

## HOUSEHOLD AND OWNERSHIP OF FAMILY BUSINESS: EMERGING EVIDENCE IN FAMILY SOCIAL CAPITAL

Noreen Shakoor\*<sup>1</sup>, Dr. Mumtaz Ali Khaskheli<sup>2</sup>, Dr. Saima Sheikh<sup>3</sup>, Seemab Abid<sup>4</sup>

<sup>1</sup>Ph D. Scholar University of Sindh, Jamshoro, <sup>2</sup> Associate Professor University of Sindh, Jamshoro, <sup>3</sup>Professor University of Sindh, Jamshoro, <sup>4</sup>Lecturer Sardar Bahadur Khan Women's University.

DOI: <https://doi.org/>

### Keywords

Household, entrepreneurs, Family business, Ownership, Social capital

### Article History

Received on 29 April 2025

Accepted on 11 July 2025

Published on 05 August 2025

Copyright @Author

Corresponding Author: \*  
Noreen Shakoor

### Abstract

**Background:** Social capital is emerging concept study the social structure from bottom to higher level. Household entrepreneurship reflects upon a discursive pathway of social capital provide an approach to analyse outcome of social structure in economic opportunity. Household is a small family business at MSMEs level contributing essential role in economic growth. The study analysed household family entrepreneurs with their ownership affects on production for boosting regional economy.

**Method:** The hundred household entrepreneurs were selected randomly and analysed the data by descriptive, correlation and regression.

**Result:** The study revealed that correlation between Family business, ownership and sale production but ownership has more effects on the production.

**Conclusion:** Entrepreneurs are the social capital shared their resources keep family intact and more effort for economic growth

### INTRODUCTION

The contribution of MSMEs in very pivotal in the economic growth of any country and debating subject for research and development for policy making and poverty alleviation (Ali, Humayun Rashid, & Khan., 2014). Increasing inflation, overpopulation and unemployment are hindering to regional development. MSMEs play a crucial role eradicating poverty through employment generation nurturing self help and generating more production which uplift economic growth (Hussain, Abul Bashar Bhuiyan, & Said., 2017). However, the number of employees is not absorbed as much large industries but influence on resource consumption, well being, trade and national economic growth (Islam, 2004). Globally 95% MSMEs contributed business as Indonesia (BPS, 2019)cottage industries contribute 37.77 total MSMEs output and generated 98.86% MSMEs which contributed

54% of total GDP and 2.15 labour engaged in MSMEs annually. MSMEs open a gateway economic success through intensive production and poverty reduction (Nursini, 2020).

The term self-employee is used entrepreneur interchangeably. Self-employment engaged people in small firms where they work solely but, in some cases, hire the other labours, they are independent and earn sufficient income generated from their production (Chirico F. &., 2016). This informal sector missing in informal labour market for the reason that are unrecognised and unregistered businesses officially, however self-employee business in the field of information and technology (ICT) growing rapidly (Tunio, Soomro, & Bongenhold, 2017).

Most of entrepreneurs have household business which are organized and operated by family members (Zellweger, 2010)but in a few cases and

dynamic social structure hired labour to increase their production. Informal business functioned on small scale with limited investment. Household business located in house or near to house such as workshop or wear house (Godam) in rural or urban setting. This type of business officially not registered but more effective in self-help and support for the family (Gomez-Mejia, 2011). Members of household business high cross-cutting tie in the form of social cohesion and solidarity (Feliu, 2016) keep family wellbeing and restore values and traditions (Calabrò, 2017). They secure employment for their generation and make effort for its organization (Chirico, 2010) & repute for long term survival (Zellweger T. M., 2012). This social structure of firms catches the scholar's attention toward exploring multidimensional aspects of entrepreneurship (Casillas, 2010) (Chrisman, 2012) towards socioeconomic growth.

Household entrepreneurship controlled and owned by various structure of ownership. All business decision, capital control, management organization and production operation deal by person who hold ownership (Huang, 2014). Household business in the family is handover to their adults for the business continuity (Block, 2014). Growth of entrepreneurs measured by numbers of ownership.

### **Family social capital**

The social structure of family is debating over a year (Sharma, Chrisman, & Gersick, 2012) dealing capital among their individuals. There is no consensus on subjective definition of social capital though various scholar discussed, analysed and empirical investigation on it. Coleman's jurisdiction emphasize social structure and Individual gets benefit who is the part of it structure (Coleman, 1990). Portes also consider social capital arises from social structure and their relationship and every one get advantage from other where he/she invests (Portes A., 1998). Naryan consider sharing of public goods characteristics within social structure is a social capital (Naryan, 1999). Family social capital induces from family members and it depends on social cohesion between them (Nahapiet & Ghoshal, 1998). MSMEs however, in competitive age still strong hold on family business (Arrègle,

2007) following family occupation with on going generations (Groot, Mihalache, & Elfring, 2021). Social capital is a set of resources (Baron & Markman, 2000) shared (including income, jobs, skill, health, education, food, recreation) which individual acquire other members who bind with the network tie. Network tie is the relationship of the family members in course of interaction.

Nahapiet & Ghoshal discussed three dimensions of family social capital, First is 'structure dimension' that is based on structure and size of relationship, quantity and quality of network tie between family members (Parents, children, sibling, couple). 'Relational dimension' is the second one, relationship of the members through interaction provides emotional strength and social control managing relationship. Third and the last is 'cognitive dimension' links with the symbols, language, codes and history (Nahapiet & Ghoshal, 1998).

Portes describe the two sources of family social capital, 'consummatory' arises from the family group, kins relationship, and occupational group where individual grown up, socialize and work. Other one is 'instrumental' deals expectations through reciprocal exchange (Portes, 1998). It based on cost and reward, cost is paid or invest in the relationship and then person get benefit, however, quantity and quality is not equitable time duration not confirmed. These investments can both positive and negative but in long duration consummatory can influence and could be exogenous and endogenous (Naryan, 1999).

### **Literature Review**

MSMEs Breakthrough in world economy through little effort with slow motion in developing countries. Developing countries have limited resources and people's livelihood could not be changed drastic economic setup (ESP, 2023), MSMEs provide opportunity to eradicate poverty and make better life of common people (Adeyemi. & Moshood., 2014). Increasing population of world and scarcity of resources divert world scholar's attention toward the factors of growing economy and poverty parameter (Gebremariam & Gebremedhin., 2004). Below this parameter impose negative affects on socioeconomic and individuals' livelihood constraint due to less socioeconomic resources.

The research and development are required to put forward a way to escape from this situation. Self-employees in SME contribution to deal issue of socioeconomic constraint (Devoulety & Lukes, 2016).

The role of self-employees in poverty alleviation and boosting economy is not negligible. SMEs has significant contribution with information communication and technology (ICT) development ventures. It has open emerging access with new technologies in soft wear programming on SMEs level, the individuals developed innovative multidimensional programmes produce to their consumers. This is gate way for economic growth of ICT producers (Subrahmany, 2005).

Nusrini used to secondary data from government agencies for analysing and investigating that MSME contributed economic growth and poverty reduction. Data revealed that MSME has direct and indirect influence on poverty reduction by engaging labour in these enterprisers. Micro and small enterprises generate income through hiring labour and generate income of their labour further these labours maximize their expenses due to increasing income ultimately reducing poverty. While absorbing labour does not affect on poverty reduction directly because the labour of MSMEs carried out from family of rural and urban setting and these labours are unpaid and could not exceed their expenses resulting in their contribution in poverty reduction is low then MSMEs production (Nursini, 2020).

Kazakhstan has value able growth in employment and eradicating poverty manifested the accountability of socio-economic indicator by GDP which increases from 28% in 2018 and after five year it reached 36.4% and 43.6% population absorb in economic activity. However, SMEs face many challenges like shortage of credit infrastructure but observed that served marginal population in mature economic sector represents overall cumulative growth of national economy (Imramziyeva, 2024).

### **Theory of Social Capital**

The term Social Capital has changed different periods of time, First, it used by Lyda Judson Hanifan (1916) an educationalist describes social capital as it exists in social contacts inevitable in

everyday life (Hanifan, 1916). The economist Jane Jacob (1992) demonstrated that social capital is a physical wealth and associated with social system & economic development of large cities like USA (Jacobs & Albers, 1992). Glenn Loury (1977) used term social capital in racial inequalities (Loury G. C., 1995), individual income is associated social affiliation ethnic group and social class, define as interrelationship of family and its social relationship which facilitates knowledge sharing and enhance individual skills determine access to education, work and other social goods (Loury G. , 1977).

After 1980, the sociologist Pierre Bourdieu (1986) used four forms of capital social, cultural, economic and symbolism, these are all associated with major economic capital (Bourdieu, 1986). Colmen (1988) used term social capital in educational sociology emphasized on social capital construct human capital, social support from the family and community developed opportunity to access of knowledge and skills sharing to their youth (Coleman, 1990). Putnum (1995) used this approach in civic participation within community that facilitate interpersonal corporation irrespective of social asset getting by social connection (Putnum, 1995).

Society is a web of relationship in which their members are related to each other at some degree of relationship. Social capital provides an approach to study social system or organization and find out

- How much individual of family, group and community, ethnic, and racial members have connection of relationship with each other
- On the basis of connection how much individual has access to approach resources (Knowledge, health, money, property, job, production, market etc.)
- what are benefits acquired from these resources (quantity and quality) have capital growth.

The size of social capital depends on volume of social connection, more connection with intense relation individual can get more multidimensional resource benefits. It includes both network ties shared values, trust and reciprocity may facilitate cooperation and collective action (Andreas & Desponia, 2024).

**Purpose of the study:**

Social capital approach is used for studying micro and meso level individual interaction for the development of industrial organization. This

occupation induced from childhood to their members. After tentative time the transition of ownership shifted to next generation and process is going to long run.

<b>Descriptive Statistics</b>	N	Minimum	Maximum	Mean	Std. Deviation
Ownership	100	1	3	1.47	.688
Family business	100	1	2	1.63	.485
Current numbers of employee	100	0	5	1.96	1.614
Sales Production	100	3000.00	600000.00	125530.0000	131042.70682
Valid N (listwise)	100				

The study is useful in

approach provide lens to understand rural social structure to access local resources in low income setting that are culturally rooted environment (Agyapong, 2010). Cottage industry is a small and micro industry utilizing local business' knowledge and technical skills share to their young and family members for adaption and innovation of product which build cooperative work model in cottage industry. Family trust on their family business and emotional support to industrial ownership making them more sustainable and empowering in economic growth.

understanding rural household enterprisers' contribution in their productivity and income generation lead to sustainable economic growth.

**Objectives:** To know the household family entrepreneurs with their ownership affects on production sale.

**Research Question:** Does the household family entrepreneurs with their ownership affects on production sale.

**Significance of the study:**

A significant role of house hold industries can't be denied in contribution of national economy. Pakistan is 5th number in world populated region where population grows 2.5 % annually. In this situation where one member of family support to other many members and valuable human resource is exploited du to dependency on others. MSMEs engaged household labour with higher technical skills, education, jobs and income can increase output productivity and boost national economy (Gamo & Gollagari., 2020). Household industries based on family members where the owner and workers tie with family relation and work mutually, supported each other emotionally and economically. The family

**Hypothesis:**

$H_1A =$  There is significant relationship between ownership of the household entrepreneurs and monthly production sale.

$H_0A =$  There is not significant relationship between ownership of the household entrepreneurs and monthly production sale.

$H_1B =$  The household families belonging from the family entrepreneurs affects on ownership.

$H_0B =$  The household families belonging from the family entrepreneurs does not affects on ownership.

**Materials and Methods**

The study used quantitative approach to analyse household family entrepreneurs affects on production sale, for this purpose 100 household entrepreneurs related to manufacturing activity are taken for investigation for the study from various manufacturing sectors with different mode of ownership (self, family and partnership). The respondents selected from the population randomly. Ethical consideration has followed during data collection.

**Instruments**

Structure questionnaire has prepared based on demographic and study-based questions including age, gender, type of business, Business location, mode of ownership, production sales, current number of employees and entrepreneur belongs from family business.

**Data Analysis**

The data has analysed by Statistical Package for Social Sciences (SPSS) IBM 26. Descriptive tabulation and correlation and regression used for hypothesis testing.

**Results:** Descriptive analysis shows that mean of ownership of the family is M= 1.47, Std =0.688, family business M=1.63, Std =0.485 while

Current numbers of employee M=1.96, Std =1.614. Sales Production M=125530, Std =131042.71

Descriptive Statistics	N	Minimum	Maximum	Mean	Std. Deviation
Gender	100	1	2	1.34	.476
Age group	100	2	5	3.37	1.012
Length of Experience	100	0	6	2.23	1.448
Business Location	100	1	2	1.66	.476
Valid N (listwise)	100				

**Results:** Descriptive analysis shows that mean of Gender is M= 1.34, Std =0.476, Age group M=3.37, Std =1.012 while Length of Experience

M=2.23, Std =1.448. Business Location M=1.66, Std =0.476.

**Finding**

**Correlations**

		Production Sales	Current numbers of employee	Ownership	Family business
production Sales	Pearson Correlation	1	.644**	.356**	-.183
	Sig. (2-tailed)		.000	.000	.069
Current numbers of employee	Pearson Correlation		1	.153	-.148
	Sig. (2-tailed)			.127	.141
Ownership	Pearson Correlation			1	-.291**

Family business	Sig. (2-tailed)	.003
	Pearson Correlation	1
	Sig. (2-tailed)	

**Results:** There is correlation analysis found between the variable of Family business, Mode of ownership, sales production and current number of employees. The data revealed that have significant negative correlation that shows ownership does not affect by the family business  $r=-.291$ ,  $p=.003$ . Sales production affects by the

ownership  $r=0.356$ ,  $p=0.000$ , while total sale production affects by the current numbers of employees those who are working in house hold industries  $r=0.644$ ,  $p=0.000$ . However, there is no relationship found between current numbers of employees and ownership as well as Total sales production Family business.

Model Summary	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.291 <sup>a</sup>	.084	.075	.467

a. Predictors: (Constant), Ownership

**ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1.969	1	1.969	9.040	.003 <sup>b</sup>
Residual	21.341	98	.218		
Total	23.310	99			

a. Dependent Variable: Family business

b. Predictors: (Constant), Ownership

Coefficients <sup>a</sup>	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Model (Constant)	1.931	.110		17.477	.000
Ownership	-.205	.068	-.291	-3.007	.003

a. Dependent Variable: Family business

**Results:** The data revealed that household industries who has family business does not affect by ownership. The regression model was statistically significant  $F(1,99) = 9.040$ ,  $p=.003$  is ( $R^2 = 0.084$ )

indicates that the Family business does not affects on family ownership while self ownership is affected.

**Discussion**

The household family business is small business organization that deals business activity with their family members and hired labour. Family Entrepreneurs are the family social capital who shares family resources but invest their effort in keeping business survival. Business function run through their generations from ownership transition to their children. Family business has significant correlated to ownership but some of family business are self-ownership and partnership that Arregle, observed null hypothesis association between ownership and family firms (Arregle, 2017). Long duration affects family business ownership (Massis, 2014) they belong to business but entrepreneurship change from family to individual or self ownership (Mondal, 2014) and more responsible for his organization and management

Household industry helpful in utilization of human resources and it can absorb intensive poor labour in industrial production (Shoaib, Khaskheili, & Sheikh, 2025). Market development strongly influences the relationship between family ownership types and expansion of business (Bhowmick, Mondal, & Lahiri, 2024) This study has strong correlation between ownership and Sale production. Low wages labour consumes in increasing the production level of industry and increasing their income (Regan, 2021) which ensure market development and helps in poverty alleviation (Imramziyeva, 2024) and economic growth (Rehman, 2019).

### Conclusion

Social capital is a new approach to study human in social structure and open new path for research and

development. Household industry is a small industry deals business activity organize and manage on family basis. Family network with the essence of social control, and support acquire positive economic output for the country and region. Household business provides economic opportunity to local people to involve them in business activity and achieve socio-economic stability.

### References

Adeyemi., N., & and Moshood., L. (2014). Impact of Micro and Small Business Entrepreneurship on Poverty Reduction in Ibadan Metropolis, South Western Nigeria.

*International Review of Management and Business Research*, 3 (3): 1603–1626.

Agyapong, D. (2010). Micro, Small and Medium Enterprises' Activities, Income Level and Poverty Reduction in Ghana – a Synthesis of Related Literature. . *International Journal of Business and Management* , 5 (12): 196–205. .

Ali, S., Humayun Rashid, & Khan., a. M. (2014). The Role of Small and Medium Enterprises and Poverty in Pakistan: An Empirical Analysis. . *Theoretical and Applied Economics*, 21 (4): 67–80.

Andreas, T., & Desponia, X. (2024). *Social Capital Theory : A Review*. Theory Hub Book.

Arregle, J. (2017). Why family firms internationalization unique. *A meta Analysis. Entrepreneurship Theory and Practices*.

Arrègle, J. L. (2007). The development of organizational social capital: Attributes of family firms. . *Journal of Management Study*, 44(1), 73–95.

Baron, R. A., & Markman, G. D. (2000). Beyond social capital: How social skills can enhance entrepreneurs' success. . *Academy of Management Executive*, , 14(1), 106–115.

Bhowmick, A., Mondal, A., & Lahiri, S. (2024). Family ownership and internationalization of family firms: An S curve hypothesis. *Journal Business Research*.

Block, J. H. (2014). The effect of family ownership on different dimensions of corporate social responsibility: Evidence from large US firms. . *Business Strategy and the Environment*, 23(7), 475-492.

Bourdieu, P. (1986). *The Forms of Capital, Handbook of Theory and Research for the sociology of Education*. New York: Greenwood.

BPS. (2019). *Statistics of Indonesia*. Central Bureau of Static.

Calabrò, A. C. (2017). Governance structure and internationalization of family-controlled firms: The mediating role of international

- entrepreneurial orientation. . *European Management Journal*, ., 35(2), 238–248.
- Casillas, J. C. (2010). The relationship between entrepreneurial orientation and growth: The moderating role of family involvement. . *Entrepreneurship and Regional Development*, ., 22(3-4), 265-291.
- Chirico, F. &. (2010). Dynamic capabilities and trans-generational value creation in family firms: The role of organizational culture. . *International Small Business Journal*, ., 28(5), 487-504.
- Chirico, F. &. (2016). Knowledge internalization and product development in family firms: When relational and affective factors matter. . *Entrepreneurship Theory and Practice*, ., 40(1), 201–229.
- Chrisman, J. J. (2012). Variations in R&D investments of family and nonfamily firms: Behavioral agency and myopic loss aversion perspectives. . *Academy of Management Journal*, ., 55(4), 976-997.
- Coleman, J. S. (1990). *Foundation of Social Theory*. Cambridge, MA:: Belknap Press of Harvard University Press.
- Devoulety, O., & Lukes, M. (2016). Review of empirical studies on self employment out of unemployment: Do self employment policies make a positive impact? *International Review of Entrepreneurship*, 14 (3), 361-376.
- ESP. (2023). Economic Survey of Pakistan 2023. *Government of Pakistan*.
- Feliu, N. &. (2016). Philanthropy in family enterprises: A review of literature. . *Family Business Review*, ., 29(1), 121-141.
- Gamo, K. G., & Gollagari., a. R. (2020). Role of Local Government and MSMEs Performance: The Case of Ethiopia. *International Journal of Small and Medium Enterprises* , 3 (1): 1–17.
- Gebremariam, G. H., & Gebremedhin., a. T. (2004). The Role of Small Business in Economic Growth and Poverty Alleviation in West Virginia: An Empirical Analysis. *American Agricultural Economics Association*.
- Gomez-Mejia, L. R. (2011). The bind that ties: Socioemotional wealth preservation in family firms. . *The Academy of Management Annals*, 5(1), 653-707.
- Groot, D. M., Mihalache, O., & Elfring, T. (2021). Toward a theory of family social capital in wealthy transgenerational enterprises families. *Entrepreneurship Theory and Practice*, 46(1), 159–192.
- Hanifan, L. (1916). The Rural Community Center. *The ANNALS of the American Academy of Political and Social Science*, 67 (1), 130-138.
- Huang, K. P. (2014). Internationalisation of family business: the effect of ownership and generation involvement. . *Anthropologist*, ., 17(3), 757-767.
- Hussain, M. D., Abul Bashar Bhuiyan, & Said., a. J. (2017). Eradicating Poverty through Micro, Small, and Medium Enterprises: An Empirical Exploration. *MAYFEB Journal of Business and Management* , 1: 42–49.
- Imramziyeva, M. I. (2024). The role of small and medium enterprises in poverty alleviation and economic well being. *Eurasian Journal of Economics and Business Studies*, 68 (4), 101-112.
- Islam, R. (2004). The Nexus of Economic Growth, Employment and Poverty Reduction: An Empirical Analysis. . (pp. Discussion Paper 14. , ). Geneva: International Labour Office.
- Jacobs, J., & Albers, G. (1992). *The Death and Life of Great American Cities*. Vintage Books.
- Loury. (n.d.).
- Loury, G. (1977). *A Dynamic Theory of Racial Income Differences, in Women, Minorities, and Employment Discrimination*. Lexington, MA: D. C. Heath: P. A. Wallace and A. LeMond.
- Loury, G. C. (1995). *Economic Discrimination: Getting to the Core of the Problem.*” in *one by one from inside out: Essay and Reviews on race and responsibility in America*. New York: The Free Press.
- Massis, D. e. (2014). The temporal evolution of proactiveness in family firms: The horizontal S-curve hypothesis. *Family Business Review*.
- Mondal, A. a. (2014). The Role of Inward FDI and Family Firm Heterogeneity on Foreign Location Choice: Evidence from India. *Faculty Publications-- Management* ., 9.

- Nahapiet, J., & Ghoshal, S. (1998). Social capital, Intellectual capital, and the Organizational advantage. *The Academy of Management Review*, 23 (2), 242-266.
- Naryan, D. P. (1999). *Bonds & Bridge: Social capital and Poverty*. World Bank.
- Nursini, N. (2020). Micro small medium enterprises (MSMEs) and poverty reduction: Emperical evidence of Indonesia. *Development Studies Research*, 153-160.
- Portes, A. (1998). Social Capital: Its Origins and Applications in Modern Sociology. *Annual Review of Sociology*, 22, 1-24.
- Portes, A. (1998). *The Economic Sociology of Immigration: Essays on Networks, Ethnicity and Entrepreneurship*. New York: Russel Sage Foundation.
- Putnum, R. D. (1995). Bowling Alone: America's Declining Social Capital. *Journal of Democracy*, 65-78.
- Regan, D. &. (2021). The effect of small and medium enterprises in employment creation and income generation: A case of Kebridahar Town, Qorahe Zone, Somali Region State, Ethiopia. *MPRA Paper*.
- Rehman, A. K. (2019). Role of SMEs in economic development of Pakistan. . *Journal of Business and Economics*.
- Sharma, P., Chrisman, J., & Gersick, K. E. (2012). 25 years of family business review: Reflexions on the past and perspectives for the future. . *Family Business Review*, , 25(1), 5–15.
- Shoaib, I., Khaskheili, A., & Sheikh, N. (2025). The role of small, medium enterprises in job bcreation: A case study nof Karachi, Hyderabad and Sukkar. *Journal Asian Development Studies*, 632-640.
- Subrahmany, M. H. (2005). Pattern of technological innovations in small enterprises: a comparative perspective of Bangalore (India) and Northeast England (UK). *Technovation*, 25 (3), 269-280.
- Tunio, M., Soomro, A., & Bongenhold, D. (2017). The study of self-employmentat SME level with reference to poverty in developing countries. *Business Management Research*.
- Zellweger, T. M. (2010). Exploring the concept of familiness: Introducing family firm identity. *Journal of Family Business Strategy*, 1(1), 54–63.
- Zellweger, T. M. (2012). From longevity of firms to transgenerational entrepreneurship of families: Introducing family entrepreneurial orientation. . *Family Business Review*, ., 25(2), 136-155.