

ASSESSMENT OF KNOWLEDGE AMONG COLLEGE STUDENTS REGARDING FAMILY-OWNED BUSINESSES: A REVISIT

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ABSTRACT

Family-owned businesses are a key participant of the global economy contributing substantially to economic growth, national GDP, and fueling the entrepreneurial spirit. Although they may begin small in size and number of employees, their close-knit management structure can provide ample opportunities for future growth and development. (Osunde, 2017) The myriad of large corporations which have started as a small family-owned company yet have grown into multi-national firms with globally recognized names and product brands are the proof of such statement. (Kleiman & Peacock, 1996) Examples include Walmart, SC Johnson, and Levi Strauss, to name a few. In a prior 2006 study, Parker and Strickler conducted a survey of college students at a regional university to assess students' ability to recognize which corporations are family-owned based solely on the name of the company. The 2006 study concluded that only thirty-five percent of students were able to identify a now nationally and in some cases even internationally recognized corporation's name as a family-owned business. (Parker & Strickler, 2006) The current study finds that twelve years later the percent recognized as family-owned businesses has increased to forty-eight percent. Even more interestingly is that seventy-five percent of respondents now indicate a desire to work at a family-owned business, up from thirty-one percent in 2006.

INTRODUCTION

A family-owned business is a firm that has some family participation and whose future direction is controlled in part or whole by the family. Family-owned businesses play an important role in the global economy, accounting for approximately 70 percent of all incorporated businesses in the United States. (Poza & Daugherty, 2014) Forty-nine percent of the US Gross Domestic Product is generated by family-owned businesses, and more than seventy-five percent of the Gross Domestic Product in other countries is generated by family-owned businesses. Family businesses employ eighty-five percent of both the US workforce and the world workforce. (Poza & Daugherty, 2014) Between one-third to one-half of the Fortune 500 companies are considered family-controlled (Astrachan & Shanker, 2003).

Not only are family-owned businesses significant in number, they are also significant in regards to growth potential. When reviewing the financial performance of S&P 500 businesses, if a founder is still involved in the family business, the annual average income growth for the company tends to be higher when compared to non-family owned businesses. (Anderson & Reeb, 2003)

These statistics highlight the importance and prominence of family-owned businesses. However, how much does the public, in general, know about the existence and importance of family-owned businesses in the economy?

To ascertain the amount of knowledge that exists about family-owned businesses, a survey of college students was administered at a regional state university. The survey consisted of four questions. The first question dealt with whether the parents of the person taking the survey work for or own a family-owned business. This question is designed to test whether, in reality, people realize that approximately seventy percent of the businesses in the US are family-owned. The suspicion of the researchers is that many parents may well work for a family-owned business, but their offspring may not be aware that their parents' employer is considered a family-owned business. The second question is similar to the first question in that it asks the person taking the survey whether they think they will work at a family-owned business during their career. The third question asks the person taking the survey what percentage of businesses in the US do they think are family-owned. This question not only ascertains the knowledge of the prominence of family-owned businesses as do Question One and Two, but this question also provides some insight as to whether family-owned businesses are perceived as a likely place for future employment by young people.

The fourth question lists several companies that are all considered family-owned businesses; however, this fact is not revealed to the survey participant. The person taking the survey is asked to mark all the businesses on the list that they think are family-owned. Table One provides a list of companies included in the 2018 survey instrument.

<i>1800-1900</i>	<i>1900-1972</i>		<i>1980 - present</i>
Dole Foods (1851)	Ford Motor (1903)	Walmart (1962)	Pilot Flying J (1981)
Levi Strauss (1853)	Tyson Foods (1935)	Mary Kay Cosmetics (1963)	Petsmart (1986)
SC Johnson (1886)	Academy Sports (1938)	Love's Travel Stops (1964)	Ashley Furniture (1997)
	Foster Farms (1939)	PetCO (1965)	UBER (2009)
	Payless Shoesource (1956)	GAP (1969)	
	Toys "R" Us (1957)	HobbyLobby (1972)	

RESULTS

The current survey was completed by 175 students at a southern regional university during 2018. The current study will be compared to a 2006 study utilizing a similar survey at the same university with an approximate same number of respondents.

In response to Question One, sixty-four percent of the respondents indicated that one or both of their parents work for or own a family-owned business. This result is slightly lower than the 2006 result of seventy percent reported by Parker and Strickler. The percent of family-owned businesses is reported typically to be around seventy percent; however, depending on the definition used to define family-owned business the numbers vary. To find a unified, widely accepted definition of the term "family business" is not an easy task. Definitions seem to be divided into varying spectrums from broad to narrow. According to Astrachan and Shanker, the broad definition only requires marginal participation in the business by any family member and a requirement of involvement when it comes to strategic decisions. On the other hand, the narrow definition requires the involvement of several family members in leadership positions within the business. Osunde defines a family business as a business with at least two family members involved while also retaining majority ownership and control. (Osunde, 2017) Based on this more

narrow definition, sixty percent of public and private businesses, with a legal form of organization as partnership or corporation, are family-owned. (Astrachan & Shanker, 2003) Therefore, the findings of 64% in this current study as well as 70% in the 2006 study could both be considered realistic representations of the actual percent of family businesses in the US economy, depending on the definition utilized.

In response to Question Two, seventy-five percent indicated they would like to work for a family owned business. This result is substantially higher than the thirty-one percent Parker and Strickler found in 2006 and is more in line with the actual eighty-five percent of labor force employed by family-businesses. Determining the reason behind this increase is beyond the scope of this article; however, we could argue that certain personality traits attributed to this interest in working for family-owned businesses and that the so called millennial generation could be the foundation for such change. Narcissism and impulsive behavior have increased among the millennials who tend to be more self-centered, with high self-esteem, feeling entitled and underappreciated. (Stewart & Bernhardt, 2010) In such an environment it may be perceived easier to work for a family-owned business with more perceived personal relationships and family values.

In response to Question Three, respondents indicated that they think about forty-five percent of businesses are family-owned. This response is lower than the fifty percent response received in 2006 by Parker and Strickler. In both studies, the current one and the one in 2006, the findings are lower than what reality would indicate. With seventy percent of businesses being considered family-owned by most researchers, the recognition of such by the public is far lower as indicated by these survey results.

Question Four asked respondents about specific companies. The overall average of businesses recognized as family-owned business was forty-eight percent. In the 2006 study, thirty-five percent of the family-owned businesses included in the survey were recognized as family-owned by respondents.

Table Two provides comparative results of the four questions included in the surveys for 2006 and 2018.

Table Two							
Question One: Parents work in Family- Owned		Question Two: See Themselves Working in Family- Owned		Question Three: Perceived Percent of Family-Owned Businesses in US		Question Four: Average Overall Percent of Family-Owned Recognized	
2006	2018	2006	2018	2006	2018	2006	2018
70%	64%	31%	75%	50%	45%	35%	48%

The most readily recognized as family-owned businesses were WalMart, Ford, Brookshires, Love's Travel Shop, S.C. Johnson, Dole Foods, Tyson Foods, Mary Kay, Levi Strauss, Ashley Furniture and Foster Farms. S.C. Johnson was the most readily recognized family-owned business. S.C. Johnson has had an ad campaign for years that includes "SC Johnson—a family company". In this ad campaign, S.C. Johnson wanted to reinforce the consumer's trust in the company based on its family-owned business form. This ad campaign emphasizes the company focuses on providing the best and safest products to families across the US and worldwide, as they have been since the launch of the company in 1886. (Johnson, 2015) Foster Farms and Ashley

Furniture were also highly recognized as a family business among students, whereas Toys “R” Us and GAP were recognized the least.

Table Three provides the percent of survey respondents that correctly identified a business as family-owned. The first percentage reported is the percent from the 2018 survey. The percentage in parenthesis is the percentage reported in the 2006 survey. The list of specific companies varied between 2006 and 2018. Six of the companies were the same and their comparative percentages are presented in the table. Some companies were unique to the 2018 survey so no comparison can be made for those companies.

Table Three			
Business	Percent Recognized 2018 Study (2006 Study)	Business	Percent Recognized
Wal-Mart	59% (55%)	Tyson Foods	69% (58%)
Ford Motor Co.	53% (46%)	Mary Kay Cosmetics	77%
Brookshires	75% (48%)	Pilot Flying J	26%
Toys “R” Us	12%	Levi Strauss	57% (42%)
Love’s Travel Shops	48%	Petsmart	17%
SC Johnson	99%	Uber	16%
GAP	13% (7%)	Hobby Lobby	35%
Payless	16%	Ashley Furniture	85%
Academy Sports	22%	PetCo	17%
Dole Foods	70%	Foster Farms	90%

CONCLUSION

Despite the increase in the availability of information by utilizing the internet and media in general, the evolution of the field of family-business studies in institutions of higher-education, and the emphasis provided by many family-owned businesses regarding their nature as such, their recognition by college students still remains lower than the actual numbers. Family-businesses continue to be a relevant player in a nation’s economy worldwide, yet it is still difficult to obtain relevant statistical data due to the lack of unified definition of which business establishments constitute a family-owned business. (Sharma, Chrisman, & Gersick, 2012) S.C. Johnson is the most recognized family-owned business, perhaps largely attributed to its advertising campaign and even its company logo, which reflects this fact. Foster Farms and Ashley Furniture were also highly recognized as a family business among students, whereas Toys “R” Us and GAP were recognized the least. Some of the largest and most recognized corporations today such as Ford Motor Company and Walmart, were established between the early 1900s and 1970, when business seemed booming and family values were more emphasized in business. Perhaps a negative shift attributed to family-values in recent generations has led companies to de-emphasize their family-owned nature and thus undermine their recognition as a family-owned business. (Gillies, 2011)

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