

# Family entrepreneurship as a social resource for increasing employment of Russian families

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**Abstract.** The subject of the article is the poorly studied to date social phenomenon of family entrepreneurship as a type of joint labor activities of family members, which improves the family's standard of living. The phenomenon of family entrepreneurship is considered from the standpoint of the sociological approach in four perspectives: as a social process, as a type of collective work activity, as a form of group economic behavior of family members as a small group, and as a form of educational work on the formation of children's needs and working skills. From the perspective of gender sociology family entrepreneurship is considered as a type of gender-neutral entrepreneurship, in which all family members can participate, regardless of gender attribute, but with different degrees of involvement in a family business. A positive prerequisite for the development of family entrepreneurship in the Russian market is the active integration of women in business and the development of gender-oriented entrepreneurship (male and female) in Russia. Each of these types, with its own experience, specifics, and dynamics of development, has a positive impact on the spread of family entrepreneurship. Based on the method of content analysis the degree of actualization of public and scientific attention to the problem of family entrepreneurship, scientific approaches to its study and the potential for further spread are revealed. The findings of the content analysis are supplemented by the results of narrative interviews with entrepreneurs revealing the degree of their understanding of the essence of family entrepreneurship, its strengths, and weaknesses, risks, and potential, the attitude of entrepreneurs to increasing economic activity of family members. The assessment of factors hindering the development of family entrepreneurship, its prospects, and expectations of forms of government assistance to this process is provided. The social potential of family entrepreneurship, its educational role in the formation of children's labor skills, and intergenerational continuity of family business are emphasized in the research.

**Keywords:** family entrepreneurship, social resource, employment, the standard of living, gender neutrality, new gender order, social functions

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## 1 Introduction

Family entrepreneurship is a relatively new subject of sociological study, which is increasingly attracting the attention of sociologists, economists, psychologists, and lawyers in the context of the development of an inclusive economy and the formation of a new gender order in the world. On the one hand, it is traditionally an economic activity, representing an important segment of the economy, related to the development of households and their contribution to the social and economic development of regions, to the improvement of the material situation of families, and to the reduction of poverty. Economists pay consistent attention to this area, tracking the real contribution of small and medium-sized enterprises to the economy. According to Rosstat, it increased to 32% in 2020 [1]. The rate in Europe is 60%.

The novelty of the author's presentation of the problem is in the study of family entrepreneurship as a social phenomenon from the perspective of sociological, specific socio-gender approach with the support of the theory of gender sociology as a private sociological theory [2, 3], the theory of gender equality and gender neutrality, on the one hand, and the sociology of entrepreneurship [4] as a field of economic sociology [5] and general sociological laws on the other. The category of family entrepreneurship is based on the indicator of "household", which is understood as relatives living together (related and not related by filiation), jointly providing themselves with everything necessary for life, combining and spending their funds. The family as a small group and workable collective, uniting representatives of two gender communities (male and female), of different ages and social experience, is considered as the subject of the action. These gender groups may differ in dynamics and style of economic behavior but are united by common goals and objectives. The goal is to organize a successful business for the well-being of the whole family. The common interest is the quality results of collective work, which can bring income and improve the quality of life of all family members. From the perspective of the social gender approach family entrepreneurship can be studied in four trajectories: as a social phenomenon, as a type of collective labor activity, as a type of group economic behavior, and as a form of child labor education. Both objective and subjective factors contribute to the expansion of family entrepreneurship [6]. Among the objective factors are extreme economic conditions created under the influence of the Covid infection that require more flexible forms of business, and reliability and trust of partners. Among the subjective are the positive experience of integrating women in business, accumulated over the previous decades.

Thus, if, according to the first survey of public opinion of women [7], only 1% of women participated in entrepreneurship in 1991, then by 2015 the percentage was 27% [8] and in 2019 it reached 46% for the first time. In total, 5 million 602 thousand 738 Russian entrepreneurs (men and women) are involved in entrepreneurship, and this community is gender asymmetrical with 54% of men.

The experience and skills of spontaneously formed youth and children's entrepreneurship as new social phenomena of Russian reality can be considered an additional factor contributing to the development of family entrepreneurship. Thus, in 2019, the most active entrepreneurial groups were men and women aged 18 to 24 years [9]. At the same time, the restraining factor for family entrepreneurship is objectively the lack of legal interpretation of this category and of relevant legal regulators of the family business in the legislation of the Russian Federation. Whereas the main emphasis of the Federal Law on self-employment is made on gender-equal participation of men and women in entrepreneurial activity [10]. There is no established position on the conceptual definition

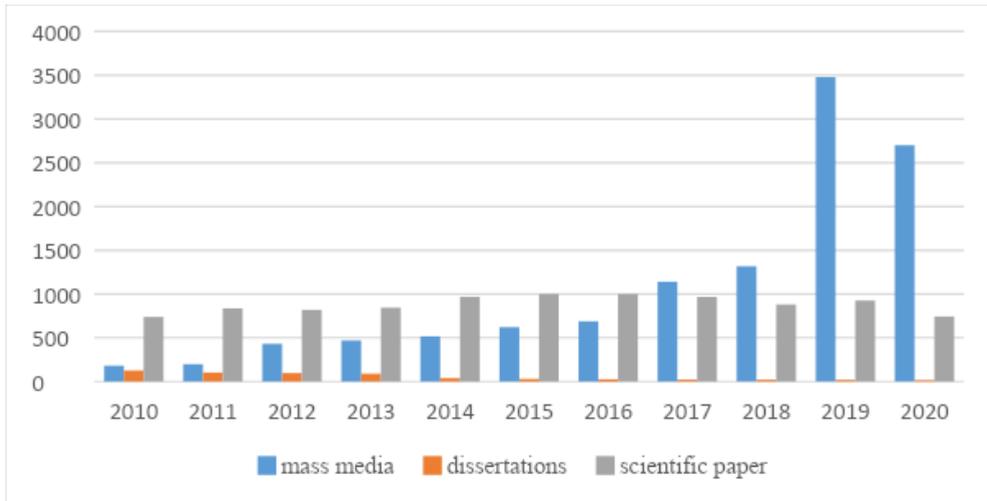
of the “family entrepreneurship” phenomenon in the modern scientific literature [11]. However, women over the years of market economy development in Russia have actively mastered entrepreneurship as a new type of economic activity and successfully advanced in it. The average age of a Russian woman entrepreneur is 38 years old. In the EU countries, the age is 35 years old [12]. Social functions of family entrepreneurship are economic (through specific forms of participation of family members in the development of the economy), monetary (through profit and its distribution), production (depending on the direction of activity), educational (related to the formation of children independence and valuable attitude to work), teaching (the formation of professional skills entrepreneurial activity), management, and communication. In the conditions of the formation of a new gender order as part of the new social world order, family entrepreneurship will play an increasing role as a type of gender-neutral entrepreneurship, which expands the boundaries of gender equality in the economy.

## **2 Materials and methods**

Problematic situation lies in a social contradiction that has developed between the interest of families in ensuring their employment, increasing their income and quality of life, on the one hand, and the lack of necessary support from the state, hindering the inclusion of families in entrepreneurial activities, as well as of knowledge of social practices of family entrepreneurship, on the other. The social contradiction is exacerbated by the fact that the legal acts of the Russian Federation still lack the definition of “family entrepreneurship”.

A combination of three methods for collecting primary sociological information including the traditional method of analysis of documents (statistical, legislative, scientific), the content analysis of publications (scientific and newspaper) of the past 10 years (2010-2020), and narrative interviews with entrepreneurs of the metropolis was used to study the problem. Taking into account that there is practically no sociological research of family entrepreneurship essence an attempt was made to determine the frequency of reflection of this issue in scientific publications and newspaper articles of the last 10 years (2010-2020).

To what extent does the topic of family entrepreneurship enjoy the attention of the media and finds its reflection in it? The authors turn to the results of the publications dynamics analysis, which are typologized into three types of groups: scientific theses, newspaper articles, and scientific publications (Fig. 1).



**Fig. 1.** Dynamics of the number of publications on family entrepreneurship in the media in 2010-2020.

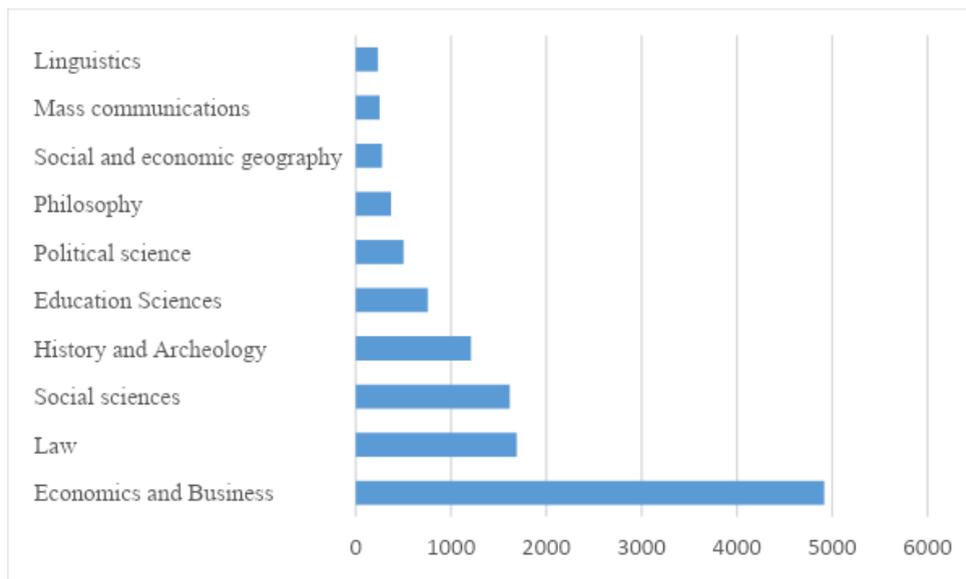
The analysis of *defended theses* devoted to the study of family entrepreneurship has shown that there are very few of them. The minimum that was defended refers mainly to the 2010-2015 period as an inertial continuation of the period of active interest in this topic, which is typical for the 90s.

As for *newspaper articles* in the media as channels of operational information, family entrepreneurship is a subject of consistent interest of journalists. Therefore, the number of articles on the subject grows year by year (from 181 in 2010 to 3,478 in 2019) and declines to 2,697 by the end of 2020. The drop is understandable, given the introduction of the pandemic isolation regime and the reduction in contacts between journalists and real entrepreneurs.

As for *scientific articles*, the trend has been relatively stable over all 10 years: from 738 in 2010 to 743 in 2020. This suggests that the interest in the problems of family entrepreneurship is stable and not conjunctural among scientists.

The change in the dynamics of attention to the studied subject of analysis suggests that entrepreneurship [13] and specifically family entrepreneurship is of steady interest to both journalists and scientists. This interest will persist in the coming years. The catalyst for the sustainability of such attention was the May Decrees of the President of the Russian Federation (2012), which defined the prospects for the country's development until 2024 and the place of entrepreneurship development in them. Thus, the decrees set the task of creating conditions for their comfortable functioning and development, such as tax benefits, a simplified system of lending and reporting, as well as the preferential procedure for leasing premises and equipment, and much more. In general, it can be noted that the measures of entrepreneurship support in Russia peaked in 2015-2016. Benefits for family entrepreneurship are legislated, and this will support both the development of family entrepreneurship and entrepreneurship in general.

The second task of the content analysis is to determine the prevalence of entrepreneurial topics of publications depending on the scientific branches of knowledge. Ten branches of science were analyzed ranging from linguistics to economics and business (Fig. 2).



**Fig. 2.** Areas of scientific knowledge showing interest in the topic of family entrepreneurship. *Source:* Compiled by the authors.

According to the bar chart, the economics and business industry has the greatest number of publications on entrepreneurship (4,916). This confirms the prevalence of the economics approach to family entrepreneurship research. The second place (1,689) is taken by the field of legal sciences. Sociological sciences are in third place (1,616). These are the three leading fields of scientific knowledge in which the problems of entrepreneurship, including family entrepreneurship, are most actively studied. Least of all this problem is raised in such branches as linguistics (232) and mass communications (251).

Four other fields of knowledge that show attention to the problems of entrepreneurship have been analyzed: history, archaeology, education, and political science. The interest of these sciences in the entrepreneurial topic is most likely due to the development of markets, the functioning of which is inextricably linked to entrepreneurship in its various forms and volumes.

As for the attention to entrepreneurship from sociological science, it simultaneously reflects the prevalence of research in the field of sociology of entrepreneurship [14] and the expansion of interest to family entrepreneurship specifically. However, it should be recognized that the vast majority of the analyzed publications are devoted to entrepreneurship in general as a type of economic activity and economic behavior. As for family entrepreneurship, they account for a minimal share of research so far only emphasizing the relevance of the scientific demand for sociological study.

### 3 Results

The purpose of the study conducted by narrative interview of entrepreneurs of the capital megalopolis [15] is to determine their ideas about the essence, opportunities, and reserves of family entrepreneurship. Five social indicators were measured: understanding of the essence of family entrepreneurship, the degree of its development, involvement of friends and acquaintances in family entrepreneurship, assessment of measures required from the

state for the active development of family entrepreneurship, and its impact on the lives and future plans of entrepreneurs themselves.

1) What are the entrepreneurs' ideas about *the meaning of "family entrepreneurship"*? The positions vary:

*"It is a business that involves all family members and close relatives. It mostly fits family dynasties, where, for example, there are dynasties of doctors"*.

*"A business where the core capital, the main investment comes from family members replacing the top management positions, and where everyone is interested in making money and getting the business on its feet"*.

*"...People who are also in an informal relationship, that is a husband and wife who do business together, being each other's business partner. ...It is when the people closest to each other do business together. It involves the first circle of people – parents and children"*.

*"In family entrepreneurship, the concept of the conventional company is greatly altered and participants in the top management or board of directors are family members"*.

*"It's doing business together, involving several family members, who are in charge of the business and make decisions collectively"*.

In other words, the essence of "family entrepreneurship" as understood by entrepreneurs is that it is a business in which all family members, close relatives, participate, and where the capital base, the major investments come from all family members, and decisions are made on the basis of collective opinion. These are quite competent positions in ideas about the essence and features of family entrepreneurship.

The second indicator is the degree of development of family entrepreneurship. A number of interviewees emphasized agriculture as an important branch of family entrepreneurship development:

*"agriculture is a very developed sphere of family entrepreneurship because this industry is quite capacious. Despite the education, each family member can find a use for himself. Farming is a high-profile economic practice where specialists in different areas are needed. It includes economics, law, construction, mechanics, cattle breeding – you need to understand everything"*.

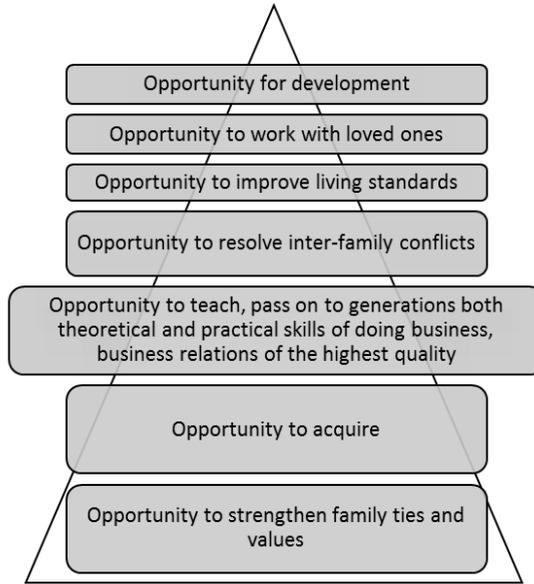
*"The development of family entrepreneurship is not particularly different from entrepreneurship in general, because there is no particular difference in whether you are doing business on your own, with a friend, or with your family. When you decide to do business with the people closest to you, there's no question of trust. There's more loyalty, more hope that everyone will really and consciously do their job. Overall, the prospects are great. Especially in difficult times, when you create your own business and prefer reliable, trusted people who can also take some part of the responsibility"*.

*"The development of family entrepreneurship in our country is still at a low level because young people in Russia are strange – they try to live as interesting as possible, but go against the opinion of their elders; the only exception, perhaps, is the youth of the Caucasus region". "Family entrepreneurship is relevant, but it's not properly developed"*.

*"Entrepreneurship is not in the best condition today. If we talk about family entrepreneurship, I consider a large part of family entrepreneurs as fictitious, shares of many organizations sit on the "family shoulders", while serious managerial decisions are made by one or two people"*.

Respondents' opinions were divided. While recognizing the importance of family entrepreneurship, more than half note negative trends in its development, stagnation, and its low level. The third indicator notes the influence of family entrepreneurship on the life and activity of the entrepreneur. The results of the study built a pyramid of opportunities for

family entrepreneurship (Fig. 3), according to which the three most important and stimulating of the seven measured are the opportunity for self-development and the opportunity to work together with the family. In other words, self-development, trust, and family improvement.



**Fig. 3.** Pyramid of family business opportunities. *Source:* Compiled by the authors.

*The fourth indicator:* pros and cons of family business (Table 1).

**Table 1.** Pros and cons of family entrepreneurship.

Pros	Cons
Complete trust; interest; all family members devote themselves fully and give even more than they can; you won't be cheated; there are no and can't be any financial leaks – this is a big advantage.	Human Factor. Running a successful family business requires that all members have an equal stake in it. It takes family members to learn how to interact not only on family matters but on many other things as well (which takes time). While the adjustment period lasts, conflicts may arise

The diagnosis of positive and negative aspects of family entrepreneurship reflects mainly their subjective nature, depending on the personal qualities of the entrepreneur and his family.

*The fifth indicator* – in which areas of the economy may the development of family entrepreneurship be most promising? According to the study, those are handicraft production, agriculture, catering and medicine, floristry, sports. These sectors allow the development of the so-called “spot” (small) business (pharmacies, flower stores, small gyms, bakeries, nail salons, etc.).

What do entrepreneurs see as the risks of family entrepreneurship? Let us refer to Table 2.

**Table 2.** Risks of family entrepreneurship and measures to neutralize them.

Risks and obstacles to development	Measures of overcoming
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Excessive control of the market by the state Tough competition between small business and big companies People's mentality High level of taxation	Concessional lending Organization of special training events Reduce state control
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According to the study, the main risks for small businesses are connected with the fact that there are no established (even if unspoken) rules for fair business practices in Russia. Ferocious “no rules” competition is the most dangerous risk factor, making it impossible for both entrepreneurship in general and family business, in particular, to develop properly. Such competition is supplemented by unfavorable taxation conditions, excessive control by the state, and insufficient resources.

This means that family entrepreneurship is forced to exist and develop under the same conditions as an ordinary business due to the lack of its legal formalization, which is very unprofitable for family entrepreneurship. Therefore, the legal stipulation of the status of family entrepreneurship in the Russian Federation will create more favorable conditions for its qualitative development and will promote the formation of family entrepreneurship culture in Russia.

For this purpose entrepreneurs propose a number of measures on the part of the state that would promote active development of family business, such as state participation in regulation and legislative definition of “family entrepreneurship”, reduction of various tax payments, and revision of family business taxation system in general with its specific features being considered. Specific suggestions to the state made by entrepreneurs are as follows:

*“To reconsider the tax component of family entrepreneurship”*

*“To regulate, help and develop any sphere of activity from the standpoint of legislation, and then control family entrepreneurship in compliance with the established norms”*

*“To introduce a general tax for the family. What is happening now? – The owner pays taxes, then, if family members are registered as employees, they also pay income tax. So it turns out that they pay tax from the general business, plus each of them pays individually. This is unfair”.*

*“To introduce certain privileges for family entrepreneurship, because family entrepreneurship is a good idea, but the giant companies in the market “devour” everything. Look at what Yandex is doing? And Sberbank? This is a pure monopoly”.*

*“To oblige large market players to act as investors in family projects in order to help implement them, but not destroy them”.*

*“To introduce a scheme under which maternity fund could be invested in your business”.*

*“To introduce economic programs, to change the law of inheritance, so that there would not be two owners of family businesses; to educate heirs in family entrepreneurship, to develop approaches to the economic management of family businesses, to introduce training programs”.*

These and many other suggestions expressed reveal the need for effective programs, projects, educational directions to support and develop family entrepreneurship. It is indicative that the majority of respondents consider their business to be a family business and feel much unprotected.

Entrepreneurs' proposals indicate an urgent need for a specific law on family entrepreneurship in Russia that would clarify its procedure for development and status.

## 4 Discussion

The development of family entrepreneurship in the context of the development of an inclusive economy and the formation of new gender order raises many new questions about the integration of family as a small consolidated group into the development of entrepreneurship and the economy as a whole. On the one hand, family members united by common interest and trust in each other are a reliable starting point for the development of “family entrepreneurship”. On the other hand, participation in a risky financial and organizational enterprise requires serious educational and practical preparation of family members, especially the parents, to ensure the organizational and financial management of the family business. How do the entrepreneurs assess the pros and cons of family entrepreneurship (see Table 3)?

**Table 3.** Pros and cons of family entrepreneurship according to entrepreneurs.

Pros	Cons
“Total trust, personal interest; all family entrepreneurship participants are fully committed to the joint business in all possible ways; there is no cheating and no financial leakage – which is a big advantage”	“Great dependence on the human factor. Running a family business successfully requires all members to have the same interest in it. Family members must learn to interact beyond family matters (which takes time). Family conflicts can arise during the adaptation period”

Obviously, both positive and negative aspects of family entrepreneurship identified in the study belong to the group of subjective factors. Their influence depends primarily on the personal qualities of the entrepreneur and his family members. In this context, the question arises about the family’s choice of certain sectors of the economy in which, in their opinion, family entrepreneurship is most promising. According to the results of the narrative interview, such spheres are small businesses of handicraft production, agriculture, catering, beauty and health. i.e., which provide an opportunity to develop a “spot business”. Examples are pharmacies, flower stores, small gyms, bakeries, nail salons.

Stiff competition, unfavorable taxation conditions, excessive control by the state, lack of resources, blurred rules of the “game” in the organization of family business are largely due to the lack of a well-thought-out legal framework for the development of family entrepreneurship in Russia. This is why addressing this issue can be regarded as a prerequisite for expanding the entrepreneurial involvement of the family institution in the development of the national economy.

Based on entrepreneurial estimations, legislative consolidation of the family entrepreneurship status can also open new opportunities for its expansion on the scale of regional economies and contribute to the formation of a “business culture”, a “culture of entrepreneurship” as a new social norm in Russia.

## 5 Conclusion

The results of the study confirm the conceptual validity of the author’s idea of the project. The sociological approach to the study of family entrepreneurship from the perspective of gender sociology and the theory of gender equality in the conditions of a new gender order formation significantly deepens the analysis of family entrepreneurship in society, where women are a stable majority in all spheres of life.

Family entrepreneurship, on the one hand, expands economic opportunities for integrating women into entrepreneurship without “leaving the family”. On the other hand, it contributes to the restoration of “generational entrepreneurship” in Russia. In contrast to developed Western countries, post-Soviet society has formed “first-generation” family entrepreneurship, compared, for example, with the fourth or even fifth generation of family entrepreneurship in the U.S. In this regard, the creation in Russia of a legislative platform as a pillar of its development is extremely important.

The conducted study belongs to the exploratory type of research, which can serve as a reference point for further comparative studies, the results of which can be compared with the obtained pilot empirical base and constructively develop further scientific search.

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