



Abstract

## The Unicist Ontology of Family Businesses

*This is a synthesis on the results obtained from the research on the unicist ontology of family businesses to define its unicist ontogenetic map led by Peter Belohlavek.*

To understand how a “business-driven family company” or a “family-driven company” works it is enough to assess the aspects that we have described in this synopsis which is the result of the research and actions we have carried out in countries such as Germany, the United States, France, Brazil, Chile and Argentina.

We have researched in widely-different cultures, developed, emerging and underdeveloped, in family-driven companies and business-driven family companies. There have been failures and successes. Both results gave rise to the research that is condensed here and that aims to provide an applicable conceptual framework to the family-driven company and the business-driven family company.

Over 80% of the large companies in the world are business-driven family companies. This percentage rises when we talk about small companies. Everybody is linked to some business-driven family company, whether it is ones own, that of a supplier, etc.

To understand the business-driven family company is a very simple task if it is dealt with from its concepts. If it is done so by appearances it is a highly complex system and with too many subjective elements, but if dealt with from its concepts it becomes simple and manageable.

Business-driven family companies are those where the company rules of the game apply to the family members. Family-driven companies are those where the family rules of the game apply to the company.

## Hypothesis

Business-driven family companies and family-driven companies are highly conditioned by the family archetype of each culture and the solution given to the roles that this fulfills. In the cultures where the affective predominates over the economic and social role, families that have businesses are highly inefficient and are always at risk as they don't stabilize as institutions (independently of their members).

In cultures where the roles are balanced, business-driven family companies and family-driven companies are distinct fundamentally for their capacity and speed of growth. Business-driven family companies grow more rapidly.

In cultures where the predominant roles in the family are social insertion and the economic role, families with companies have a powerful influence in the environment. Although structurally they have less capacity to grow, they compensate this with the



influence exerted in the environment. In markets with imperfect competition they build very powerful empires.

## “Business-driven family companies” or “family-driven companies”

We will now analyze the functionality of a business-driven family company from a conceptual point of view and we will include an analysis of the fundamental difference between a business-driven family company and a family-driven company.

In a family-driven company the family game rules apply. That is, the roles in the company replicate the family roles. These companies have the big advantage in that they do not generate conflicts between the family roles and economic activity.

On the other hand they have a weakness in that they generate a contraction of the company as the roles that the company does not cover and the family does, the affective protection and the social insertion, generate compensating activities in the company that lead it to lose market orientation.

In the business-driven family company the company game rules apply. The roles are those of any company and the family is only an owner or a shareholder of the company. The company's activities take place in the same way as they would in an anonymous corporation.

The advantage is that the company's activity, as an intermediary between the customer and the owner of the capital takes place naturally. The stress felt by the individuals in the company to conciliate a customer's interests with those of the shareholders is prevalent and generates an expansive attitude towards the market.

They have a disadvantage in that they generate family conflicts, as in the end conflicts of interest occur without the compensation of social and affective relationships.

The clash between business-driven family companies and family-driven companies leads to a lot of mixed companies. Mixed companies are those that take on both concepts of a company.

These mixed companies require a logical sense of integration to function.

It is frequent to find these mixed companies among those set up by different families and those set up by the second or third generation to manage business-driven family companies.

The mixed company has the advantage of resolving family problems but has the cost of generating, in general, problems in the functioning of the company.



The question that should be raised is how to distinguish between business-driven family companies and family-driven companies. Actually, if one examines the work methodology and the way strategic decisions are taken, the difference between them will be noted. An evident symptom is if the roles of the decision takers are professionalized or not.

Conceptually, a role is professionalized when authority does not depend on a family tie. When only the family members have authority to take strategic decisions, then this is a family-driven company.

When talking of a company one considers it an institution, that is, it transcends in time beyond the life of its members.

When talking of a family one also talks of an institution that transcends in time beyond that of its members.

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