

## **Family Business Education: A Myth or a Reality?<sup>1</sup>**

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### **Abstract**

Many family businesses begin with an innovative idea. In order to remain viable in an environment characterised by uncertainty and change, organisations and individuals alike depend upon an ability to learn. This paper focuses on the emergence of Family Resource Centres and the educational programmes delivered to family businesses. The methodology adopted for this study was a (global) email questionnaire, consisting of a sample frame of 128. A total of 112 replies were received which gives a response rate of 87.5%. It is evident from the findings that family business management has evolved into a widely taught subject in many universities and business schools and it appears that the area as an academic discipline is expanding throughout the majority of developed economies. The paper proposes recommendations to academic institutions and management consultants on what services should be provided to family businesses.

### **Key Words**

Family Business, Family Resource Centre; Undergraduate Programme, Postgraduate Programme.

### **Biographical Note:**

Dr Naomi Birdthistle is course leader of the MBS in International Entrepreneurship Management at the University of Limerick. Her areas of interest include: management and strategic issues pertaining to family businesses; entrepreneurship education; profiling entrepreneurs and female entrepreneurship.

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<sup>1</sup> Publication details: Birdthistle, N. (2007) 'Family Business Education: A Myth or a Reality?' *Irish Business Journal*, 3(1), 64-73.

## **Introduction**

Family business education has been synonymous with entrepreneurial education and over the past number of years it has evolved into its own legitimate academic discipline. This paper focuses on examining the emergence of Family Resource Centres and the educational programmes delivered to family businesses at undergraduate and postgraduate level. Therefore this paper has two aims: the first aim is to present research findings conducted on Family Resource Centres which are affiliated to Universities and the second is to review the educational programmes, at undergraduate and postgraduate level, that are offered globally. The dramatic growth of interest in teaching and research on family business evolved due to the large number of family firms created post World War II being faced with challenges to their survival. Additionally, higher education institutions recognized that family businesses represented an important business niche that traditional college and university business schools were not serving. It is from the initiatives of these educators that the family business education movement was created. However, the emergence of formalized family business education is a North American phenomenon that creates an interesting paradox. According to Carlock (1996) North America has the least experience in operating and transferring family firms across generations, yet it has the most academic programmes dedicated to teaching about family business topics. Research conducted by Carlock (1996) identified that family business education is generally offered either as a life-long learning activity or as an academic course. Lifelong learning programmes are the fastest growing area of family business education and the majority of these programmes are offered to family businesses through what's known as a Family Resource Centre (McCann and DeMoss, 2000). A Family Resource Centre is a Centre, which provides specific services to members of family businesses and to its employees (family and non-family), to educators, advisors and consultants of family businesses.

The programmes offered by the Family Resource Centre can assist families in business by addressing issues critical to their long-term success. The Family Resource Centre offers members of family businesses (family and non-family employees and management) a forum for discussing business and family issues and clarifying the relationship between the business and the family. They also help businesses struggling with issues related to succession of management and ownership. By doing so, Universities - through a Family Resource Centre - help improve the management of family businesses by providing information on best practices and by teaching skills that help in the day-to-day operations of the business.

## **Emergence of Family Resource Centres And Educational Programmes**

The first Family Resource Centre to be established was in Baylor University in Texas in 1978, followed a year later by Wharton School at the University of Pennsylvania which offered families from across North America regularly scheduled programmes exploring family business topics through the Centre. These Centres provided families with access to leading academic and professional consultants and an opportunity to interact and share ideas with other families. The programmes demonstrated the national potential of the family business education market and created a new learning model for family business. The rate of evolution of Family Resource Centres gradually increased with additional programmes or Centres emerging, beginning with notable programmes at Washington and Lee (established in 1985), Oregon State University (established in 1986), and Kennesaw State (established in 1987) (McCann and DeMoss, 2000). During the mid-1980s, Oregon State University and Kennesaw State College developed new prototypes for family business life-long learning. Oregon pioneered the use of local seminars and workshops to explore family business issues, followed by Kennesaw State College's development of the family membership forum. The Kennesaw Family Forum is the membership model for much of the current family business lifelong learning programming in North America.

Babson College, Baylor University, and the University of St. Thomas (Minneapolis) are leaders in recognizing the relationship between entrepreneurship and family business education in the classroom. Their experience in entrepreneurship education helped them to make the logical expansion to academic courses exploring family business management. The goal of their courses was to help entrepreneurship students from family businesses to develop skills and competencies needed to maintain their firms' entrepreneurial traditions and successfully leading their family business. Babson College, in 2004, expanded their offering to family businesses beyond the classroom by establishing the Family Enterprising Centre. The aim of this Centre is to cultivate the entrepreneurial mindset and methods that enable family businesses to create new streams of value and continue to generate wealth across many generations (Babson, 2004). The Centre also aims to establish a global network of families and institutions in order to generate shared knowledge and provide leading edge learning opportunities on family businesses.

North America provided other countries with a model by which to establish their own centres of excellence and this is what The Instituto Argentino De Empresas Familiares at Flores University in Argentina did in 1996. This Centre represents another model of an academic institution, which includes lifelong learning seminars and family business topics as a part of its business administration programme. The Instituto's partnership with a private psychological clinic enables it to offer consultation to family firms on an interdisciplinary basis. The goal of this joint effort includes research, training, consultation and conducting meetings related to the issues of family business management. Family business owners, family members and their supporting professionals can benefit from lifelong learning activities on an annual basis (Flores University, 2005).

In 1994 the Australian Centre for Family Business at Bond University commenced operations. This was the first family business centre in Australia. Bond University is the first private (non government funded) university in Australia and serves a high proportion of students from entrepreneurial families. The Australian Centre for Family Business is affiliated with the School of Business at Bond University. Its goal is to foster a profitable continuity of family business in Australia. The Centre disseminates its research through the Australian Family Business Network using its own Family Business Reporter newsletter (Bond University, 2002).

The importance of family business education reached Europe in 1987 with the first Family Business Chair established in IESE Business School, University of Navarra, Barcelona Spain. Within this year the first family business study group was launched in Europe by Executive-in-Residence Frank Tilley in IMI (now IMD) Geneva Switzerland. The following year, Europe saw the first international education seminar launched at IMD. The following discussion highlights the European Business Schools that have family business centres/programmes within their institutions.

Cátedra Empresa Familiar at IESE University of Navarra (Spain) includes an MBA level course and lifelong learning seminars for family business professionals. The academic influence on the family business programme includes a strong commitment to research and publication and a second year MBA course in family business management. This graduate level course explores the evolution of multi-generational family businesses, stumbling blocks to family firms, managing the succession process and family protocol and continuity. The idea of family protocol is to identify a clear understanding of the relationship between the family and business. The programme's major lifelong learning activity is a two-day seminar for family business professionals (IESE, 2005).

The Institute for Management Development (IMD) in Lausanne Switzerland is a leading European Business School that offers a four to seven day life-long learning programme titled, 'Leading the Family Business'. This programme addresses the issues and challenges of leading, managing and owning a family business. It is highly interactive, encouraging faculty and participants to share their family business, management and international experiences. Programme themes include family strategies, strengths and weaknesses of family firms, ownership and management succession, non-family management issues, family business strategy, balancing family and corporate cultures and governance. Additionally, IMD provides a range of two to five day family-specific development programmes tailor-made to individual needs. IMD also has an Endowed Chair in Family Enterprise (Institute for Management Development, 2005).

The School of Business at Bocconi University in Italy is a traditional business school that offers lifelong learning courses on family business topics. In 1991, Dr. Guido Corbetta recognized that management and ownership transition in Italian family controlled firms was an important economic issue because of the high concentration of family business ownership. Bocconi University developed a life-long learning course, titled 'Family Business Governance', to help owners and executives address the management and family issues of transition. A second life-long learning course, 'From Father to Son', helps successors in family-owned businesses address the executive challenges of family business. Completing the Bocconi initiative is a research programme addressing topics such as transition processes in family business and the roles of financial intermediaries (Bocconi University, 2002).

The American model of membership forums, sponsors and a university affiliation, directly influenced The Centre for Family Enterprise at Glasgow Caledonian University. The Centre's major activities include a family membership programme with seven seminars featuring internationally known speakers, education programmes for professionals and advisors to family firms; and research and teaching. The University offers an MBA course, 'Managing the Family Enterprise', that explores issues such as managing growth and strategic planning from the context of family ownership and control. The Centre conducts research related to improving the survival prospects for Scottish family enterprises (Glasgow Caledonian University, 2001).

In September 2002, University College Cork (UCC) established the first educational programme for family businesses in Ireland. UCC offers a two-year part-time Diploma in Family Business Management. More recently, the University of Limerick in 2007 offered the first family business module on a taught Masters programme. The module - Family Business: Generational Challenges and Growth - provides student with an understanding of the complex workings of businesses which are family owned through the examination of the evolution of the business, the impact of culture, understanding the dynamics of a family business; how to grow the business and how to preserve the wealth of the family business and governance issues specific to a family business.

### **Professional Organisations Assisting Family Businesses**

One of the leading European professional organisations assisting family businesses is the Stoy Centre for Family Business, which is affiliated with Stoy Hayward, Accountants and Business Advisors. This Centre supports a national network of regional Centres that work with local businesses to conduct seminars and other events for the benefit of their family members. The Centre also supports a lobbying initiative to help family businesses present their ideas to the British government. Examples of lifelong learning seminars conducted by the Centre include: 'Planning for a Smooth Succession', 'Organizing the Family to Make the Business Work', and

‘Communications Issues Within Family Business’ (Stoy Hayward Centre for Family Businesses, 2005).

There are several unique models of international family business educational programming. Many of these reflect the influence of US consultants and share information from professional organizations such as the Family Firm Institute (FFI) and the Family Business Network (FBN).

The Family Firm Institute (FFI) was established in 1986 in Boston, Massachusetts and was the first multidisciplinary organization that was international in scope for professionals in family business. FFI was founded so as to assist family businesses, educators, researchers and consultants. Through Blackwell Publishing, the FFI publishes a journal – Family Business Review – that provides case studies, research findings and contributions by educators, consultants and researchers to theory and practice. An annual conference for educators, members of family businesses, researchers, consultants and students is hosted by the FFI. Workshops, seminars, lectures and social events provide attendees with the opportunity to discuss issues with decision makers and professionals. FFI also provides an educators conference, FFI chapters and study groups – which provides members with an opportunity for networking with other family business members. FFI continues to interact with international business schools so as to expand their curriculum to include programmes and courses unique to the family-owned business so that every student who graduates has the opportunity to take at least one course in family business (Family Firm Institute, 2005).

The Family Business Network (FBN) is an independent, non-profit association based in Europe with regional chapters around the world. Its membership is primarily family business executives, their families, shareholders and board members. FBN focuses on best practices, helping its members develop a transnational perspective on strategies and practices that improve the participation of qualified academics and consultants in supporting educational programmes and conferences for family enterprises. Major activities of the FBN include a regular newsletter, family networking opportunities, an annual world conference and support of regional chapter activities and workshops development (Family Business Network, 2005).

Another professional organization that was established to assist family businesses is the International Family Enterprise Research Academy (IFERA). This Academy was founded in 2001 by a group of academics committed to the advancement of family business research on a worldwide scale. IFERA is geared towards advancing family business research, theory and practice through enhanced collaboration and accelerated learning based on world best practice. Its vision is to be the driving force of an international network that ensures that family business, as a multi-disciplinary field, becomes a leading field in business research.

One important benefit of lifelong learning is the commitment to the growth and well-being of the family which is demonstrated through the act of joining a family business education programme. The senior generation is often the most threatened by change because their roles, experience, and ownership give them a high degree of control, both in the family and in the business. When they take the risk of participating in a family business programme, they demonstrate their willingness to face tough issues and work on creating plans that will support the success of future generations.

### **Methodology**

The research methodology adopted for this study was that of an email questionnaire. The respondents were the directors of Family Resource Centres located around the world. The

database of respondents was compiled from the Compendium of Entrepreneurship Courses, which was published by the Marshall School of Business – Lloyd Grief Centre for Entrepreneurial Studies (University of Southern California, 2001). This Compendium identified all the Universities around the world that offered entrepreneurship modules as a major or minor, at undergraduate and postgraduate level. Through examining the Compendium it was identified that approximately 128 Universities around the world have entrepreneurship courses, at undergraduate and/or postgraduate level. All 128 Universities were emailed a questionnaire to see if they have a Family Resource Centre, and if not, what services and/or support they offer to family businesses. The Universities were further asked if they offered family business management modules at undergraduate and/or postgraduate level.

A total of 112 replies were received which gives a response rate of 87.5%. This high response rate was received possibly due to the fact that researchers on family business issues are a closely-held group and are willing to help other researchers research this unique business entity. Of the 112 respondents, 86 were universities that have a Family Resource Centre. The remaining 26 respondents identified that they do not have a Family Resource Centre but do offer a module on Family Business Management at undergraduate and/or postgraduate level. The following discussion presents the findings of the research based on two levels: an analysis of the responding universities with a Family Resource Centre are presented. Next the results of the findings are presented whereby the respondents university did not have a Family Resource Centre but do offer modules at undergraduate and/or postgraduate level.

### **Findings: Universities With A Family Resource Centre**

As already identified a Family Resource Centre is a Centre, which provides specific services to members of family businesses and to its employees (family and non-family), to educators, advisors and consultants of family businesses. From the results it was identified that 86 Universities around the world have a Family Resource Centre and this finding is presented in Table I below.

**Table I Country with a Family Resource Centre (n=86)**

<b>Country</b>	<b>Frequency</b>	<b>Percent</b>
North America	74	86.0%
Canada	4	4.6%
Britain	2	2.2%
Chile	1	1.2%
Australia	1	1.2%
India	1	1.2%
Finland	1	1.2%
Holland	1	1.2%
France	1	1.2%
<i>Ireland</i>	<i>0</i>	<i>0.0%</i>
<b>Total</b>	<b>86</b>	<b>100.0%</b>

Table II below identifies that 59% of Family Resource Centres are located within the College of Business. By being affiliated with the College of Business the Centre has access to a greater and more varied faculty. Furthermore, the Centre has access to faculty in Business Administration, Economics, Management and Marketing etc and are readily available to act as consultants to the Centre, should the need arise.

**Table II Location of the Centre of Excellence for Family Businesses (n=86)**

<b>Location of Centres of Excellence for Family Businesses</b>	<b>Frequency</b>	<b>Percentage</b>
College of Business	51	59.3%
Entrepreneurial Department	10	11.6%
Management Department	10	11.6%
Separate Department all together	9	10.4%
Department of Economics and Finance	2	2.3%
Centre for Applied Psychology	1	1.2%
Executive Development Centre & Continuing Education	2	2.3%
Centre for Economics and Entrepreneurship	1	1.2%
<b>Total</b>	<b>86</b>	<b>100%</b>

Respondents were asked as to the services they provide family businesses and the following are the results:

- 63% provide their members [and non-members] with conferences specifically on family business topics,
- 67% publish a newsletter,
- 67% conduct some form of research on family business topics,
- 38% provide retreats for their members,
- 73% provide roundtables,
- 79% provide network facilities for their members,
- 78% of respondents generated a portion of their income from membership fees which ranged from \$4000 to \$50,000, and
- 95% provide seminars.

Academics and consultants with expertise in a variety of family business areas offer family business seminars as stand-alone workshops or as part of a forum of programmes. The format for the seminars and workshops were similar with all the respondents – for the seminar a guest speaker opens the session with a presentation on the family business topic. If time allows, a group activity explores the selected topics through a discussion, case study or exercise. Over 90% of Centres provide workshops to their members. In a half or full-day workshop, the presenter usually includes time for participants to apply the ideas from the workshop to their individual family business situation. The session closes with a question-and-answer session, followed by a summary of the presenters and participant's ideas from the session.

Participation in community outreach activities is another important initiative and service for family business programmes. Family business is an applied and multi-disciplinary field; it benefits from the support and involvement of the community beyond the university. Typical community-outreach activities include advisory boards and sponsorship. An advisory board, which typically comprises of family members, sponsors, professionals, consultants, service providers and programme staff is an excellent tool for developing and maintaining educational and community programmes that meet the needs of the community being served. Some 62% of respondents identified that they had an advisory board and this therefore indicates their community outreach activities.

Respondents were questioned if they received sponsorship from the external environment and 80% of respondents stated that they had received sponsorship. North American Family Resource Centres reported higher levels of community outreach activities when compared to other international programmes offered. One possible reason for this high level of external

sponsorship is because North American businesses see the sponsoring of family business programmes as a vehicle for community service.

Endowed Chairs and programmes are an important tool for securing financial resources and building credibility within the academic community. In North America, successful entrepreneurs are interested in providing financial support for educational activities focused on entrepreneurship issues. The field of family business is positioned to create the same type of relationships by successfully meeting the educational needs of family entrepreneurs and their family members. Five North American Universities have Endowed Chairs in Family Business and a Chilean, French and Finnish University have an Endowed Chair respectively. Endowed Chairs and programmes are much more typical in North America because of the importance of privately funded higher education. Finally, respondents were asked if they provided academic modules on family business topics to undergraduate and/or postgraduate students. Some 56% of respondents offered undergraduates the opportunity to study a family business module (the majority of modules offered as a minor) and 45% offered a family business course at postgraduate level as indicated by Table III below.

**Table III Offer Undergraduate and/or Postgraduate Family Business Modules**

	<b>Undergraduate</b>	<b>Percent (%)</b>	<b>Postgraduate</b>	<b>Percent (%)</b>
Yes	48	55.8%	39	45.3%
No	36	41.9%	45	52.3%
Not stated	2	2.3%	2	2.3%
<b>Total</b>	<b>86</b>	<b>100%</b>	<b>86</b>	<b>100%</b>

Table III further support Carlock's (1996) finding, which stated that North America has the most academic programmes dedicated to teaching family business topics, since the majority of Universities that offer a module on family business issues are located within North America {North America has 86% of family resource Centres world-wide}. Family business academic courses at undergraduate and postgraduate level represent a more important initiative in North America when compared to international family business programmes and this might be explained by the direct affiliation of North American programmes with educational institutions. The goal of most family business management courses is to help students understand their roles in the family business, improve management performance, provide learning and training opportunities and help develop an appreciation of a family business career. The assessment procedure for these modules typically requested the student to write a discussion paper, carry out an analysis on a family business and give a presentation and finally an examination on the topic is carried out. The teaching method for the majority of respondents comprised a mixture of formal lectures, seminar discussions and case presentations.

#### **Findings: Universities That Do Not Have A Family Resource Centre**

Of the 112 valid responses, 26 respondents indicated that they did not have a Family Resource Centre but identified that they provide services to family businesses or offer an undergraduate or a postgraduate module on family business related topics. Of these respondents, 61% were located in North America, 11% in Canada and 4% respectively in Australia, Britain, France, Ireland, Italy, Singapore and Switzerland.



**Table IV Services provided by universities with no Family Resource Centre**

Services provided	Frequency	Percentage
Conferences on family business topics	5	19%
Sponsors	2	8%
Workshops	9	35%
Roundtables	1	4%
Seminars	10	39%
Undergraduate modules on family business topics	19	73%
Postgraduate modules on family business topics	13	50%
Research conducted on family business issues	11	42%
Advisory Board	2	8%
Network facility	3	12%
Retreats	1	4%

Table IV above highlights the replies to what services the universities provided and if they taught family business topics at undergraduate and/or postgraduate level. None of the respondents had an Endowed Chair in Family Business nor did any of the respondents produce a newsletter. A typical course offered by a university, at undergraduate and/or postgraduate level, might explore, from the perspective of the successor generation, the challenges and opportunities created when a family owns and manages a business. It would explore social science topics such as systems theory and family dynamics, address business tasks such as strategic planning and management development, and provide opportunities for skill building in areas such as communications or dealing with conflict. The goal of most family business management courses is to help students understand their roles in the family business, improve management performance, and help develop an appreciation of a family business career.

### Discussion

Family business education is a North American phenomenon and is a nascent concept in the European educational system. Family business training is provided through Family Resource Centres, which aid and assist family businesses, their family and non-family members, advisors and consultants. The majority of Centres provide roundtables, seminars, workshops, conferences, newsletters and networking facilities for their members. Typically, academics affiliated with the Family Resource Centre teach family business modules at undergraduate and post-graduate levels. Universities, which did not have a formalized Family Resource Centre, did however provide services to family businesses. Some provided conferences, seminars and workshops and also undergraduate and postgraduate modules.

If an academic institution wished to establish a Family Resource Centre in their institution the following recommendations could be adopted. The findings of this research has indicated that the majority of Family Resource Centres are located in the College of Business therefore the Centre should be affiliated with the College of Business in the University. The outreach programmes offered to the family businesses should form the basis of something similar to what is on offer in the North American universities such as: a quarterly newsletter, guest speakers on topics such as succession planning, negotiation skills, taxation planning, an annual conference and networking facilities. Furthermore, the Family Resource Centre should provide a 'drop-in' service whereby the members could avail of literature and material of interest to them. Faculty in the College of Business should be available as consultants to the family business on issues of interest to them. The philosophy behind the Centre should be to assist family businesses in maintaining the longevity of the family in the business, whilst ensuring that family business members have the opportunity to avail of developing their skills. Modules on family business should be offered to

undergraduate students at multidisciplinary levels and to postgraduate students and should cover such areas as succession planning; dealing with systems overlap; designing the family constitution; taxation planning and managing the growth of the family business.

If a consulting organisation wished to adopt a family business focus for their clients they should ensure that a member(s) of the consulting team attended a programme that focuses on family business issues, thus getting experience of this unique business entity. The consulting organisation should join a professional membership organisation i.e. Family Firm Institute or Family Business Network, so as gain credibility within the field and also to use it as a means of networking with global consultants who specialise in family business consulting.

The title of this paper is *Family Business Education: A Myth or a Reality?* and based on the research findings presented one can conclude that family business education is not a myth but a reality from an American and European perspective.

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