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Family Business: Opportunities Challenges and Issues

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FAMILY BUSINESS: OPPORTUNITIES CHALLENGES AND ISSUES

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Family Business has been as common in the Indian economy like elsewhere in the world, it is perceived in a common sense. The term family business conjures up different meanings to different people with different names such as 'family owned ', 'family Controlled ', 'family managed ', 'business houses', etc .

Family business are widely seen as the back bone of the economy - they create wealth, they provide job, they are locally rooted and connected to their communities and they seem to be around for long Period of time.

Family Businesses, being the bellwether of Indian economy, are existing businesses built by family members with entrepreneurial zeal, dedication and hard work. Acquiring proficient skills in modern management techniques and tools will enable them to scale their businesses without losing their entrepreneurial streak. The opportunity-investment-expansion cycle is also relevant for the family businesses. The goal of this program is to equip the next generation of Indian family business entrepreneurs with the skills and knowledge to power their organizations into the next level.

Keywords: Family Business, Advantages, Challenges and Strategies.

1.0 Introduction

"It's the Family Business. That's the way we like it."

-Cole Erwin

Family business is the oldest and most common model of economic organization. The vast majority of businesses throughout the world—from corner shops to

multinational publicly listed organizations with hundreds of thousands of employees—can be considered family businesses.

Family business is the corporation that is entirely owned and managed by members of a single family. Family firm is a corporation that is entirely owned by members of single family it is also known as company owned, controlled and operated by members of one or several families. Family business is one in which one or more members of one or more families have ownership, interest and significant commitment towards business. Family ownership is often associated with a double role for the family as that of owners and managers of the firm. In economic terms, families make firm-specific investments in human capital, which makes them reluctant to give up control. This, and the fact that typically a higher share of owner's wealth is invested in the firm, creates a long-term commitment to the survival of the company and results in family firms being more risk-averse than other firms. Hence, their behaviour may be affected by a high sensitivity to uncertainty and by a risk attitude which induces them to avoid decisions affecting the firm's survival or the stability of control.

2.0 Objectives

- To analyze advantages of family business.
- To know the challenges of family business.

- To find out the strategies for improving capability of family business.

3.0 Methodology

To realize the objectives of the study information was collected through primary and secondary data. We collected primary information through questionnaire. The respondents were entrepreneur of family business of Mangalore region. Secondary data includes books, papers presented, journals, websites and articles from news papers.

4.0 Advantages of Family Business

A family business is a commercial venture in which family members are involved. A family business can include many possible combinations, such as parents and children, husbands and wives, multiple generations, and extended families taking the roles of board members, stockholders, advisers and employees. There are some benefits associated with a family business, but there are also some detriments associated with undertaking a business venture with your family.

- **Stability:** Family members usually stay in the position for many years, until a life event such as illness, retirement, or death results in change.

- **Commitment:** Since the needs of the family are at stake, there is a greater sense of commitment and accountability. This level of commitment is almost impossible to generate in non-family firms. This long term commitment leads to additional benefits, such as a better understanding of the industry, organization and job, stronger customer relationships and more effective sales and marketing.
- **Flexibility:** Family members in a business will not differentiate between particular works. They will be ready to do all works for the success of the company.
- **Long-term Outlook:** Family members will think of business not only for years but instead they think for decades ahead. This long term perspective allows for good strategy and decision making.
- **Decreased Cost:** Unlike typical workers, family members working at family firms are willing to contribute their own finances to ensure the long-term success of the organization. This could mean contributing capital, or taking a pay cut.

5.0 Challenges of Family Business

All businesses face challenges, whether it is dealing with the changing economy, finding and hiring the right employees, or increased competition in the market. Family-owned businesses are not immune to these

challenges. In fact, there is also a unique set of challenges that family-owned businesses have to face as a result of the nature of their business structure. Some of the common challenges are:

- **Family problems.** Physical, emotional and financial problems among family members can greatly impact the day-to-day operation of the business.
- **Pressure to hire family members.** It can be difficult to resist the pressure that comes along with requests from family members who want to join the business. This becomes especially complicated if they lack the basic skills and experience needed for the position.
- **Lack of training.** The informal culture found in many family businesses can result in a lax approach to training new employees, whether they are family members or not.
- **High turnover of non-family employees.** Non-family employees may feel that greater opportunities exist within the business for those who are a part of the family and may grow tired of the culture.
- **Sources for growth.** A huge challenge for family businesses can be determining where and how to get the capital and resources needed to grow the business. Because all members belongs to same category.

- **Compensation problems:** Dividends, salaries, benefits and compensation for non-participating family members are not clearly defined and justified.
- **Lack of talent:** Hiring family members who are not qualified or lack the skills and abilities for the organization. Inability to fire them when it is clear they are not working out.
- **Communication problems:** Provoked by role confusion, emotions (envy, fear, and anger), political divisions or other relationship problems.
- **Exit strategy:** No clear plan on how to sell, close or walk away from the business.
- **Control of operations:** Difficult to control other members of the family. Lack of participation in the day-to-day work and supervision required.

6.0 Strategies for improving and sustaining Family Business

Family businesses may be popular, but that doesn't mean they're all successful: The reality is that the majority of family-run businesses don't last past the first generation. In addition to the predictable challenges all businesses face, there are tremendous amounts of unanticipated, daunting obstacles that arise when working with family.

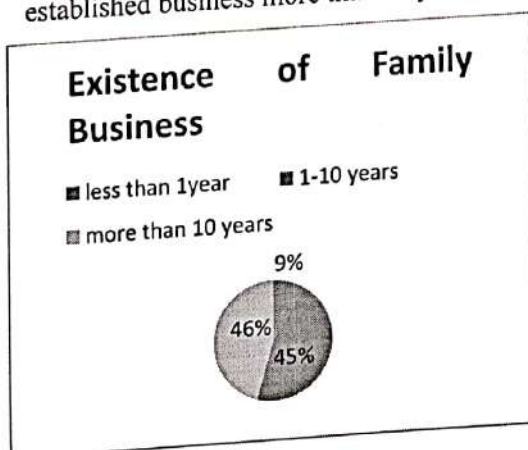
- **Develop mutual respect:** All members should show same amount of respect to all. If there is any misunderstanding among any of the members it will affect the business
- **Bring your own area of expertise:** Allow each partner to be an expert in his or her own category. Not only will this create a balanced business relationship, but it also prevents arguments when crucial decisions need to be made or when problems arise. Suppose if there is any disagreement in the decisions we should treat the family members as any other business partner.
- **Set defined boundaries:** It's important to set clearly defined rules within the business for each family member involved. By setting concrete roles and boundaries, each partner can properly organize and operate the family business as they would any other.
- **Define an exit strategy:** We should not always be overconfident that we are not going to lose anywhere, but we should set some parameters of what to do if the business fails.
- **Put relationships first:** Always put the relationship first. Do not ruin a solid family bond over a business obstacle. With set boundaries and respect, there should always be a way to solve a

problem. Use that family chemistry to our advantage.

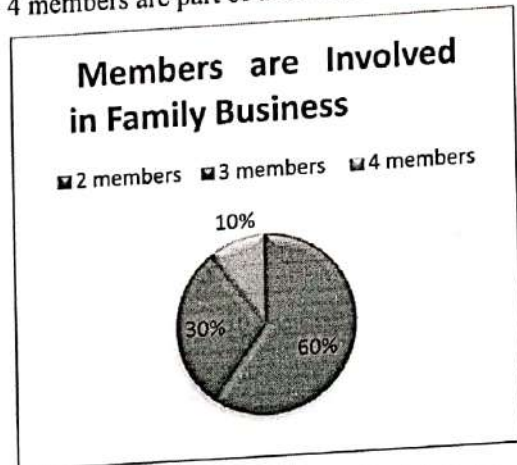
- **Inculcate professionalism in family business:** In family business it is necessary to retain the effective talent in company, proper documentation of business transaction and planning and implementation of efficient strategies.
- **Proper communication and good management:** There should be a proper communication of information among family members about present business and utilization of available resources in business.

7.0 Findings

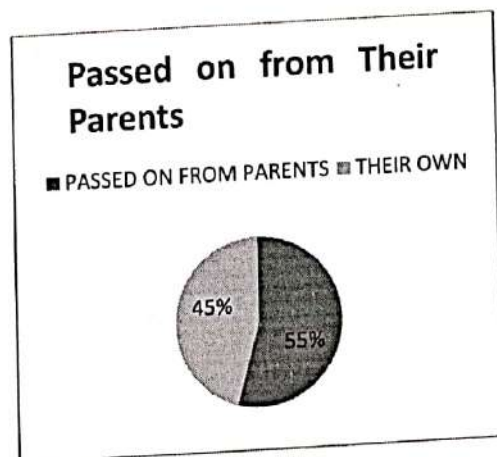
- Out of 100 people surveyed who have family business 9% have established business less than one year , 45.5% have established the business between 1 to 10 year and 45.5 family business was established business more than 10 year.



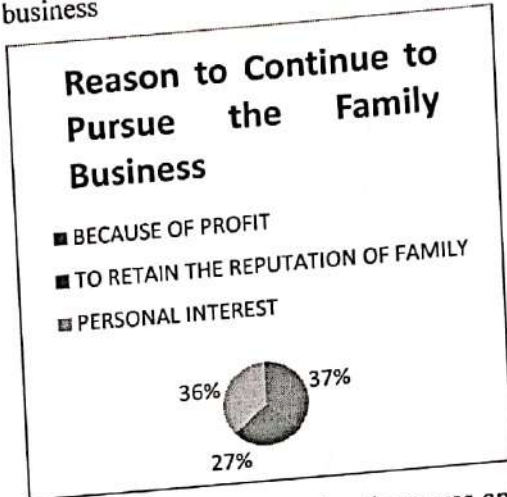
- When asked, how many members are involved in family business 54.54% responded that 2 members were part of the business whereas 27.27% responded that 3 members are part of the family business while remaining 9.1% have responded that 4 members are part of their business.



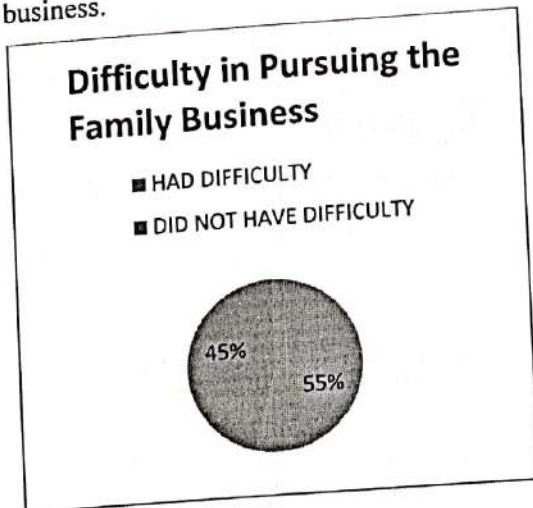
- 54.5% of the respondents said that their family business was passed on from their parents whereas 45.5% has established their family business on their own.



- 36.37% of the respondents continued to pursue the family business because it has profit whereas 36.36% to retain the reputation of family while only 27.28% have personal interest to pursue the family business



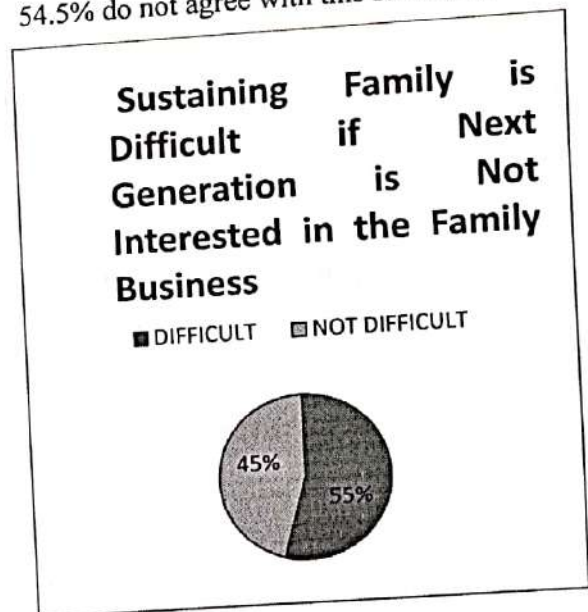
- When we enquired, whether there was any difficulty in pursuing the family business, 54.5% were responded that they had difficulty whereas remaining 45.5% had no difficulty in pursuing the family business.



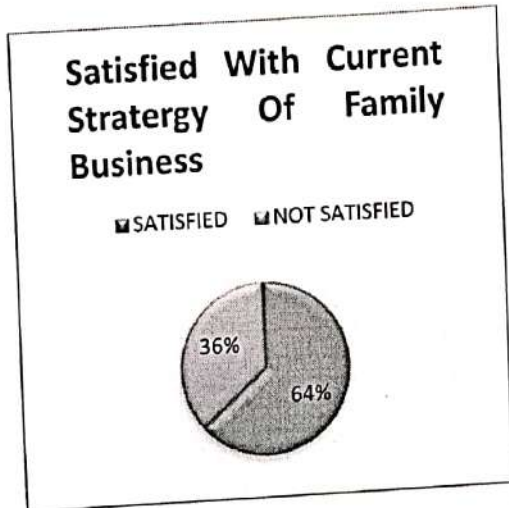
- Majority (90.9%) of the respondents said that they enjoy being a part of family business whereas remaining 9.1% do not enjoy being the part of family business



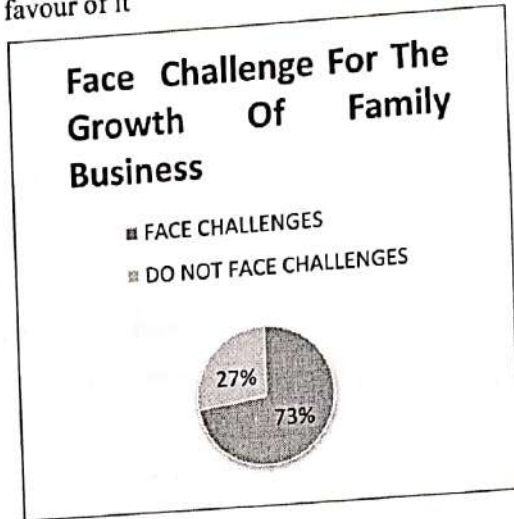
- 45.5% of the respondents feel sustaining family is difficult if next generation is not interested in the family business whereas 54.5% do not agree with this statement



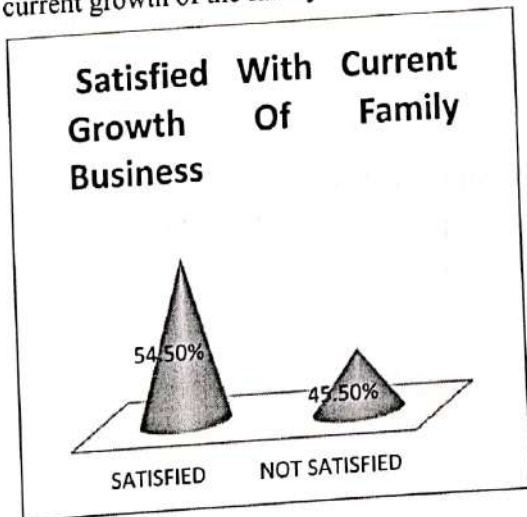
- 63.6% respondents said that they are satisfied with their current strategy whereas 36.36% were of the opinion that they are not satisfied with their current strategy of family business.



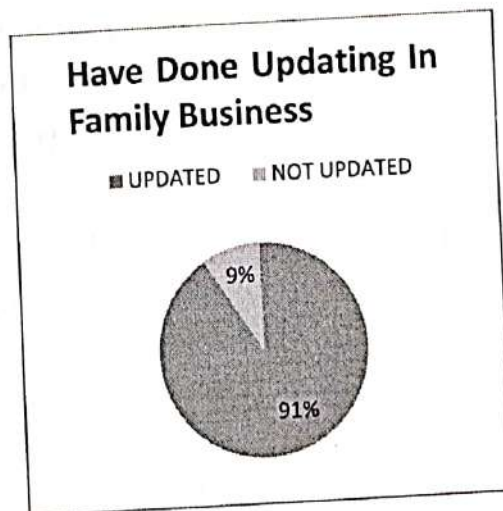
- When we enquired about, do you face any challenges for the growth of your family business, 72.72% were in favour of the statement whereas 27.27% were not in favour of it



- Out of 100 respondents, 54.5% were of the opinion that they are satisfied with current growth of family business whereas 45.5% were not satisfied with their current growth of the family business.



- Not surprisingly, almost 90.9% of the respondents have done updating in their family business whereas 9.1% have not done any updating in their family business.



8.0 Suggestions

- Members involved in the family business should give knowledge about the business at young age to their children so that when they grow they will be having enough knowledge about their business.
- All members of family business should develop the same goals and values about business.
- Members should learn about conducting of business and dealing with different people in different situations from past generations.
- Family members should ready to do all work and they should work harder than any other employees.
- Members should maintain a balance between family and business; they should give respect to each other and should leave the business at office.
- New generation members should change their production according to the latest trends and requirement of the customers.
- People should create a interest among the members of their family to continue their business and should train them accordingly.

9.0 Conclusion

Family businesses are widely seen as the backbone of the economy – they create wealth, they provide jobs, they are locally rooted and connected to their communities and they seem to be around for long periods of time. Yet, despite the many positive aspects of family businesses, there is also a darker side. Family conflicts and incompetent members of the next generation are just some of the more frequent criticisms about family businesses. People should develop interest about their family business in order to sustain the reputation of their family.

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Questionnaire

1. Your existence of family business is from how many years
a) Less than 1 year b) 1-10 years c) more than 10 years
 2. How many members are involved in family business? _____
 3. What is your family business? _____
 4. Whether your family business is passed on from your parents
Yes No
 5. What is the reason continue to pursue the family business
a) Because it has profit b) to retain the reputation of family c) personal interest
 6. Was there any difficult in perusing that business
Yes No
 7. Do you enjoy being a part of family business?
Yes No
 8. Whether your Family problems affects your family business
Yes No
 9. Do you feel family business might be reason of conflict within family
Yes No
 10. Do you feel Sustaining family is difficult if next generation is not interested in the family business
Yes No
 11. Are you satisfied with your current strategy of family business
Yes No
- If no, what is the reason?

12. Are you satisfied with current growth of family business?

Yes No

13. Do you face any challenges for the growth of your family business

Yes No

14. Whether you have done updating in your family business product

Yes No

WOMEN IN FAMILY BUSINESS: A STUDY WITH REFERENCE TO MANGALORE REGION'S SELECTED SMALL WOMEN ENTREPRENEURS OF FAMILY BUSINESS

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In today's competitive world every business organization should have effective means for doing their business. As all business face challenges, the family business also face more and more challenges. Usually family business will create new opportunities for their each generation. The competition and challenges which are faced by family business differ from one generation to another. More and more advancements are needed to face the competition. In earlier days only men were involved in the family business. Now trend has changed. At present women also play a important role in family business. The role of women is invisible in business decision making.

In this paper we try to find out new challenges faced by women entrepreneurs and how they cope up with new challenges and advancements.

Keywords: Challenges, Generation, Advancement

1.0 Introduction

In today's competitive world every business organization should have effective means for doing their business. As all business face challenges, the family business also face more and more challenges. Usually family business will create new opportunities for their each generation. The competition and challenges which are faced by family business differ from one generation to

another. More and more advancements are needed to face the competition. In earlier days only men were involved in the family business. Now trend has changed. At present women also play a important role in family business. The role of women is invisible in business decision making.

2.0 Literature Review

Dutta (1997) stressed that family business in India goes beyond the boardroom to provide a critical look at the Indian family

business. He considered historical data and contemporary development to show how family owned enterprises have sustained remarkably stable values over generations.

Leach and Dixit (2015) focused on the ways and means to help family businesses manage growth, change and transitions and richly illustrated with real life examples.

3.0 Objectives

- To study the business and managerial role of women in family business
- To find out the new challenges faced by women in family business.
- To suggest some measures for effectiveness

4.0 Research Methodology

To realise the objectives of the study, a direct interview is conducted on selected women entrepreneurs involved in family business in Mangalore Region. Random sampling techniques are used for our study. Both the primary and secondary sources are used for the collection of data. The study focuses on the few selected women entrepreneurs in Mangalore city limit. The study being a descriptive in nature, an attempt is made to understand challenges faced by women in family business

5.0 The Business and Managerial Role of Women in Family Business

In the past, women had limited roles to play in family business. Now things have started changing. So women used to get the right to equality in family business. Earlier everyone had a opinion that women can occupy only female areas like accounting, HRM and finance. Now trend has changed women can be a successful CEO in family business. According to our survey, family business with women in the top jobs is more successful. Women take better care of the relationships among employees. Women can play a very positive informal role in the firm.

6.0 The New Challenges Faced by Women in Family Business.

It is not easy to handle family business so easily. Each and every time they have to face more and more challenges. According to our survey most of the family businesses are facing major challenges.

- Firstly decision making, whenever they take a decisions, they should be very careful. Because every decision will affect family and non-family employees of the family business. Otherwise it is very difficult to attract and retain non-family employees.
- Secondly competition. Women entrepreneurs have to face more and more competition from men entrepreneurs or competition from

their own family members. It is not easy to compete with them.

- Thirdly talent. Entries in the family business allow any one from family even though he is not a qualified. If they want to be successful, then they have to give importance for newly talented people.
- Fourthly, balancing business and family life. Women have to play different roles in family as well as business. Along with decision maker she is a mother in family.
- Fifthly, leadership. In family business there may be change in leadership style. One generation had there own leadership style and new generation have there own leadership style. There should be a proper leadership otherwise; it is very difficult to survive.

7.0 Suggestions

1. Proper decision making according to the situation. The decision should be fair. It should not support a family members or non-family members in business.
2. They should support new ideas, new working practices and new staff. Then only they can become more and more competitive.

3. More importance for talented and new skilled employees. Women in family business should hire talented employees rather than untalented family members.
4. There should be proper balance between business and family life. There should be difference between interest of family members and interest of business.
5. Proper leadership style should be adopted, whichever is suitable for their family business.
6. No gender discrimination. All businesses should choose the best person for the job regardless of gender.

8.0 Conclusion

To conclude, at present women play an important role in family business. They can manage both family as well as family business. Family business may offer a path forward for all business seeking to achieve gender parity within their leadership ranks and in turn, improve their economic performance. Women owned family business are more likely to focus on succession planning, carry less debt than male owned business. Thus if family business can manage any dynamics, they have great range of opportunities in Indian economy.

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A STUDY ON THE ROLE OF WOMEN IN FAMILY BUSINESS

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Women play a prominent role in running a family. She takes different roles like a mother, sister, wife daughter, daughter-in-law etc. In India women are treated as the wealth and beauty of a family. The question here is the given the same prominence in running the family business. As we know family business is the business run by a family. Generally this family business runs from generation to generation.

In this research paper we are attempting to study the role of the women in family business and the problems faced by her in running a business. A study is made on the evolvement of women in family business.

Keywords: Evolvement, Family business, Prominence, Women

1.0 Introduction

Family business is a commercial organisation in which decision making is influenced by multiples generations of a family related by blood or marriage. There is nothing called line management and staff management in family business as it managed by the members of a family. When we say members of the family there is the involvement of women as well. In the earlier day's women was given credit only for her emotional support and not for her physical support. There is also

organisation which did not allow its women to participate in the family business but the recent trend is that women are participating in running of the family business.

There are many family run organisation where the core work is done by the women for example in a hotel the preparation of food might be done solely by a women, in majority of cottage industries like pickle making papad making, craft, making of brooms etc the manufacturing process is

done by a women but whole credit goes to men as society recognises only efforts of selling it. In this paper we are going to find out the role of the women in a family business and suggest certain remedies to overcome the problems faced by these women.

2.0 Literature Review

- Barrett and Moores(2009) remarks that women have been increasingly likely to be considered potential successors of family firms. They also discuss the experience of innovation and challenge of incorporating radical innovation as a means for preparing for the future. Men and women behave differently in family firms. They also mention that women are invisible as their success is not commonly accepted.
- Francis (1999) tells us some grave truths regarding women in family business sometimes the parents best intentions may really be the problem for the adult daughter in the work place. The father may be uncomfortable and the mother envious of their adolescence daughter which might create problems in running of the family business. She also tells us that women have a distinct way of doing the business as compare to their male counter paths.

3.0 Objectives

The objectives of our study are:

- To study the role of women in family business
- To highlight the problems faced by the women in running a family business
- To study the changes in the family business due to the involvement of women
- To recommend the remedies to reduce the problems faced by the women.

4.0 Research Methodology

To realise the objectives of the study we have collected the primary information through the questionnaires. The respondents were the women involved in the family business of the Mangalore region. Both primary and secondary sources are used for the collection of data. We have used random sampling techniques. The study being descriptive in nature and attempt is made to understand the working conditions and problem faced by the women working in family business. The study focuses on few selected respondents in the Mangalore city limit.

5.0 Findings

The following are the findings of our study:

- Majority of the women's suggestions are considered in the decision making process of the family business but still there are a few circumstances where the suggestions of women were not considered in the decision making process.
- Surprisingly all the women respondents we approached have been involved in the family business only after their wedding which leads us to think that daughters are not given responsibilities because they will not permanently be involved in the family business.
- 80% of the women respondents informed us that it was their family which prompted them to join the family business and 20% of the women respondents willingly without prompting family business. The conclusion derived from this point may be that women are shy and lacking self confidence.
- Shockingly majority of the women respondents are only emotionally and physically involved in the family business and not legally whereas few of the women respondents are legally involved in the family business.
- 50% of the women respondents faced negative response from the society, 30% of the respondents faced both positive and negative response from

- society whereas only 20% of the respondents received positive reaction from the society regarding their involvement in their family business.
- 40% of the respondents felt that men dominate in decision making process with regards to the family business, whereas the other 40% felt that they are not dominated by the men and the remaining 20% said that their suggestions were sometimes taken as both positively and negatively.
- As expected majority of the women respondents encountered many problems by dealing in the family business just because she is the women and handful of respondents have not encountered any major problem.
- 60% of the women respondents informed us that the men in their family do not assist them in the house work whereas a small percentage (30) of men actually help the women in their house work, the remaining 10% of women respondents were sometimes help by the men.
- Every women respondent we questioned answered that they have not received any aid by the government.
- Almost all the respondents responded that they were happy and satisfied for being involved in the family business.
- 65% of the women respondents have been involved in the family business

for more than 10 years, 35% of women respondents are heir in the family business from 5-10 years and remaining 10% of the women recently joined the family business.

➤ Some of the problems faced by the women involved in the family business are they find it difficult to balanced between house work and the business, their circumstances were they face weird reaction from customers just because they are women, society also negatively response towards them, the elders in the family are adamant and do not accept their suggestions etc.

6.0 Suggestions

We recommend the following suggestions for the improvement of the women's working condition in a family business:

- Women are as competent as men so the family has to give the equal opportunity to the women of the family to involve in the business. As a women is completely trusted for the decisions taken regard of her family she should also be entrusted the decision making in the family business.
- Generally a women dose not participate in the family business because of time as she totally involved in the work of looking after her family thus if the men of the house share the

home responsibilities of the women then the women will have some spare time which she can invest it in running of the family business.

- Learning process starts at a early age hence, the family should involve and motivate their daughters to take the responsibilities of the business from the very young age she should be made to feel as the important part of the family business. So that when she grows up she can take the full responsibly of the family business.
- To encourage women it is better to make her legally involved in the business rather than only emotionally and physically involved. This gives her the sense of pride and responsibility.
- It is not only the responsibility of family but also the responsibility of the government to see that women are involved in the family business they should organises training programs for women which will make women more capable to face a challenges in a family business.
- Society also plays a very important role in supporting women. It is seen that in some cases society prejudice against women and feel that they are not capable of handling a business which act as a de-motivating factor. Hence, society should give equal

opportunity for women to encourage them rather than de-motivating them.

- Government should create an enrichment committee in every region. The major work of this committee is to enrich the women who are hesitant to join the family business even though they are capable and qualified. The committee should influence these women's to take part in the family business by erasing their fear.
- The above mentioned committee should also focus their attention on men who discourage the women and do not trust on them to run a family business this committee should counsel and try to change the hearts and minds of the women and the opinion of men regarding the involvement of women in family business.
- Woman does not enjoy the same extent of freedom in her in laws house as she enjoys in her parents' house. Husbands' family might not trust her completely and involve her in the family business. So it the duty of her husband to give her opportunity and trust her in the involvement of her family business.
- When a women ventures out she always faces negative remarks and discouragement from everyone but instead of stopping herself she should

cross these obstacles dedicate herself to the work and move forward.

7.0 Conclusion

We have seen a gradual change in the role of women in the society. Women have practically earned success in every field and profession. She plays a very dynamic role not only in the family but also in the society and family business Her role in the family business is also gradually changing as she takes active participation in decision making of family business. Family has also understood her importance and gives her an opportunity to showcase her talents by moulding her in the family business. But as we already motioned in our study there are lot of practical problems faced by the women and in some cases family also hesitant towards women taking part in the family business and there is also the role paled by the society. By inculcating the above mentioned suggestions a great change can be brought in the life of these women but it requires the full involvement and support the women herself, her family and the society at large.

a) Yes

b) No

16. Since when are women in your family are involved in the family business

a) 0-2yrs

b) 2-5yrs

c) 5-10yrs

d) Above 10yrs

17. The problem faced by you

.....
.....

18. Suggestions

.....
.....
.....

Thank you

Signature
