
Editorial: A new definition of family business

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Family businesses are an integral part of the global economy but often overlooked in terms of importance. The role family business plays in an economy is somewhat dictated by the cultural and historical conditions of a country. For example, family businesses are prioritized and promoted in some countries due to the success of well-known family businesses. In other countries family businesses exist but their role might not be publicly discussed due to more focus being placed on high technology or artificial intelligence companies. However, even with these emerging technologies in existence many startups and global businesses will still be family businesses.

With advances in societal attitudes to emerging technologies comes a corresponding change in how to define a family business. This is due to changes in artificial intelligence making it possible that some day we will have a billion dollar, one person startup. How soon and whether this will occur is still up to conjecture but it raises an interesting question about what now is a family business based on emerging technological and societal developments?

Many people still believe a family business means a profit-making entity that actively involves blood-related people. This means the people working at the business are biologically connected and this implies it is not as commercially orientated as a non-family business. Whether this is true does not matter as the perception of the business being a family business by others is more important.

Traditionally family businesses have been defined by ownership or managerial input but with new business structures gaining ascendancy such as digital startups this definition could be questioned. This is due to a family business being referred to as a way to highlight how it involves people with close emotional bonds. As there is a large interest in family business it is important to have a common and unified definition. This will help in solidifying the field and making it easier to compare definitions across studies. The role of family in society has changed with altering socio-demographics influencing how people define a family. Thus, it is useful to pause and reflect on whether the way research defines a family corresponds with practice. This will help to evaluate research on family business in order to pursue deeper insights into its meaning. The guiding principle in a definition should be in trying to encapsulate a concept's practical meaning so that there is an alignment between research and practice.

A family can be defined in general terms as a group of people (being more than one person) that share a strong emotional connection. This implies there is a sense of solidarity among people that differs to other types of relationships that occur in a friendship or work situation. Therefore, the word family refers to a more longer term connection between those involved in the relationship. It is built on trust and mutual interdependencies. Thus, a family business can be distinguished from a non-family business by the relationships among people involved in the business. This means a family business is built around a unique connection of emotional connections, trust and interdependence. The degree of this connection can occur through strong or weak ties depending on the business structure. What is important is that all members of a family can be identified through these connections.

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