

*Which “F” is it – Financing,  
Family or Female?*

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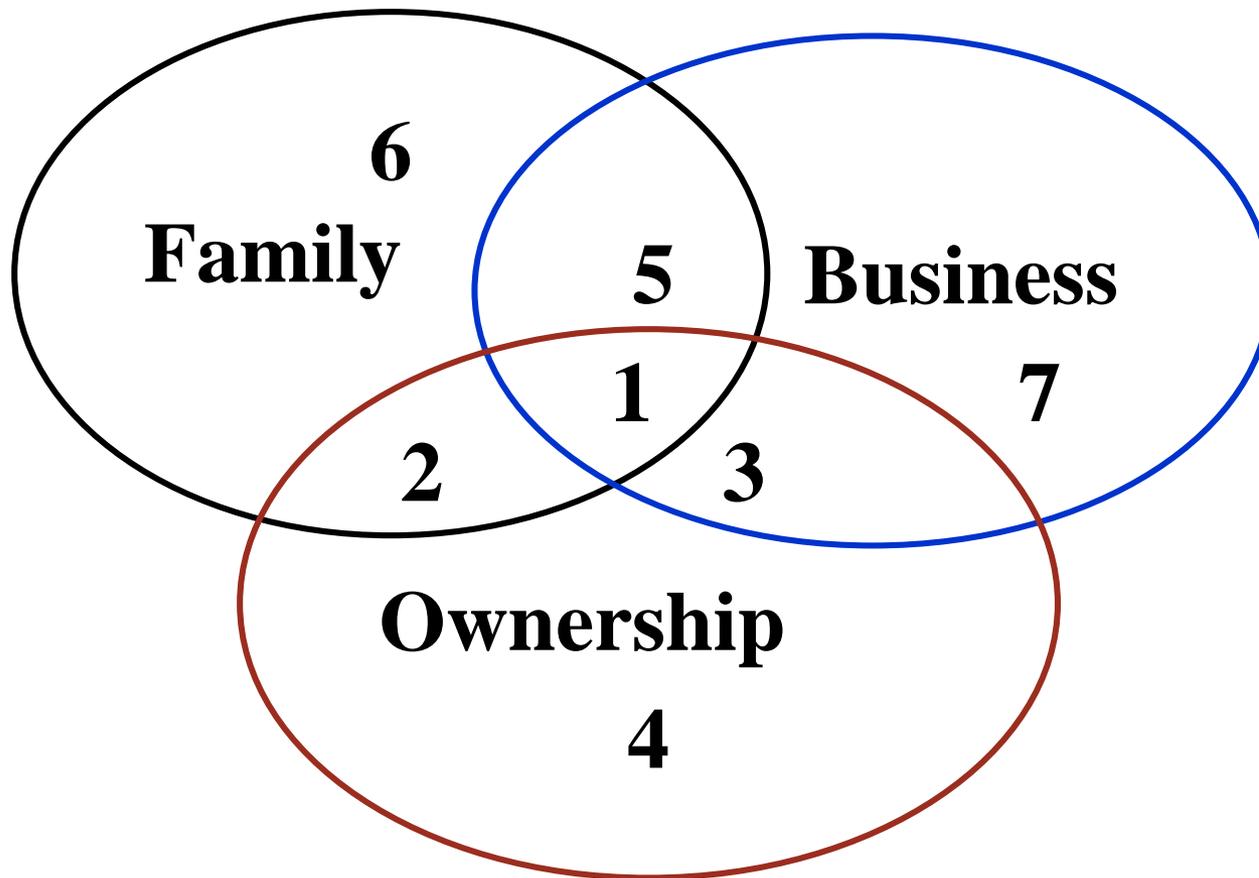
# *Why FB?*

Family businesses merit special attention because they are especially complex, definitely more so than a “regular” enterprise owned by public shareholders. The reason for this is that in family firms there is an added dimension of *real relationships*—between parents and children, brothers and sisters, husbands and wives, cousins, in-laws, grandparents, etc. In all or most of these, love or affection is involved. In other words, the people who own and run the business are bound together by ties that go beyond a mere shared desire for profit.

# *Definition FB?*

- **Proposition 1:** A business firm may be considered a family business to the extent that its **ownership and management** are concentrated within a family unit.
- **Proposition 2:** A business firm may be considered a family business to the extent that its members strive to achieve, maintain, and/or increase intra-organizational family based relatedness.
- **Proposition 3:** A business firm may be considered a family business to the extent that its ownership and management are concentrated within a family unit, and to the extent its members strive to achieve, maintain and/or increase intra-organizational family based relatedness.
- A family business refers to a company where the voting majority is in the hands of the controlling family; including the founder(s) who intend to pass the business on to their descendants.
- The definition incorporates three broad issues: (i) the extent of ownership and or management, (ii) the degree of family involvement' and (iii) the availability of family members for generational transfer.

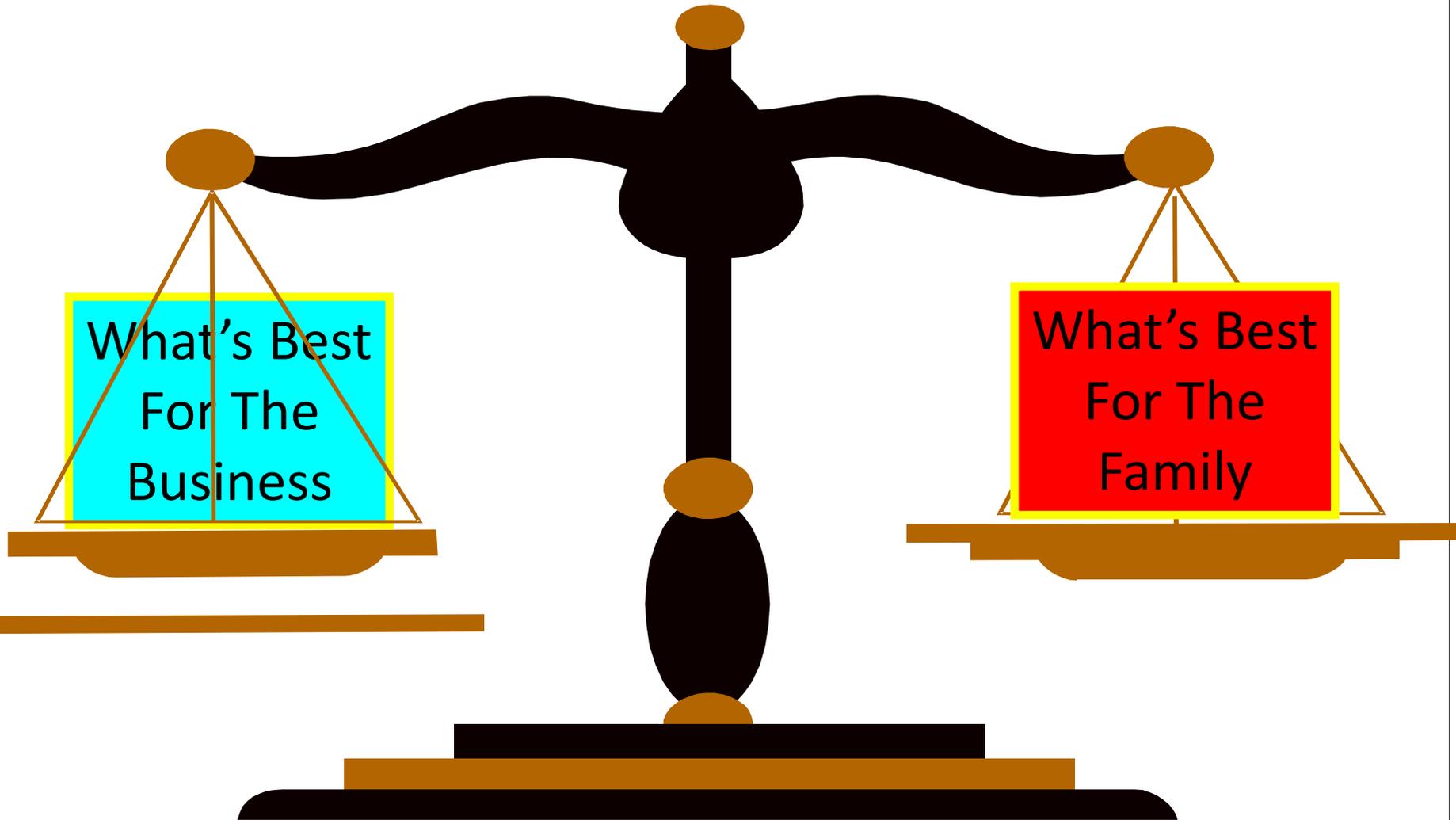
# FOBs...The Dynamics



# *Scope & Characteristics*

- Over 80% of all businesses
- 75-90% in US
- 67% in UK
- Major contributor in most economies
- Data collected on FOBs in many countries
- Not homogeneous (not the same in every country)
- Family-centric
- Inwardly directed

# Balance Between Family and Firm



# Family and FOBs

- Family members have great influence on the FOB (Ayranci, 2014)
- The “unique” position of the FOB is attributed to “familiness” (Tokarczyk, 2007; Habbershon and Williams, 1999)
- The involvement of family in the FOB adds value (Chrisman, Chua & Litz, 2003)

# Financing & FOB

- Typically, when it comes to finance, no family business has the luxury of hoarding cash forever. Time will force the issue. We find that when a family firm reaches the third or fourth generation, it typically runs out of cash and the owners must rethink how to finance the business. Change is thrust upon them (Family Business Consulting, 2015).
- The interaction between FOB and Finance is dynamic and sometimes uncertain (Gallo, 1996)
- Although the interest in family business research is growing rapidly, the area of financial decision making is underestimated (Motylska-Kuzma, 2017).
- Majority of the studies into financial decisions in family firms is are focused on the capital structure (Motylska-Kuzma, 2017)
- Financing FOB is different compared to NFOB, Udell, 1998)
- Financing of FOB is driving by the Pecking Order (Gallo, 1996, Williams, 2009)

# Female & FOB

- Much has been written about the nexus between female in family-owned businesses (Moran, 2015).
- Family business females' interactions with family members dominate their personal and professional lives, significantly influencing the depth and breadth of activities in which they engage (Lyman, 1989)
- In the past very few contributions were based on empirical research (Rowe and Hong, 2000; Bowman-Upton and Heck, 1996)
- FOBs have the largest number of female (Moran, 2015)
- Although recognised as generally very important players, the role of female is often defined as invisible in business decision-making and supportive and only rarely adequately recognised and rewarded (Vadjnal & Zupan, 2014)
- much of the theoretical construct from the literature continues to assume that the male is the entrepreneur in the family business, although empirical evidence seems to suggest otherwise (Vadjnal & Zupan, 2014, Moran, 2015)
- The naming of FOBs is male-centric (Nicholson, 2016)

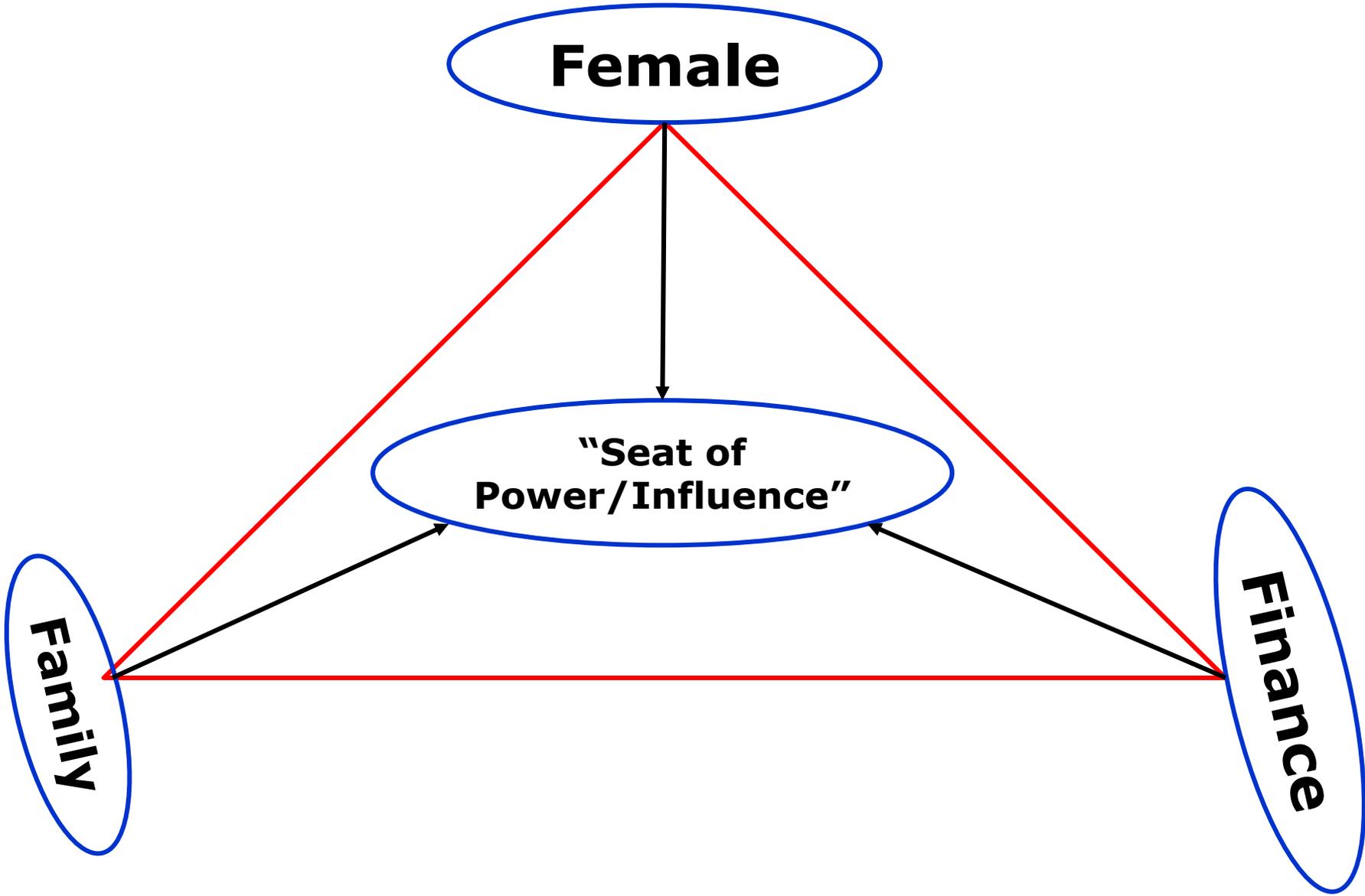
# The Purpose of the Paper

- This paper therefore explores the three “Fs” of finance, family and female and their interplay in the sustainability of family-owned businesses in the English Speaking Caribbean.
- The paper draws on a database from a 2012 survey of family-owned businesses in Jamaica, Trinidad and Tobago, and Barbados, and used a mixed method approach to examine some of the dynamics of the interplay among these three ‘Fs’ on family-owned business, and test three related hypotheses on the three “Fs”.
- The paper is the first attempt to examine the triad of the three F’s as in terms of the “seat of power in FOBs
- The findings from the research will add to the discourse on the balancing the pockets of influence and power that can reside in the areas of finance, family and the female in FOB.

# Research Questions

- Is the sustainability of FOBs a function of which of the F's the “seat of power” lies?
- Can all three F's co-exist with equal footing?
- Which is of the three F's has the greatest impact on the FOBs in the ESC?

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- The findings from the research adds to the discourse on balancing the pockets of influence and power that can reside in the areas of financing of the family-owned businesses and the role of the family and the female in family-owned businesses. The paper also provides a platform for extending this discourse, since there is little evidence in the literature that point to any other examination of this triad of “Fs” and the simultaneous interplay in the family-owned business.



# Approach

- Mixed Methods Approach – drawing from interviews and survey data from 2012
- The precise approach (methods) is not yet determined.