

The Paid and Unpaid Contributions of Wives to Family Businesses

This study used data from the 1989 Survey of Consumer Finances to examine wives' economic contributions to family businesses. Wives' contributions took several forms—management of the household, working in the business, employment by others, working in the business while holding outside employment, and simultaneously holding two jobs. Wives' employment in the business was significantly and positively related to the size and duration of the business, her self-reported health status, origin and type of business.

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Introduction

In virtually all businesses owned or controlled by a single family, more than one family member is involved in the business at least some, if not all of the time. Even when it seems that only a single family member is involved, they depend upon the supportive environments created by other family members (Rosenblatt, deMik, Anderson & Johnson, 1985). Family members often subsidize the business through sacrifice, physical efforts or money (Novak, 1983).

The literature on women in family business is extremely sparse and very little of it is empirical (Bowman-Upton & Heck, 1996). There is insufficient demographic information, statistical data or systematic research about them (Salganicoff, 1990a). Yet wives, mothers, grandmothers, daughters, or sisters (blood, step-, or in-law) have often been directly, even critically, involved in the business but without recognition of their contribution, job titles or salaries (Gillis-Donovan & Moynihan-Bradt, 1990).

The cultural tradition that places women and men in different social positions, with gender-based definitions of work and home responsibilities, plays a large part in keeping women invisible in a family business. Historically, women's work roles, whether outside the family or in the family business, have been secondary to their obligation to manage and organize the domestic, emotional and social life of the family, while men organized their lives around the demands of their work (Gillis-Donovan & Moynihan-Bradt, 1990; Moen, 1992).

But many male family business owners will ask their wife to join the business as cashier, bookkeeper, secretary, office manager, or general

assistant. The wife often receives no or very little pay for offering her time, thought, energy, and skills.

These strategies apply not only to wives but also to mothers and daughters. If mom comes in to help in her son's office, shop, or plant, it is often because he cannot find or does not want to pay well enough to hire other staff. This approach goes hand in hand with the belief that mom will be happier if she has something useful to do, and so he is really being kind by giving her some meaningful way to spend her time. Some of the same arguments are used when daughters (and occasionally sisters) are invited or required to help out (for free of course). By contrast, business owners rarely ask or expect fathers, brothers or sons to regularly work for the firm or store on a volunteer basis (Kaslow & Kaslow, 1992).

Men's contribution to their family's economic well-being has mainly been in the realm of paid employment. Their participation in unpaid family work generally has consisted of helping their wives with household chores, playing with their children, and performing traditionally male tasks such as lawn care, car repair, and home maintenance (Voydanoff, 1990; Berk, 1988). Women's contributions have been more broadly based, including a mix of paid employment and unpaid family work. Several types of unpaid family work make direct or indirect contributions to family economic well-being. These include housework (food preparation, housecleaning, laundry) and the care of children and ill or elderly family members, participation in their husband's work and the management of family financial resources (Voydanoff, 1990).

Wives who are involved in the family business contribute both paid and unpaid work to the family's

well-being. Often there is no reduction in childcare and housework when a woman takes on some of the responsibilities for the business. Some wives hold outside employment at the same time they manage a household and work in the family business. These women put in not a "second shift" but add a third layer of obligations that have to be juggled.

It is the purpose of this paper to explore some of the contributions wives make to family businesses, using data from a large, nationally representative sample. The data were collected as part of a comprehensive survey of family financial practices. Included in the information on assets collected by the researchers was a subset of questions about family businesses. Although the breadth of the information is limited, these data represent one of the first attempts to investigate, in a systematic way, the paid and unpaid contributions made by wives who live in business families.

Methods

Data and Sample

The data for the study are drawn from the 1989 Survey of Consumer Finance (SCF) which was sponsored by the Federal Reserve Board and other federal agencies. The data were collected from personal interviews with a large number of randomly selected households in the U.S. The 1989 SCF had 2,277 households selected by a standard multi-stage area probability sampling technique. In addition, the survey had a supplemental sample of 866 high income households drawn from federal income tax files (Kennickel & Shack-Marquez, 1992). These households are included in this study and the sample was weighted to give a representative picture of the U.S. population.

In the total sample, 592 households (21%) were identified as being involved in a family business if they answered yes to two questions: (1) "Do you (and your family living here) own or share ownership in any privately-held businesses, farms, professional practices or partnerships?" and (2) "Do you (or anyone in your family living here) have an active management role in any of these businesses?" The subsample analyzed here consists of 505 households (or 96% of the business families) where the respondent was identified as a married male head of household.

Variables

Because so little of the literature on women's participation in family businesses has been empirical,

it did not give much guidance in choosing the variables of interest. Also, the selection of variables were limited to those included by the Federal Reserve Board. They include the wife's age, education, self-reported health status and whether or not the wife was employed anywhere for a salary or wages. Husband's characteristics included his self-reported health status and whether he was employed in a business other than the family business. Household characteristics included the presence of children under age 18, number of persons in the household, and total household income in 1988. Business characteristics included duration, origin (started, inherited, given and other), number of employees (size), gross sales in 1988, and type of business (service, professional, sales, or other). Service firms included personal services, such as a beauty or barber shop; repair services, entertainment, communication and other business services. Included in the professional businesses were real estate firms, professional law and medical practices, business management, bank and brokerage firms, and mortgage and finance companies. The "other" category includes farming and nursery; manufacturing, contracting, construction and painting firms; and plumbing.

Analysis

Wives' participation in the family business was more varied than was anticipated. Some wives (n=107) worked for the family business only, another 209 wives worked for other employers (market employed). Fifteen wives worked for both the family firm and outside the family business. A few wives (n=40) held two outside jobs, and 135 wives were non-employed, with no hours logged working in the family business or for an outside employer. The sample of wives was divided into three groups: wives employed in the family business, wives who were employed outside the family business, and non-employed wives. The 15 wives working in both the family business and for outside employers were not included in the analyses

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Table 1
Weighted Descriptive Statistics

	Wife Employed in Family Business (n = 107)	Variables All Family Business (n = 505)
Continuous variables with means and standard deviations:		
Age	44.58 (11.14)	43.04 (11.61)
Education	13.52 (2.40)	13.59 (2.48)
Household size	3.42 (1.25)	3.42 (1.27)
Household income	124,082 (397,845)	110,208 (329,193)
Size of business	13.99 (58.75)	15.61 (80.31)
Gross sales in 1988\$	3,975,201 (40,898,210)	1,859,879 (20,231,73)
Duration of business	13.85 (11.32)	13.10 (11.05)
Categorical variables with frequencies and percentages:		
Self-rated health (wife)		
poor/fair	16 (12.8)	60 (11.18)
good	49 (38.7)	186 (37.0)
excellent	61 (61.65)	258 (51.2)
Marked employed	0	54 (10.8)
Self-rated health(husband)		
poor/fair	3 (2.7)	32 (6.4)
good	52 (40.7)	181 (36.0)
excellent	71 (56.7)	35 (6.9)
Employed in other business (husband)	11 (10.8)	35 (6.9)
Presence of children age under 18	126 (99.9)	498 (98.7)
Establishment of business		
bought/invest started	29 (23.3) 86 (68.0)	110 (22.0) 342 (67.8)
inherited/given	10 (7.7)	42 (8.5)
Type of business		
Service	29 (23.0)	82 (16.3)
Professional	25 (19.3)	146 (29.0)
Sales	29 (22.7)	80 (15.8)
Other	44 (34.7)	190 (37.6)

in the family business, wives who were employed outside the family business, and non-employed wives.

The 15 wives working in both the family business and for outside employers were not included in the analyses because of the difficulty of classification. Should they be grouped with "employed in family business" or "market employed?" Wives who held two jobs outside the family business (n=40) were combined with the 209 market employed.

Univariate and frequency analyses were performed to generate descriptive statistics. The General Linear Model's (GLM) multi-group comparison techniques were used to examine the differences among the three groups of wives (SAS Institute, 1989). The likelihood of wives' participation is estimated by logit analysis.

Results

Table 1 compares all family businesses in the subsample (n=505) with those businesses in which the wife is employed either full- or part-time in the firm (n=107).

Family firms where wives were employed have more household income, larger gross sales, and are slightly smaller (although not appreciably younger) than firms in which wives are not employed. Wives were more likely to be employed by service and sales businesses proportionally. This is understandable as professional businesses included legal and medical practices where it would be likely that only one spouse would hold a license to practice.

Of particular interest were wives who were working for the family business but who received no wages or share of the profits. Researchers at the Bureau of Labor Statistics report that the incidence of unpaid work in family business has diminished, beginning in the early 1950s. This outcome is in part due to a decline in family size and agricultural employment overall and the employment of rural women in wage and salary jobs (Bregger, 1996). Data on the number of hours worked per week and weeks worked per year were available for all wives in the sample and was cross checked to determine 1) if the wives who were full-time homemakers were spending any time working for the family firm and not being paid, 2) the number of hours wives were spending in market employment, and 3) the number of hours spent working in the family business. It was believed that the process of picking the subsample studied here (identifying the business through the household and then asking household members whether they performed any work for it) would help elicit more

Table 2

Comparison of the Wives: Employed in Family Business, Market Employed, and Non-Employed (Weighted)

Variables	Employed in family business (n=107)	Market employed (n=249)	Non-employed (n=135)
Continuous variables with means and standard deviations:			
Age ^{a,b}	44.58 (10.24)	40.58 (13.36)	46.15 (10.51)
Education ^b	13.52 (2.21)	13.82 (3.15)	13.15 (2.08)
Household size	3.42 (1.15)	3.46 (1.67)	3.43 (1.02)
Household income	124,082 (365,757)	67,433 (289,757)	145,326 (342,096)
Size of business ^b	13.99 (54.0)	6.72 (35.73)	34.07 (111.13)
Gross sales (\$)	3,975,201(37,599,630)	447,833 (3,024,279)	2,928,476 (11,118,306)
Duration of business ^{a,b}	13.85 (10.40)	9.78 (11.43)	17.91 (9.88)
Categorical variables with frequencies and percentages:			
Presence of children under 18	107 (100)	244 (97.8)	133 (98.5)
Self-rated health ^b			
poor/fair	13 (12.8)	17 (6.9)	28 (20.8)
good	41 (38.7)	95 (38.4)	47 (34.9)
excellent	52 (48.5)	136 (54.7)	60 (44.3)
Type of business			
service ^b	24 (23.0)	41 (18.2)	13 (9.7)
professional ^a	21 (19.3)	77 (31.0)	45 (33.3)
sales ^b	24 (23.0)	38 (15.2)	14 (10.1)
other	37 (34.7)	91 (31.0)	60 (44.2)
Establishment of business			
bought/invested	25 (23.3)	54 (21.8)	26 (19.4)
started ^b	73 (68.0)	180 (72.4)	81 (59.8)
inherited/given ^b	8 (7.7)	10 (4.0)	24 (18.1)

Note: ^a The employed in family business is significantly different from the market employed at .05 or better.

^b The non-employed is significantly different from the family business employed and market employed.

unpaid family workers.

Table 2 compares wives employed in the family business, wives who were employed outside the family business, and non-employed wives on a variety of socio-demographic measures.

Non-employed wives were slightly older, had less education, and larger household income than either wives working in the family business or wives employed by others. They were also less likely to report their health status as excellent or good. Family businesses where the wife was not employed were both of longer duration (17.9 years) and larger (34 employees on average) than family firms where the wife worked in the business or was employed by others. Family businesses in which wives were employed had the largest gross sales (\$3,975,201 in 1988). In addition, the type and method of establishing the business were different when the wife was non-

employed. Wives of professional business owners were the least likely to be working in the family firm. If the business was service- or sales-related, wives more likely to work in it than if the business was manufacturing, contracting, construction, plumbing or agricultural.

Further, wives were more likely to be working in the business when it had been purchased or started by the husband; and less likely to be working in the business or employed by others when the business had been inherited or given. It stands to reason that wives would be more likely to be working in the business when it was just getting underway and dollars were tight than they would be when the business was mature.

In important ways, all wives, whether working directly in the business or not, are making major contributions. Wives are under heavy pressure to control the household budget and be willing to accept

a comparatively low standard of living when the business is new (Rosenblatt, et al, 1985). Every cent saved by putting off desired purchases, repairing old clothing, buying food on sale and preparing it is a contribution to the business.

On average, wives' annual earnings were largest for women employed outside the family business (\$14,005) but total household income was largest when wives were working in the family business (\$124,082). However, median values indicate that wives working in both the family business and outside employment had higher earnings although their household income was the lowest. Wives who were both working in the family business and employed by others also made the largest direct contribution to family income, earning almost 20% of the household's funds. It should be pointed out that although a wife's employment increases her family's income, her paycheck is not equal to the same lump sum received without her working. It is reduced by her work-related expenses such as taxes, transportation, childcare, and clothing and by the cost of market goods for her home-produced outputs (Vickery, 1979). It should also be emphasized that wives who were employed by family firms were receiving less than market wages for the number of hours they were working.

An attempt was made to predict which wives would be the most likely to be working in the family business. In this analysis, illustrated in Table 3, socio-demographic characteristics of the wife, husband and business are entered into a logit model.

Husband's employment in another business was negatively associated with the likelihood of the wife's participation in the family business while husband's self-reported health status was significantly and negatively related at the <.01 level, although not in the expected direction. Wives of husbands who reported their health status was fair or poor were less likely to be working in the family business. The type of business was significantly related, with wives more likely to be employed in service and sales businesses. Size of the business, as measured by the number of employees, was negatively associated with wives' direct participation. The length of time the business had been operating was positively and significantly associated with wives' participation.

Conclusions

This paper explores the contributions wives make to economic well-being in business-owning families. An important limitation of the study is the

Table 3
Factors Associated with the Likelihood of
Wife's Participation in Family Business
(Weighted)

Variables	Estimated	S. E.
Coef.		
Characteristics of wife:		
Age	0.011	0.013
Education		0.015
Self-rated health		
poor/fair	-2.128	0.749
good	-0.152	0.259
(excellent)		
Market employed	-0.050	0.364
Characteristics of husband:		
Self-rated health		
poor/fair***	-2.128	0.749
good	-0.152	0.259
(excellent)		
Employed in other business	-0.245	0.388
Business Characteristics:		
Establishment of business		
bought/invested	0.383	0.456
started	0.492	0.429
(inherited/given)		
Type of business		
service***	1.083	0.323
professional	-0.382	0.320
sales***	0.934	0.934
(other)		
Size of business*	-0.004	0.002
Gross sales	1.25E-8	1.10E-8
Duration of business**0.027		0.013
Constant	-5.447	2.903
Log likelihood	-255.974	
Chi-square	511.94	

Note: * significant at .1 ** significant at .05
 *** significant at .01

exclusion of hours spent in housework so that a reservation wage could be calculated for non-employed wives. Further refinement of housework time would have allowed a more direct comparison between wives who were non-employed and wives who were working in the family business, working for others, or both. In any case, wives not directly employed by the business

still contributed to the business through their work at home and by limiting household expenditures.

The majority of wives made their major contribution to family economic well-being through either market employment or working in the family business. Wives who combined working in the business with working for others had the greatest impact on their family's economic well-being, earning almost 20% of their household's annual income. The largest household incomes were found in families where the wives worked in the family business, but there the major source of income was asset holdings, not earnings. Wives working in the family business earned the lowest salaries, possibly indicating an attitude that reflects the undervaluing of members of one gender and overvaluing of members of the other by family business owners.

What is most interesting about the findings reported here is the variety of ways in which wives are contributing to family businesses. It was not a simple dichotomy of working in the business or not working in the business. Some wives were working in the business and for others and employed by the business a minority were working two jobs in addition to their home responsibilities to support the family and the business.

Too often, women have been an unacknowledged or undervalued resource in family businesses. The information presented here, which supplements a growing body of qualitative literature, indicates that women's contributions in business-owning families are both critical and substantial.

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Endnotes

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