

THE CENTRE FOR ENTERPRISE, MARKETS AND ETHICS

ENTERPRISE AND FAITH SERIES

LESSONS FROM FAMILY BUSINESS

PERSPECTIVES FROM FAITH

STEVEN MORRIS

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THE CENTRE FOR ENTERPRISE, MARKETS AND ETHICS

We are a think tank based in Oxford that seeks to promote an enterprise, market economy built on ethical foundations.

We undertake research on the interface of Christian theology, economics and business.

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For my parents, who taught me about family business.

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CHAPTER 1

FAMILY ENTERPRISE

FAMILY BUSINESS IN THE UNITED KINGDOM

The impact and scope of family enterprise in the UK may come as a surprise to many.

In 2018, the Institute for Family Business calculated that family enterprises generate over a quarter of United Kingdom GDP.¹ In 2016, the family business sector paid £149 billion in tax – representing 21 per cent of UK government revenues, or enough to fund the whole NHS.

Many of these businesses have been operating for hundreds of years, and their longevity and enduring success are testament to their innovative and long-term outlook. Both the number of family firms, their employment and contribution to the economy have been increasing over the past years.²

Indeed, two-thirds of UK businesses are family owned; that is 4.8 million in total, of which over 16,000 are medium and large enterprises. Most family enterprises employ up to ten people, and overall they employ 12.2 million people in the UK – representing 47 per cent of private-sector employment.

These businesses come in all shapes and sizes and in all regions of the UK. Many household names are family businesses – Dyson, Warburtons, Virgin and Yorkshire Tea, to name just a few. In 2014, a Department for Business, Innovation and Skills research report calculated that ‘over half of small businesses (those with 10–49 employees) are also family businesses.’³ It is only in businesses with more than 50 employees that we see the percentage of family businesses dropping. These bald statistics speak of a sector that is exceptionally important to the UK. However, its significance can easily be overlooked.

At the most micro level of the economy, family businesses predominate. Consequently, they have an impact in every part of the country and a

strong, if unacknowledged, influence on the way it works, does business and generates wealth.

‘Two-thirds of UK businesses are family owned’

Family enterprise is made up of enterprising families, and the power of such families to operate for the long term, provide employment and job enrichment, and bless local communities cannot be overestimated.

To realise that family enterprise *also* means enterprising families helps us understand the full and sometimes competing drivers of such concerns – family *and* enterprise. It should therefore come as no surprise that they face different challenges from those of non-family businesses. They have a complexity built into their very existence.

Due to their unique take on what business is and why it exists, family businesses are a useful counter to a world view that shouts ‘Greed is good!’ These chilling words from Gordon Gecko in the film *Wall Street*⁴ are still a warning of the dangers of business without family values, so in this publication I’m going to look at how the ethics and ethos of family business as a category might influence the way our society works.

Edward Carter argues that mainstream business can learn from the forgotten values of family:

[W]hen a company takes this ‘family’ aspect seriously, its efforts to be enterprising in the richest, theological sense will be enhanced because it will be properly attentive to the world in which it operates, not merely seeing it as an instrument for its own marginal gain. When a business does understand itself in this way, it becomes a valued and trusted partner in a community.⁵

It is intriguing to see the areas of business where family enterprises thrive in the UK. We need to begin by understanding some of their key differentiators. The long-term commitment of families, trust and good relationships with an edge of benevolence are part of the picture. Family enterprises also tend to have close ties with a local community. Given these characteristics, it is

perhaps no surprise that UK family enterprise thrives in places where strong customer service is welcomed and a connection to everyday life is evident. It is at its best when people want to know what they are getting and from whom. The personal aspect of family enterprise, the level of pride and identification with a family and what it stands for, propels these firms into areas where customers are looking for relationship, trust and service. In the UK, most family enterprises are in hotels, restaurants, wholesale and retail. Farming also scores highly, for different reasons.⁶

THE WORLD

If we cast our gaze further afield, ‘the family firm is considered the dominant business form worldwide. It is estimated that in most countries family businesses represent two-thirds or more of all businesses.’⁷ Around the world, family businesses are responsible for ‘70–90 per cent of annual global GDP. And between 50 and 80 per cent of jobs in the majority of countries worldwide are created by family business.’⁸ However, the lack of a shared definition of what constitutes a family business does mean that we need to be a little cautious with these figures.⁹ In Europe, family business represents one trillion euros in revenues.¹⁰

Many economies around the world are dominated by family-run businesses. Some of South Korea’s conglomerates show how they can change a country and perceptions of it worldwide. Between the 1960s and the 1990s, groups like Samsung and Hyundai contributed to an economic miracle in South Korea and an increased profile around the world.

What, then, is a family business? Perhaps the simplest definition is ‘a family firm is a firm dominantly controlled by a family with a vision to potentially sustain family control across generations.’¹¹

Whatever the ups and downs of family life and family enterprise, these businesses are one of the great building blocks not just of our economy but of our way of life. At the heart of life in the UK are millions of them, offering employment and living out a complex dance between what it is

to be a family and what it is to be a business. It is a story not often told or acknowledged.

**‘We are a nation
that has family
enterprise at its
core’**

I have a suspicion that not many church leaders worked in this sector before they were ordained, at least not in the Church of England. That is a shame, because time as part of family enterprises has informed many aspects of my own ministry. Indeed, I

had two bites at the cherry: I grew up working in my parents’ family business and then I set up one of my own.

I knew there were so many good things about family businesses and I kept being struck by how similar church was to family enterprise. I also began to appreciate how much the ethos of family enterprise permeated our country.

The virtues of good family enterprise have much in common with those of a well-functioning Christian community and a society that cares for others and values enterprise. By extension, they also have a lot to say to our society – about work, the future of work and a range of other issues, including what makes for good business.

The strong sense of dignity at work, care for fellow-workers, the sense of doing business with integrity and the focus on blessing the wider community could come straight out of a Christian ethics textbook. We have much to learn and much to celebrate.

The family business sector is something of a Cinderella – even though it makes a massive contribution to the nation’s economy and wider welfare. For example, it is rare to see representatives of family enterprises in the media. But without this sector the country would be a very different place. We are a nation that has family enterprise at its core.

When you put this together with the strong possibility that the perfecter of the faith, Jesus, was himself the product of a family business and a culture that valued family enterprise, then there is both an economic and

a theological significance. Jesus would have been shaped by his years as an earner and contributor to his own family's welfare.

If we accept that Jesus was a true human being, then his earthly experiences would have influenced him – the encouragement of his parents, his time with his siblings, his work life and the ups and downs that always accompany it.

NOTES

- 1 *The State of the Nation: The UK Family Business Sector 2017–2018*, Institute for Family Business Research Foundation, with Oxford Economics, 2018, Foreword, www.ifb.org.uk/media/3674/ifb_rf_report_2017_lr.pdf. Accessed 3.12.18.
- 2 Email from Institute for Family Business to author, December 2018.
- 3 Paul Braidford et al., *Research into Family Business*, Department for Business, Innovation and Skills, 2014, p. 1, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/313957/bis-14-699-research-into-family-businesses-bis-research-paper-172.pdf. Accessed 3.12.18.
- 4 *Wall Street*, dir. Oliver Stone, Twentieth Century Fox, 1987.
- 5 Edward Carter, *God and Enterprise: Towards a Theology of the Entrepreneur*, Oxford: Centre for Enterprise, Markets and Ethics, 2016, p. 61.
- 6 Thomas Zellweger, *Managing the Family Business: Theory and Practice*, Cheltenham and Northampton, MA: Edward Elgar, 2017, p. 32.
- 7 Peter Leach, *Family Enterprises: The Essentials*, London: Profile Books, 2015, p. 2.
- 8 Ibid.
- 9 Zellweger, *Managing the Family Business*, ch. 2.
- 10 *European Family Business Barometer*, 4th edn, European Family Businesses/KPMG International, 2014, p. 28.
- 11 Zellweger, *Managing the Family Business*, p. 22

CHAPTER 2

MY TIME IN FAMILY
BUSINESSES