Family businesses produce half of the GNP and employ over half of the workforce. (Financial Planning, 1999) Through surveying we concluded over thirty percent of college students' families own a business and over half of the students graduating will work in a family-owned business.

The overriding question facing students whose families own a business is if and how they will be involved with their family's business. The problem is that until recently universities in the U.S. have not provided any support for these students. A large number are not motivated to do well in school or actively seek job opportunities because they know they have the perceived opportunity of working for their FB. Instead of choosing to work for their family for the right reasons (they enjoy the field, want to contribute to the family legacy, etc.), students wind up entering the business because they have no other options. This is a national tragedy.

## **II. UNIVERSITY'S ROLE**

What can Universities do to help this large stakeholder group? This question is slowly being answered. About 100 Universities across the country have Family Business Programs. The majority only focus on outreach to community businesses and operate the program as a funding source for the school. These schools, along with the many others that have no programming, are overlooking the needs of their student-body as well as not capitalizing on the benefits a "holistic" approach could bring.

The overriding mission of academic institutions is to combine quality teaching, research, and community outreach.

Few schools are teaching a course or two in family business but only three Universities have Minors dedicated to the field. If this is almost 50% of the college students' biggest career question, then they need support from their academic institution throughout their education. The tragedy described results from a lack of discussing and planning the student's future in terms of how to manage their relationship with their family, the family business, and the ownership/wealth. In addition, not planning for succession can put the entire business and family at risk. In fact, lack of planning for the next generation's transition into the business is one of the two reasons family businesses fail. Through Universities educating the next generation of family businesses on the issues and challenges unique to family businesses and helping plan, prepare, and develop a network of peers for support greatly enhances the businesses chance of survival as well as the student's chances for happiness in life.

Though family business is a deeply concept in our history, it is a new academic field. This creates tremendous opportunity for faculty to make a difference in a field of study. There are numerous aspects of family business, including the theoretical foundation and systems of classification, that have not been studied. (Chrisman, Chua, & Sharma, 2003) Universities have the vast capability to increase the nation's understanding of the field through research and it is imperative, for the health of our economy, that this field becomes legitimate.

## **III. BENEFITS TO STAKEHOLDERS**

There are numerous ways Universities, faculty, the community, and students can benefit from incorporating family business into teaching, outreach, and research efforts.

The competition for business schools in the country is fierce. It is distinctive programs that help schools brand themselves and stand out to prospective students. Since family business students typically make up over a third of students entering business schools in the US, by being one of the few (approximately 20 Universities) offering courses in family business this can be a unique marketing advantage. Also business-owning families are more likely to be able to afford to pay full tuition, which aids the Universities (and Business Schools) financial situation

Since the field of family business is fairly new in terms of research, there are numerous ways to make a substantial impact in the field. Unlike the core business subject areas faculty can quickly establish a reputation. Through this addition of innovative new practical research the University enhances its reputation and increases its potential to attract students, faculty, and community support through funding donations and contacts. The University and faculty also have the opportunity through family business research to strengthen ties between the school and the government as well as influencing public policy and government initiatives.

Family business must be discussed in terms of the effect decisions have on all systems (individual, family, and business). Therefore teaching the “practice of family business” inevitably brings about an intervention on the family and the business. The University has the duty and opportunity to include the student’s family in the educational process through providing support and the option of having outreach programs.

These programs bring about goodwill from the families toward the University and offer immediate funding advantages (there should be a charge associated with the programming) and from the strong connection with their stakeholders, long-term donation potential for the school.

Education has been focused on the notion that students typically graduate and work for one of the Fortune 500 companies. This is not the reality and Universities are missing a vitally important group, family businesses, to target for career opportunities.

Also a large percentage of University alumnae are now owning, leading, or working for a family business and giving them recruiting opportunities of students with knowledge of family business dynamics greatly improves the relationship. This in addition adds to the development (donor) potential of alumnae.

#### **IV. CALL TO ACTION**

Universities need to take a strategic planning approach to analyzing the need for and implementation of family business in their teaching, research, and outreach efforts. This process should begin with an assessment, based on the mission and goals of the University, of how family business should be integrated into the University. Surveying the student body and perhaps other key stakeholders (e.g. alums) will help the school comprehend just how important the “field” is to their stakeholders. Most likely this process will result in the realization that over one-third of the students are assessing involvement with their family’s business and are seeking help with this issue.

Once the need is recognized, the school needs to set a vision and strategic plan for their Family Business Center, design goals and objectives, and finally set benchmarks to assess success. Above all there needs to be someone championing the program and building consensus of the key stakeholders. (McCann, 2003)

#### **V. CONCLUSION**

Family Business is a field that can be incorporated in all facets of the University and has the potential to positively affect the school’s teaching, research, and service. The subject of family business can be integrated with any academic field’s curriculum, research, and outreach. The majority of accountants’, financiers’ and lawyers’ clients are family owned businesses, marketing and public relations firms most often work with family businesses (or are family owned themselves) and technology permeates all business. Given the broad impact family businesses have on our nation and on the business world it is important Universities focus efforts on serving this group.

## **Bibliography**

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