NON-ECONOMIC CHALLENGES FAMILY BUSINESSES FACE

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INTRODUCTION
Family businesses tend to face more challenges when they value family-centered noneconomic goals more than economic goals.

ECO-NOMIC GOALS

NON-ECONOMIC GOALS (EMOTIONS)

FINDINGS

FAMILY-CENTERED NON-ECONOMIC GOALS

Negative socioemotional wealth
As a business faces more negative family-centered non-economic challenges, which leads to accumulation of negative socioemotional wealth, the less likely the family business will survive past the first generation.

Total business value
Family businesses evaluate their total business value through a combination of economic and noneconomic goals including emotional costs and emotional returns.

CONFLICT FAMILY-TO-WORK

Non-family employees
Family firms that favor family employees over non-family employees because of family-centered non-economic goals will not have longevity.

Phases of succession
The severity at which the family business faces challenges with socioemotional wealth is greater for new businesses that have not undergone at least one phase of succession.

TYPES OF FAMILY BUSINESSES
Single family business
Multi-generational entrepreneurial orientation
Self-determined

Family business are heterogeneous.

SOLUTIONS

Hire a family business consultant
Establish a board
Create a contingency plan
Raise able and willing family members
Reach economic goals first
Plan

CONCLUSIONS
Further research is needed to measure socioemotional wealth and the factor necessary to accumulate it.

Further research is needed on the successor and his or her relationship to the prioritization of socioemotional wealth and how he or she responds to family-to-work conflict.

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WANT TO KNOW MORE?
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MAJOR LITERATURE CITED

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