HOW ENTREPRENEURSHIP AFFECTS FAMILIES: FINANCIAL MANAGEMENT PRACTICES OF ENTREPRENEURIAL HOUSEHOLDS (INTERACTIVE PAPER)

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Principal Topic

This research is about business and home life. It explores how households which work for themselves (entrepreneurial households) harmonise the demands of their businesses with family life and fulfilment of household responsibilities. The primary focus of this research is on the financial consequences of their work choices for both the household functioning and family members. The main areas of consideration are formed around the role of family members in management and control of household and business money, their attitudes towards spending and debt, patterns of income sharing at home, banking, and credit access and usage. This study responds to recent calls for more research on the impact of entrepreneurship on family dynamics and family well-being (Jennings et al., 2013).

Method

This is a qualitative study. Data were collected through in-depth interviewing of households living in Scotland which income is derived from business ownership or self-employment. Findings are presented in the form of longitudinal case studies.

Results and Implications

The findings reveal that business ownership impacts on the way family organises its everyday finances, and that existing theoretical developments on intra-household resource sharing, which are based on experience of non-business owning households, are not applicable directly to the entrepreneurial household context. More specifically, the fusion of production and consumption within the entrepreneurial household sphere changes the nature of the bargaining power in the family unit. Thus, different patterns of income sharing and access to money are observable among business owning households in line with more frugal spending patterns and higher aversion to household debt. The study also highlights the important role of women serving unpaid job of housewives and financial administrators making substantial domestic sacrifices and not necessarily exercising the real control over money in the household.

The study has both academic and policy implications. Shedding light on the previously unexplored area of entrepreneurial household finances it provides groundwork for theory development and directs future research in entrepreneurship domain. In terms of practice, the study offers the ability to inform organisations attempting to serve business owning households about the processes that underpin the construction of their economic wellbeing.

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