

Family Businesses Give Back to Their Communities: How Do They Do that?

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Family businesses are an important source of revenues for the nation. They account for a sizeable portion of the American economy (Astrachan & Shanker, 2003). Family businesses, although smaller than corporations, employ about half of the American workforce (Means, 2013) and play a vital role in sustaining the economic health of their respective communities (Heck et al., 2006). Family businesses that engage in socially responsible practices and provide economic support to their communities have a tendency to invest and reinvest in their future success (Breton-Miller & Miller, 2006). These practices result in substantial contributions to the U.S. economy.

The National Family Business Survey

The National Family Business Survey was supported by the U.S. Department of Agriculture. This survey was the first national study that examined family businesses in the U.S. from a household perspective. The panel study was conducted in three waves—in 1997, 2000 and in 2007. In 1997, there were 673 business households with complete data from the business manager and the household. By 2000, complete data was only available from 325 business households that were still in operation after three years.

What were the 325 businesses like?

Business Characteristics

Characteristic	Midpoint	Range
Age of business (in years)	15 years	4 to 64 years
Number of employees	1.0	0 to 240
Gross business income in 2000	\$652,709.23	0 to \$30 million
Business profit in 2000	\$151,860.53	0 to \$8 million
Total business assets in 2000 (not include labor)	\$659,943.50	0 to \$10 million
Total business liabilities in 2000	\$180,602.60	0 to \$7,800,000
N (%)		
Home-based (work from home)		
Yes	203 (62.5%)	
No	122 (37.5%)	

Gender of the business owner.

Male business owners were more likely than female owners to:

- provide financial or technical assistance in community development and planning
- to make monetary donations to schools



Female business owners were more likely to think that the business environment had improved from 1997 to 2000.

About 68% of the business owners, regardless of the industry category (Service, Agriculture, Construction, Manufacturing, Retailing, Finance, and Education and Health), were in agreement that the business environment had improved between 1997 and 2000.

Industry category.

The business owners that were not in service-sector businesses were more likely to be personally involved in their community by holding elected office and leading civic groups.



Home-based (work from home) or not home-based.

Over 6 out of 10 business were home-based. However, being home-based or not home-based did not significantly influence whether or not a business owner engaged in corporate social responsibility activities.

Home ownership in the community.



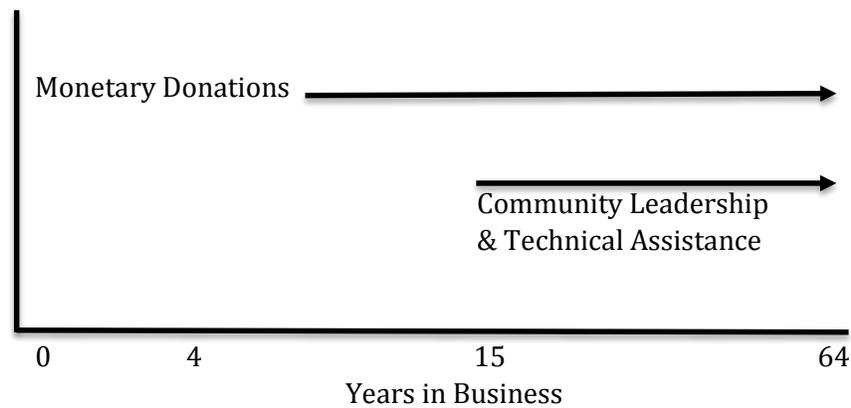
A majority of business owners were positive about "giving back" to the community. The longer the owner lived in his/her community, the more willing s/he was to expend resources, but the differences were not statistically significant.

Lesson learned

A business may want to “give back” to its community, but in the early years, making monetary donations to organizations in the community may be a more practical CSR practice than committing personal time to leading civic groups.

Continuum of Giving Back to Community as Measured by Years in Business

- Early years – Primarily monetary donations
- Once established – Community leadership and technical assistance



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