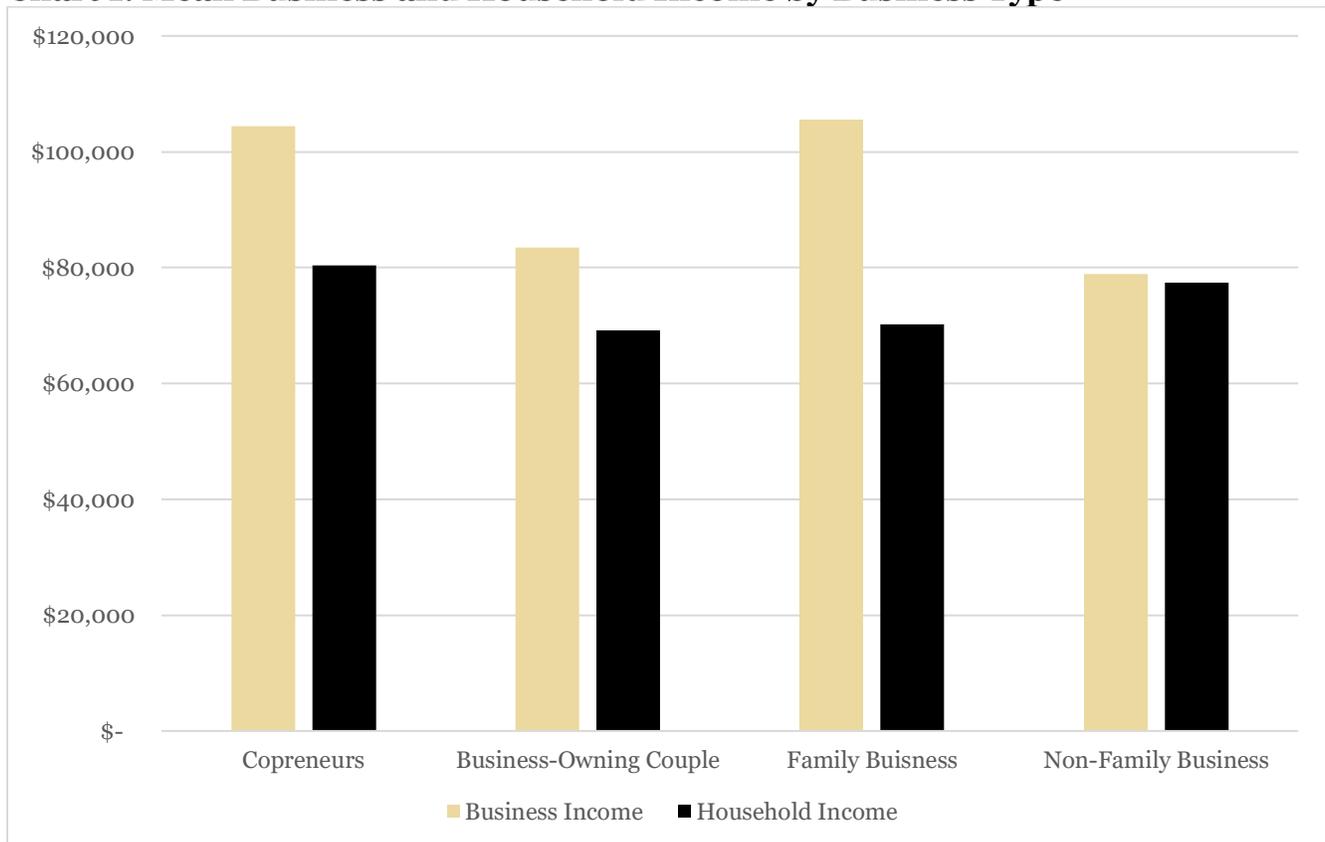


Household Income, Business Income, and Perceived Profitability Among Copreneurs and Business Owning Couples

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Do copreneurs, business-owning couples, family businesses, or non-family businesses have higher mean business income and household income? A study by Fitzgerald and Muske (2002) found that copreneur businesses had significantly lower business income and lower household income when compared to non-copreneur businesses. However, our study found that business income of family businesses is slightly higher than copreneur business income, followed by business-owning couples and non-family businesses (see chart 1 below). Yet, household income followed a different pattern than business income. The leader in household income was copreneurs, followed by non-family businesses, then family businesses and business-owning couples.

Chart 1. Mean Business and Household Income by Business Type

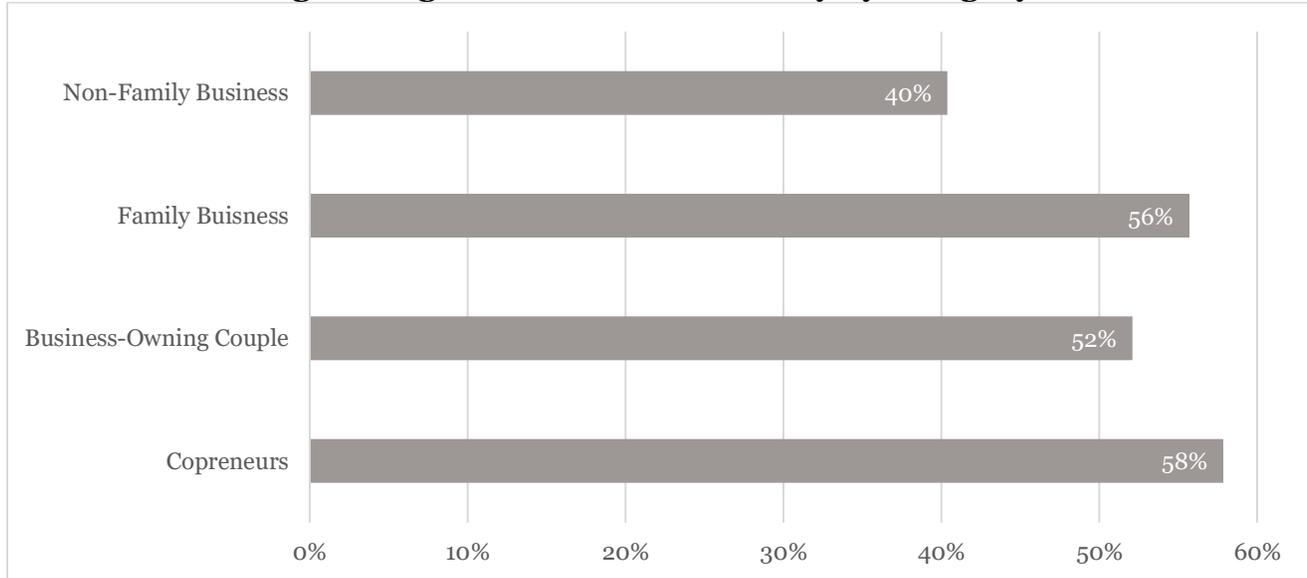


Source: 2019 Small Business Values Survey (Marshall and Wiatt)

According to business owners, perceived success can vary based on several factors, such as gender, manager age, excellent health status of the business owner, community support, lack of cash flow problems in the business, and being a non-homebased business (Lee et al., 2010). Family businesses may base their perceived success on being able to work with family, their identity to the business, status in the community due to their business, and profitability of their business. Copreneurs had the highest rate of high perceived profitability (58%), followed by family businesses (56%), business-owning couples (52%), and non-family businesses (40%) (see chart 2 below).

Our results show that working and managing a business with your spouse and/or family produces the highest perceived profitability among small businesses.

Chart 2. Percentage of High Perceived Profitability by Category



Source: 2019 Small Business Values Survey (Marshall and Wiatt)

References

1. Fitzgerald, M. and Muske, G. (2002). Copreneurs: An exploration and comparison to other family businesses. *Family Business Review*, 14(1).
2. Lee, Y.G., Jasper, C.R., and Fitzgerald, M.A. (2010). Gender differences in perceived business success and profit growth among family business managers. *Journal of Family and Economic Issues*, 31, 458-474. DOI: 10.1007/s10834-010-9226-z

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The Purdue Institute for Family Business (PIFB) is an integrated research, outreach, and teaching program. It offers educational programs that address the major competencies needed for effective family business ownership and management. The goal of the initiative is to prepare family business stakeholders—strategically, financially, and emotionally—for the significant and sometimes unpredictable transitions and decisions that must be made, which determine the success and continuity of the family business.

PIFB provides multi-generational family businesses with research-based business management resources aimed at improving personal leadership performance and driving operational growth. Our ambition is to prepare family business owners, managers, and stakeholders (including non-owner spouses and future owners) to be effective stewards of their family enterprises.

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