Editorial: Creating a family business dynasty

Family businesses are the most common form of business and can range in size from small to large-scale enterprises. The number of family members in a family business also differs from couples in domestic partnerships, siblings, mother/father and children to cousins and other different family form configurations. There is a stereotype of family businesses being retail stores, but they are also found in the manufacturing, education, tourism and other sectors of the economy. Just like other business structures, family businesses can have disagreements but also be havens of harmony. The important point to note is that no single family is the same, and each family business is unique, which leads to different kinds of family business dynasties.

Family businesses are defined by the reciprocal and continual relationship existing between the family and the business (Combs *et al.*, 2020). This means they pursue key goals through governance or management functions. Family businesses place an emphasis on tradition, and this can include business practices or product design. Suddaby and Jaskiewicz (2020: 234) define traditions as "patterns of belief, customs, and symbolic practices that are transmitted from generation to generation". Traditions are part of a family business's identity and can be a source of competitive advantage. In society people engage continually with a range of family businesses (Birkbeck and Rowe, 2024). They are common in the food and agricultural sector and include some iconic brands. Some businesses that are family owned are not publicly known, as they prefer to keep their ownership structure private. They may, though, emphasise their family structure in advertising and marketing campaigns. Due to concerns about whether it is relevant to show they are family-owned a business might not emphasise this in their advertisements.

Family business can be defined in various ways, but most definitions highlight the need for some kind of family ownership or involvement (Lannon *et al.*, 2024). The degree of ownership or involvement can differ depending on the circumstances. What is important is the involvement of families in management decisions. Family businesses are characterised by social relationships existing between members that can be passed down generations. Intergenerational succession is when ownership of the family business is passed to the next generation.

Defining a family business is important, as it differentiates it from other kinds of business. Family businesses have a strong social and historical position in society. This is derived from family involvement in community decisions. The family, as a social institution, can imprint collective knowledge on others. Historically, family businesses have influenced political and social conditions. Often family members are strongly attached to a family business through emotional and financial connections. This means there are strong governance systems based on trust.

A family business is managed based on the vision held by family members. This can involve long-term relationships with stakeholders. Family businesses place a strong emphasis on relationships as a way of building their reputation. Thus, the word "family" conveys a sense of loyalty. This means ethical and moral considerations are highlighted through long-term commitments. The uniqueness of family businesses means their overall performance, indicated by social and financial goals, is high. Socioemotional wealth is defined as "the intentional pursuit of noneconomic objectives such as control, transgenerational succession, social capital, emotional connection to the firm and reputation (Swab *et al.*, 2020, p. 424). Some people view the preservation of nonfinancial goals as key to the success of a family firm. This means they differ from nonfamily firms by focusing on social issues.

Traditionally most family businesses tend to survive into the second or third generation, but their longevity after that is rare. This means more emphasis needs to be placed on planning for the future in terms of generating new income and welcoming new family members. The lack of

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a proper succession plan is not the only reason family businesses do not survive, as market pressures may be to blame. Shifting government regulations and society needs make it difficult for family businesses, particularly those that are small enterprises, to survive. In addition, the long and intense hours family businesses require make it difficult to sustain the business for a long time period. Some family businesses decide to cash in and sell their businesses in order to have more leisure time or retire. The unexpected financial windfall from the sale can lead to the opening of new family businesses.

Family businesses need to carefully consider early on how long they want to stay in the marketplace and their end goal. This can be hard when working long, repetitive hours building up the business, but time allocation to planning is required. There is a saying that "if you fail to plan, you plan to fail" and this really applies to family businesses that are too busy with everyday management activities and neglect their long-term strategy. The values of a value business tend to be aligned to both social and financial goals, but the mindset can change depending on market conditions. This means different perspectives and viewpoints about the future of the family business need to be discussed.

The core mission of a family business will depend on its products and services. Based on the adoption of new markets, there can be a transition occurring between each generation of a family. This process can be smooth when family members have been involved in the change. It is important that different age groups of family businesses work together to build a consensus on the family business strategy. This can include developing a strategic plan based on advice of various family business members.

The transition between generations requires careful management, as there are concurrent dynamics in place. Maintaining family harmony is a compelling reason to keep good relations between different family members. The implicit trust between family members can be harnessed to delve deeper into new activities. Working with family members can be a source of comfort but can create strain. Depending on the financial position of the family business, working with other family members can be an enjoyable activity and way to blend work with life pursuits. Some degree of tweaking to the working relationship may be needed when new family members join or existing members depart. This means there should be a system for building intergenerational involvement in a family business. This can influence formal agreements such as shareholder statements or informal cooperative requirements.

The goal of a family business should be to create a dynasty so that the initial brand name is passed down to other generations. This means thinking about the evolution of the family business in terms of imprinting effects. This may mean allowing spinoff companies to develop that build on the initial family business idea. By encouraging offshoots, it can help keep the family business traditions alive. It enables younger generations to cultivate their ideas with independence but under the family business banner. This gives them an opportunity to make their own decisions whilst connecting to their family. Alternatively, older generations who marry, divorce, form partnership or have other life goals can create new businesses that are in line with the original family business. Not all family members will agree on the future direction of a family business, so some flexibility is needed. Hopefully, family members of a family business stay together forever, but the reality is that a dynastic family business will be entrepreneurial with its future. This enables the best possible path to be taken for all family business members.

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