Family Businesses in Economics and Contemporary Markets Analysis

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Economic Importance of Family Businesses

In contemporary society, it is apparent that the experience of some family businesses and their impact on the growth of economies is significant. Ideally, the premises are located in almost every part of the world. Scholars are not fast enough to identify their specific number in fostering economic growth and development. It is necessary to have such a number to help on matters related to taxation as well as the projection of economic development. Family businesses can make substantial contributions to employment, production, taxation and regional development, but their economic share depends on how “family-owned” and “family-controlled” businesses are defined. The claims that family businesses generate more than 50% of GDP in most economies, contribute nearly $10 trillion to the U.S. economy, account for half of U.S. revenue and employ half of the workforce should not be presented as current official statistics without a clearly defined dataset and reference year. The U.S. Census Bureau’s Annual Business Survey publishes data for majority family-owned employer firms, while separate Census statistics cover all employer and nonemployer businesses; these categories should not be combined.

Scale and Contribution of Family Enterprises

Family businesses exist in all sizes, ranging from large corporations such as Walmart to the small ones operated at home. The focus is on the amount of revenue that these premises contribute towards the growth and development of the GDP. Even though family businesses exist in almost every sector, the dominating segments include farming and the retail industry (Astrachan & Shanker, 2003). Most individuals find these segments lucrative due to the possibility of entry as well as the limited competition in the industry. Moreover, such segments require a small amount of capital to start. The uniqueness of the family business is also a factor to consider in most cases. It is apparent that the processes incorporate the traditional architectures as well as the family system in addressing key concerns of the premise. The possibility to execute all the steps in a unified manner is such a crucial step that makes it possible to address the needs of society at large. Due to such prospects, family businesses are the best since they require active participation from the family members in ensuring the execution of key operations. The community should ensure the success of these businesses at all costs since it is one instance of embracing CSR. Even though society is likely to support the business, it is the mandate of the management to extend a hand through employment to meet needs. In most cases, family members will provide direct as well as indirect financial support

(Astrachan & Shanker, 2003). That should not thwart the contribution of the community at large. It is evident that the community will only provide leadership roles as well as any other support once they feel part of the course and work towards ensuring ultimate success within the premise. The family members also provide technical support since they are well conversant with all the necessary processes within the business.

Employment Creation and Economic Stability

Ideally, the current state of economies makes it uphill for organizations such as government corporations to maintain consistent employment trends. These organizations still lag behind in creating a platform to meet the rising needs of the population. The high rate of unemployment in most parts of the world is a result of low investment at the family level. Most people are seeking white-collar jobs in towns, an incident that promotes rural-urban migration (Hallward-Driemeier & Gajigo, 2015). The consequences of these types of trends do not mean that they will be good for the general health of the future population. How best these issues can be addressed is a factor to consider. One way is through investing in agriculture. As posited above, most family businesses start from agriculture and make good use of natural resources to improve the well-being of individuals across the globe. It is apparent that the level of retrenchment in such a sector is low, and that brings about a meaningful life. Even during the economic downturn, family businesses are likely to remain at the top, and that keeps the lifestyles of the participants. Once such effects, it is likely to keep government operations running due to the possibility of raising the necessary amount of income.

Profitability Challenges and Business Survival

It is the role of every business to make profits. However, the breakeven is longer in most cases since it is over 18 months. That can make it hard for certain premises to remain operational in the space. An instance involving requires individuals to be patient for a period before harvesting (De Massis, Kotlar, Campopiano & Cassia, 2015). That is different from retail shops, which make profits on a daily basis. An instance to note is the risks involved in every business. The fluctuation in prices, as well as market demands, is an instance that can greatly hurt the economy. Most farming practices tend to calculate the market demands, and that results in the production of products that address the needs of the population in such an instance. As a consequence, the government is likely to raise enough revenue to manage key operations focusing on national unity and cohesion.

Innovation Self-Employment and Financial Independence

In today’s business sphere, people are becoming innovative enough and strive to create processes that will offer a sense of job security as well as financial freedom. That is the main reason for the increase in self-employment in various parts of the world. The government offers the necessary support that these individuals might require due to the amount of revenue obtained from such processes (Memili, Fang, Chrisman & De Massis, 2015). Once there is a good working relationship in such a space, there is the likelihood of improving on key aspects of society. The future of every society relies on how best the stakeholders covert the existing natural resources to cater to the needs of the rising population. It is never a wise idea to keep looking for employment despite the existence of the rich and fertile piece of land.

Conclusion on Family Business Development

In conclusion, self-employment currently dominates different economies, with families devising ways to create employment for themselves as well as for others. It is apparent that family businesses are at the heart of economic growth and development due to their contribution to the GDP as well as the creation of employment opportunities for different segments of the population. The government, as well as the societies, should offer all the necessary support to this economy to foster economic growth and development and also make it possible to ensure sustainability in the region. As a way of embracing CSR, such families should not discriminate, offer opportunities to the locals, or take part in the execution of key business opportunities.

References

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