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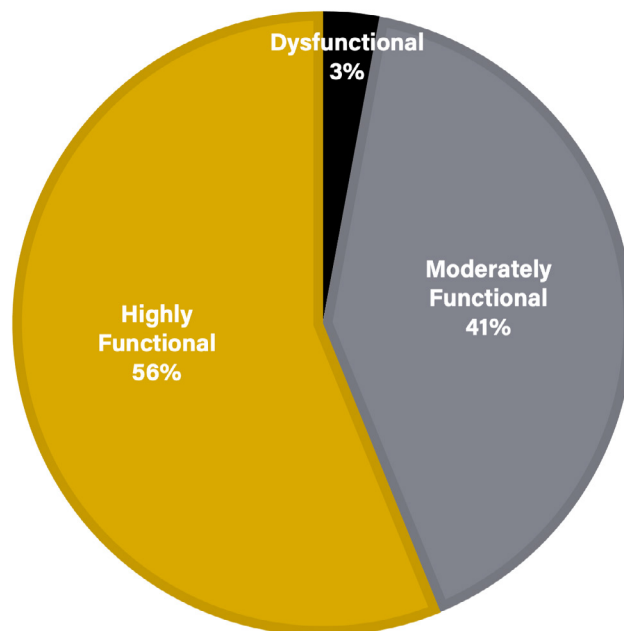
by Renee Wiatt

If Your Family Is Close, Does that Mean that You Have a Functional Family and Family Business?

Maria I. Marshall, Purdue University

Successful family businesses need both a functional business and functional family relationships. We tend to think that if our family is close, which tends to mean that we speak with family members often, that those relationships are functional. In other words, in my experience we substitute closeness for functional. So, what do I mean by functional? Functional relationships have the space for disagreement, for hard conversations, for truth, and vulnerability. I may speak with family members often, but that doesn't mean that we can have hard conversations about expectations or can provide or take criticism.

FIGURE 1. FB-BRAG SCORES (Family Business Balance, Resolve, Adaptability, and Growth)



If Your Family Is Close... (continues from page 1)

Communication binds the family system which in turn manages the family business. Functional family businesses have communication systems that support authentic interactions between family members.

PIFB uses a four-item assessment to spark conversations between family members and help identify functional family businesses. The four questions included in the assessment are modeled after Smilkstein's¹ (1978) family APGAR and work APGAR assessments. APGAR assessments measure adaptability, partnership, growth, affection, and resolve (Smilkstein, 1978), while the [FB-BRAG](#) measures family business balance, resolve, adaptability, and growth. In our 2019 national small business values survey, we found that 3% of family businesses were dysfunctional, 41% were moderately functional, and 56% were highly functional (figure 1, previous page).



If you feel that your family functioning could be improved, then think about how family members are communicating with each other. See the table 1 (to the right) and identify your negative and positive communication skills. A functional family can be close, and a close family can be functional. It all depends on how much each family member can be their authentic selves in the family system and family business.

Table 1. Positive and Negative Communication Qualities and Skills [adapted from Deacon and Firebaugh, 1988]²

Positive Communication Qualities and Skills	Negative Communication Qualities and Skills
Clear, consistent messages	Inconsistent, muddled messages
Empathy or openness for sender or receiver	Lack of empathy or openness for sender or receiver
Supportive statements	Negative statements
Relates or adapts to situation	Oblivious or unsympathetic to situation
Appreciates or recognizes the other person's worth	Fails to recognize the other person's concept of self or worth
Listens attentively	Lack of attention

"I may speak with family members often, but that doesn't mean that we can have hard conversations about expectations or can provide or take criticism."

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Pros and Cons of Being a Workaholic

Renee Wiatt and Maria I. Marshall, Purdue University and Yoon Lee, Utah State University

Stereotypes of successful business owners tend to portray entrepreneurs and business owners as workaholics³. Workaholism is an addiction that is not exclusive to one industry or large corporations. Workaholism can occur in family businesses, small businesses, and large and small corporations. In 1983⁴, workaholism was characterized by those individuals working over 50 hours a week (which is probably a laughably low amount now by many family and small business owners' standards). However, we now define workaholism as an addiction that is copiously deeper than the number of hours worked⁵. Workaholism can be measured in terms of working excessively and compulsively⁶.

Now that we know what workaholism is, let's explore some pros and cons of being a workaholic. Addictions are typically viewed with a negative connotation, but workaholism is often viewed in a more positive light. Utilizing data from the 2019 Small Business Values Survey⁷, we analyzed characteristics that increased and decreased the likelihood of a small business owner being a workaholic. Then, we explored if and what effect having a workaholic owner has on business income, answering the question of "does workaholism pay off?"

Who is more likely to be a workaholic? The data analysis showed that workaholic owners are more likely to be male, have more children at home, have lower levels of family/ business functioning (FB-BRAG scores), be younger, be a minority (non-white, non-Hispanic), work more hours per week, and be in the service industry.

After reviewing the pros and cons (Table 1), you may be asking yourself: Does it pay to be a workaholic? The answer to that question comes down to values

Table 1. Pros and Cons of Being a Workaholic

Pros of Being a Workaholic	Cons of Being a Workaholic
<ul style="list-style-type: none">• Workaholic owners make higher business incomes than non-workaholic owners.• Workaholics are more likely to be copreneurs or they work in the business with their spouse. (Some may view this as a pro, others a con.)• Workaholics tend to have more employees.	<ul style="list-style-type: none">• Functioning between the family and the business is lower among workaholic owners.• Workaholics report that their family hinders their progress at work.• Workaholics indicate that work spills into family time.• Workaholics report that their business keeps them from family demands.

of the business owner and their family. The family-business functioning scores (FB-BRAG)⁸ of workaholic owners is lower, indicating a less healthy balance and interaction between the family and the business. While workaholics make more money, they are more likely to have conflict in terms of resources (namely time) between the family and the business. If owners can find a balance between working and family (that elusive work-life balance that everyone is always talking about) perhaps they can have a healthy family and a profitable, successful business.

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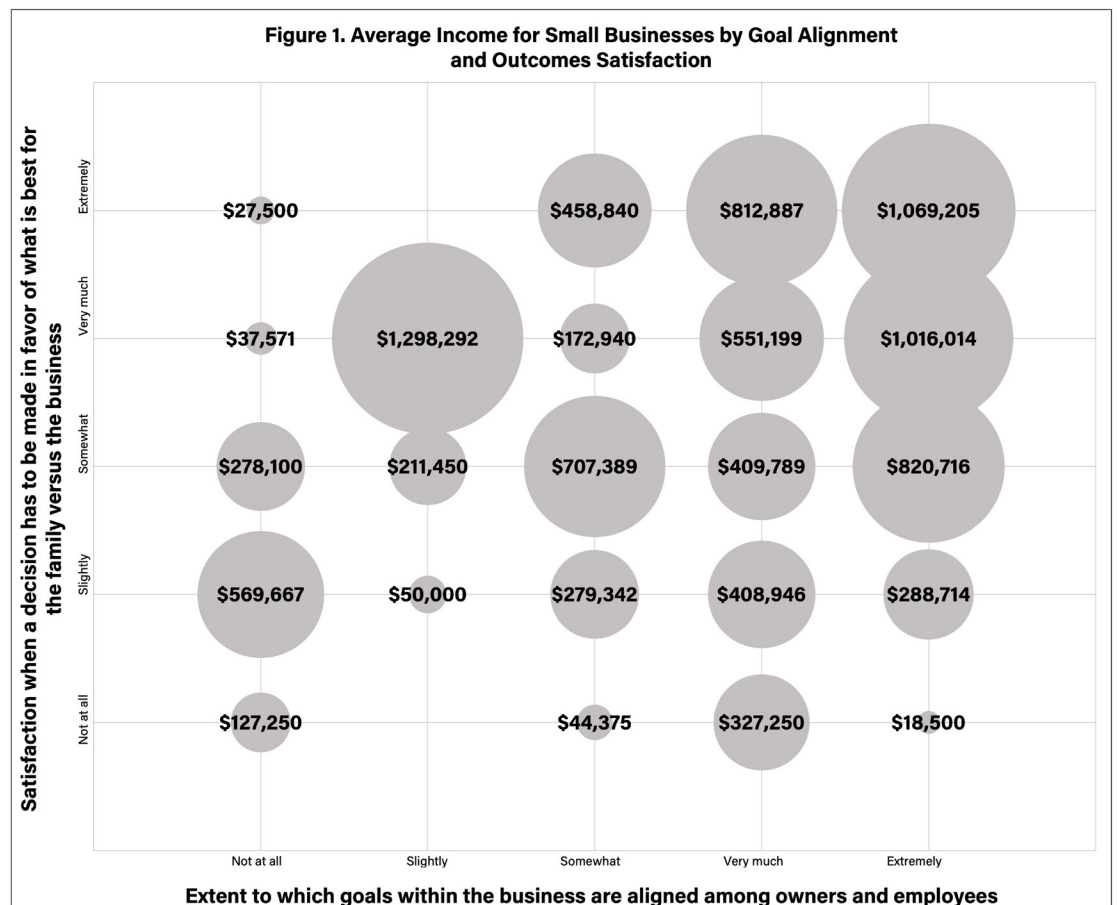
Income Differences: Goals, Family-Business Balance, and Comparison between Family and Non-Family Businesses

William Walls, Renee Wiatt, and Maria I. Marshall, Purdue University

Utilizing the Small Business Values Survey (Marshall and Wiatt, 2019)⁹, data visualizations were created to compare average income levels across a variety of business characteristics. Average business income for each category was used as a constant variable to compare the financial measure of business success against other business characteristics in order to determine what trends exist. Below are two figures along with descriptions of our findings.

Figure 1 demonstrates business owner satisfaction when decisions were being made that affected both the family and the business, and if goals within the business were aligned amongst owners and employees. The largest average income was at the intersection of the business owner ‘slightly’ feeling like business goals were aligned amongst owners and employees, and ‘most of the time’ being satisfied with a decision that must be made in favor of the family versus the business. This data point goes against the trend of the rest of the data, observing that the next three highest average profit bubbles occur in the ‘extremely’ column when answering about feelings being aligned amongst owners and employees. All the aforementioned points coincide with ‘some of the time’, ‘most of the time’, or ‘all of the time’ when measuring satisfaction with decisions that have to

be made in favor of the family versus the business. When observing goal alignment amongst family and non-family businesses, there does not appear to be a direct trend. The higher average profits range from slightly to extremely, displaying that although input from all employees/family members is beneficial, it may not be needed for financial success. There is an apparent trend in outcome satisfaction where decisions are made in favor of the family over the business. Respondents that felt comfortable with these decisions exhibited a higher average profit in their business’ income. Overall, this figure illustrates the importance of communication about family decisions versus the goals of the business.



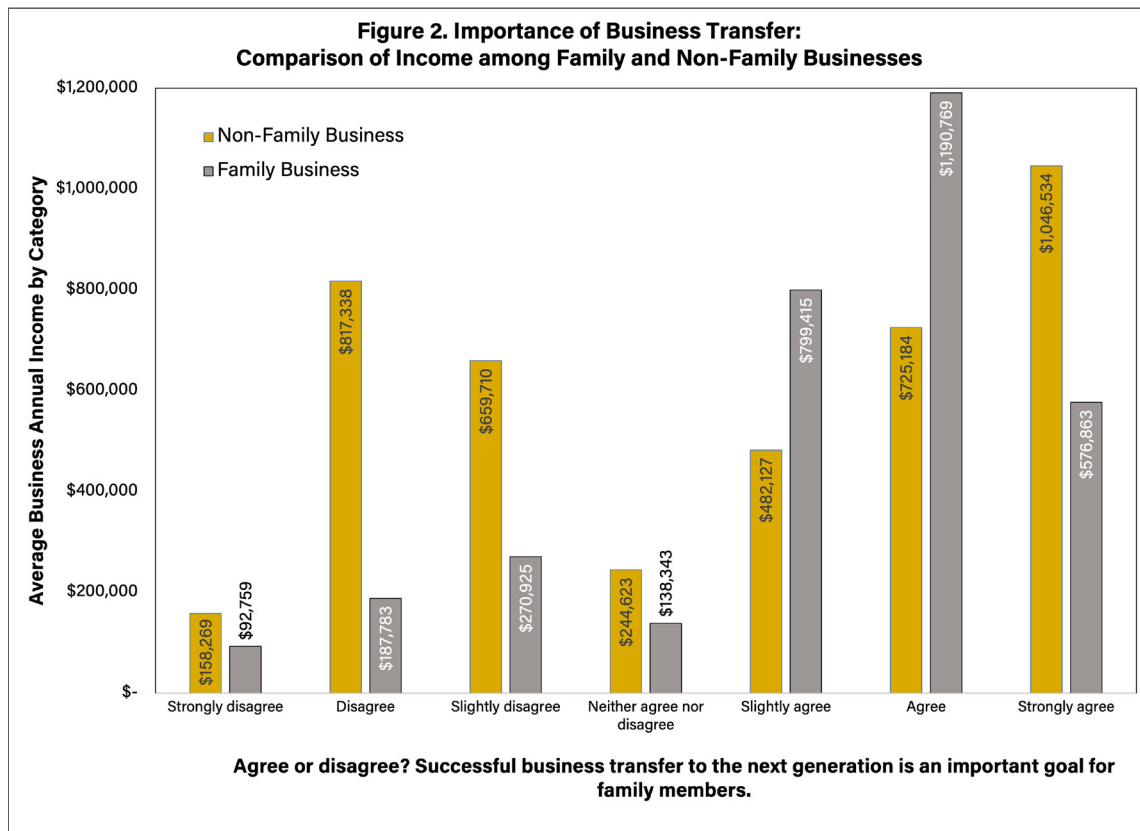
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Income Differences... (continues from page 4)

Figure 2 visualizes the importance of business transfer to the next generation according to family members in family businesses, and owners and employees in non-family businesses. The importance of succession corresponds to the socioemotional wealth of family members, owners, and employees, observing the culture and relationships within a business. Socioemotional wealth can be defined as the non-financial value and benefits that a family gains by having their family business and their association to that business¹⁰. This comparison demonstrates how cohesion can affect the average small business' income. The trend for family businesses with the highest average profits showed to all be in the 'agree', 'slightly agree', and 'strongly agree' categories. As for non-family businesses, there was more fluctuation between the data points. 'Strongly agree' was the highest average profit, but

'disagree' was the next leading category missing the top spot by just under \$200,000.

Every family business is different, but it may be beneficial to discuss succession goals with all family members, not just predecessors or successors. Based on our observations, when there is a strong correlation of goal alignment amongst the family, we observe significantly higher average profit leading to what we assume is financial success for the family business. Non-family businesses trend in a different way, having two distinct peaks at strongly agree and disagree. This information depicts that although it is important for succession goals to be aligned, it may not be needed for financial success among non-family businesses. This analysis also informs that succession among family and non-family businesses are different and should be treated as such.



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Exploring Health Insurance Coverage Among Family Businesses and Home-Based Businesses in the North Central Region

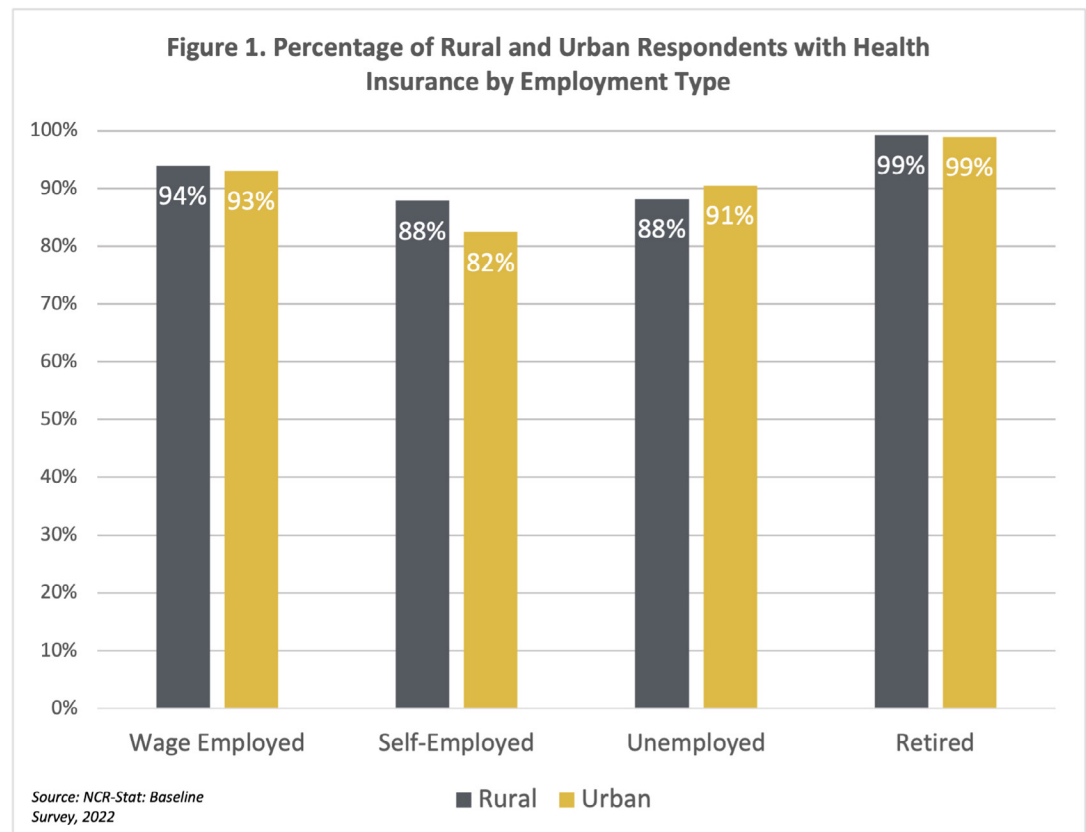
Renee Wiatt, Purdue University

The 2022 NCR-Stat: Baseline Survey¹¹ measured whether individuals had health insurance along with other variables such as employment status and rurality among North Central Region respondents. A recent study by Dobis and Todd (2022)¹² found that health insurance rates varied more widely among age categories and employment status than rural/urban status; our analysis concurred. Analysis of the dataset found that percentage of populations with health insurance varied by employment status and type of self-employed business (family business and home-based business). There are minimal differences in health insurance coverage by rural/urban location. Research by Turrini et al. (2021)¹³ found that the American Rescue Plan (ARP) made healthcare insurance more affordable to Marketplace consumers in rural locations in the United States. Even with the affordability issue somewhat mediated by the ARP, many rural residents still struggle with lack of providers in their area, the distance that they must travel to a provider (Turrini et al., 2021), and also face telehealth limitations due to broadband cost and availability.

We compared the percentage of each category that was insured among rural and urban employment types, (Figure 1). The employment statuses analyzed were wage employed, self-employed

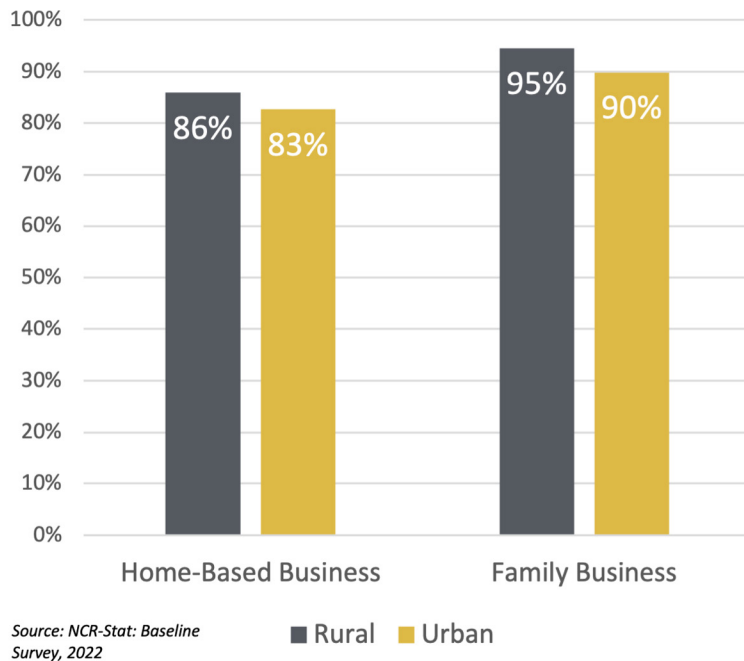
(with sub-categories of home-based businesses and family businesses), unemployed, and retired. Rural respondents had higher or the same rates of being insured in three of the four categories, with unemployed individuals being the outlier. Among the wage employed respondents, 94% of rural respondents were insured and 93% of urban respondents were insured. Eighty-eight percent of unemployed workers were insured among rural respondents and 91% among urban respondents. Among retired individuals, 99% of rural and urban respondents were insured.

For self-employed workers, 88% of rural respondents and 82% of urban respondents were insured (Figure 1). According to Dobis and Todd (2022), 4.1% of adults (aged 26 years and older) in the U.S. were self-



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Figure 2. Percentage of Rural/Urban Respondents with Health Insurance by Home-Based and Family Businesses



employed in 2019. Dobis and Todd also found that roughly 80% of nonmetro (rural) self-employed working adults had health insurance and only 78.5% of metro (urban) self-employed adults were insured.

Among rural and urban self-employed respondents, a higher percentage of family business owners were insured than home-based and family business owners (Figure 2). From our NCR-Stat data, 95% of rural family business owners had insurance, compared to 90% of urban family business owners. Furthermore, 86% of rural home-based business owners had health insurance, slightly higher than the 83% of urban home-based business owners with health insurance.

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PURDUE INSTITUTE FOR FAMILY BUSINESS (PIFB)

PIFB is aptly named to reflect its permanent and ever-important presence in the state of Indiana and at Purdue University. PIFB's aim is to enhance the knowledge of family business owners, successors, employees, advisors, and educators to improve family functioning and business success. According to PIFB's director, Dr. Maria Marshall, "PIFB's purpose is to enhance the resilience of family businesses".

Dr. Maria Marshall and Renee Wiatt (research and Extension specialist) conduct high-quality research focused on family businesses, along with Extension programming around the state of Indiana.

<https://ag.purdue.edu/department/agecon/fambiz/>



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