

Are Your Family and Business Thriving Together - Or Undermining Each Other?

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Like organisms in nature, the relationship between family and business can be mutually beneficial or detrimental. Here's how to strengthen both spheres.

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Running a family business often involves balancing two powerful, yet sometimes competing, systems: the family and the firm. In some cases, these systems work in harmony, reinforcing one another across generations. In others, they pull in opposite directions, draining resources and generating conflict. What explains these differences?

Our recent study, published in the *Journal of Family Business Strategy*, proposes a new way of thinking about this question—one that draws inspiration from biology. We utilize the concept of symbiosis to describe the interaction between families and their businesses. Just as organisms in nature can help, harm, or coexist with one another, families and businesses can engage in relationships that range from mutualistic (beneficial to both), to commensalistic (beneficial to one without harming the other), to parasitic (beneficial to one while harming the other).

By introducing this new vocabulary and exploring the factors that shape these relationships, we offer a valuable framework for understanding why some family businesses flourish across generations while others

struggle to survive.

Three Types of Symbiotic Relationships in Family Businesses

Using analogical reasoning, we propose that the family and the business act as distinct but interdependent entities that can relate to one another in three primary ways:

Mutualism: Both Family and Business Benefit

In mutualistic systems, the family and the business support one another in a way that enhances the long-term well-being of both. The family contributes time, capital, and emotional investment, and in return, the business provides financial returns, purpose, and pride.

Example: A third-generation family-owned vineyard has found a way to thrive through close family collaboration. The founders' knowledge of winemaking has been passed to their children and grandchildren, who have added modern techniques, branding expertise, and sustainable practices. Revenues support family needs from education to retirement, and the business embodies their shared values, history, and identity.

Commensalism: One Side Benefits, the Other Is Unaffected

In commensalistic systems, one entity gains while the other remains relatively unaffected. For instance, a family may receive steady financial returns from a professionally managed firm in which it has little active involvement. Alternatively, the business may benefit from occasional family contributions without imposing costs.

Example: A family that holds equity in a company but

delegates all operations to outside executives. The family receives dividends and prestige, but the business runs independently and is neither helped nor harmed by their presence.

Parasitism: One Side Gains at the Other's Expense

In parasitic systems, one entity's gain comes at a direct cost to the other. This might involve family members drawing excessive resources from the firm without contributing to its success, or the business consuming so much time and energy that family cohesion and well-being suffer.

Example 1: A business hires unqualified relatives for key positions, resulting in internal dysfunction and loss of customers.

Example 2: A founder's all-consuming focus on business growth causes them to miss family events and neglect personal relationships, damaging the family system over time.

What Determines Symbiosis Type?

Our theory identifies four key factors that shape whether the relationship between a family and business is mutualistic, commensalistic, or parasitic:

1. Density of Family Involvement

The involvement of family members in a business increases complexity and conflict, especially with more distantly related individuals. While close-knit family involvement can foster trust and shared purpose, excessive involvement without clear coordination may lead to misaligned interests.

Implication: Family businesses should carefully consider the number and roles of family members involved, particularly as they grow across generations.

2. Role Clarity

Clarity around family members' roles as owners, employees, or both is critical. Ambiguous or overlapping responsibilities can lead to confusion, resentment, and underperformance.

Implication: Establishing formal job descriptions, accountability systems, and boundaries between family and business roles can help maintain mutualism.

3. Family/Business Identity Integration

Some family businesses have an integrated identity, where the family's values and the business's mission are aligned and reinforce one another. Others keep the two spheres separate or allow one to dominate the other.

Implication: Firms with a well-integrated identity are more likely to experience mutualistic outcomes, benefiting both the family and the business. Disintegration or misalignment can shift the system toward parasitism or commensalism.

4. Resource-Sharing Climate

How resources—whether financial, emotional, or operational—are shared across family and business matters greatly. In some systems, resources flow primarily one way or are distributed based on family favoritism rather than merit. In others, resource-sharing is collaborative, strategic, and balanced.

Implication: Firms that foster a climate of fair and thoughtful resource allocation tend to support healthier interdependence between the family and business.

Strengthening the Relationship: Managing the Overlap

Beyond identifying the type of symbiosis, we saw that the relationship between the family and business varies in strength, ranging from weak to strong. This strength depends on the degree of overlap and interaction between the family and business on a day-to-day basis. Three features shape this interaction:

- **Permeability:** How easily people, values, and resources flow between the family and the business.
- **Malleability:** How flexible the boundaries are between the two spheres.
- **Formality:** The extent to which rules and procedures govern the interaction.

For instance, a system with high permeability and malleability but low formality might be highly supportive and adaptable during early growth stages, but vulnerable to conflict or confusion as the business scales. Conversely, a system with rigid formality but low permeability might limit innovation and emotional investment.

Implication: Business-owning families should regularly assess how the boundaries between their family and

business are structured and modify them as conditions evolve.

Practical Questions for Family Business Leaders

To apply this symbiosis framework, family business leaders should ask:

- Are both the family and the business benefiting from our current relationship, or is one side bearing more of the cost?
- Are roles, responsibilities, and expectations clearly defined?
- Do our family values align with our business decisions and culture?
- How are we sharing resources, and are those arrangements sustainable?
- Is the overlap between our family and business helping or hindering us?

Conclusion: A New Lens for Family Business Longevity

The concept of symbiosis offers a powerful lens for understanding why some family businesses thrive across generations while others face ongoing challenges. By recognizing the type and strength of their symbiotic relationship, business-owning families can identify areas for improvement and work toward a more sustainable balance between family well-being and business performance.

Explore the Research

Eddleston, K. A., & Jennings, J. E. (2024). **Creating and sustaining mutualistic well-being: Toward a theory of family and business symbiosis.** (<https://www.sciencedirect.com/science/article/pii/S1877858524000317>) *Journal of Family Business Strategy*, 15(3), 100636.