FAMILY-OWNED BUSINESSES: A CRITICAL REVIEW

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Received: June 08, 2018 Accepted: July 22, 2018

ABSTRACT *In a family entrepreneurship, a cluster of populace will operate particular business whose leadership or the authority gets transferred from generation to generation. This kind of family entrepreneurship is unlike customary entrepreneurship for the reason to nurture and raise their offspring's to stay alive for the impending generations. This study examines several challenges faced in the field of family entrepreneurship.Pitiable governance will question the accountability and transparency of not only the company but also the leadership. If the succession planning is proper, it would formulate the company to subsist for a number of years. As well nepotism should never manipulate the decision of choosing the successor. Women entrepreneurs in reality would contribute towards the nation's economy in larger terms. Therefore, avoiding gender prejudice is also essential. As a whole, family business rally round in employment opportunities and also chip in the wealth of nation.*

INTRODUCTION

Entrepreneurs are the critical determinant for the economic growth of a country. Every new business located in a locality would directly or indirectly create jobs which in turn increases the per capita income. Therefore, entrepreneurs by developing new businesses improve the standard of living of the community. By creating new products or services, entrepreneurs break away from the tradition and erase the obsolete systems that are prevailing. This results in advanced quality of life. Family business is not only a type of entrepreneurship; it also contributes greatly towards the progress of economy. In India, majorityof the businesses are family firms. It ranges from usual kirana shops tomulti - national companies. According to Family firm institute, about 2/3 of all the businesses are family firms.It is obvious that the world's oldest business even in its ninth generation is staunched towards innovation.These types of technological advancements and globalization across borders will improve the growth and diversification of the businesses. Moreover, when the family members work together they deeply care each other and the element of trust in reality will be lofty. The intensity of commitment towards business will be high when compared to the outsiders. The most important challenges implicated in the survival are the governance, succession planning, gender bias and nepotism.

REVIEW OF LITERATURE

McMullen and Bergman (2018) experimented case evidence from Safe water for Africa program. It shows that pricing new products unlike the market prices will result in negative consequences. The study clearly explained how the pricing decisions affect the moral values of social entrepreneurs who don't pursue the social or economic objectives.Bascoet al. (2018) illustrated the survival of family businesses across generations around the globe. This is an empirical study based on the samples of family firms from 21 countries. The context of the successful family business is mainly due to three dimensions namely orientation, familiness and cultural aspects. This study tested the impact of the above mentioned dimensions towards the success of transgenerational entrepreneurs. Cai et al. (2018) demonstrated how the credit restrictions affect the entrepreneurship. This study concluded that the limitations for credit decreased the rate of starting new household business by 3 percent.It also explains that the credit constraint have an impact only on the household business and does not affect the handicraft businesses.Sutter et al. (2018) found that entrepreneurship is the ultimate solution to eradicate poverty. The study examines 77 foremost educational journals from 1990 to 2017. As a result, two hundred articles were based on poverty and entrepreneurship. This study highlights three dimensions in those articles. They are eradicating poverty through entrepreneurship remediation, reforms and revolution. The study concludes that these dimensions will help to develop the entrepreneurship and future researches based on this.

Bergmann et al. (2018) studied the students' observation about entrepreneurship in their universities. Almost 8009 samples were collected from the student community of different public universities in Germany. The students' perceptions were based on their background and the gender. This study establishes the students' perceptions about the favourable conditions for becoming an entrepreneur.

Cherrier et al. (2018) proposed that institutional complexities provide new business opportunities to social entrepreneurs. They witnessed four different strategies that impact the institutional complexity. They are appropriation, integration, differentiation, and working-through. The study concludes that by utilizing institutional complexity entrepreneurs can create social value thereby resulting in social entrepreneurship.

Markussen and Roed (2017) tested the gender gap in entrepreneurship activities in Norway. When compared to men, women community was not represented much in all around the globe. Male entrepreneurs are influenced by the same gender whereas, female are influenced by female.Aldrich and Cliff (2003) have depicted that the business and family are separate entities although we argue that they have very close relationship with each other. The changes in the families among the population of North America increased the business opportunities; start up decisions and the funding processes. Ehmer (2001) argues that during the 19th century both the entrepreneurs as well as artisans considered family as asignificant element for the triumph in their business. This becomes controversial when we discuss about 'traditional' and 'modern' families. This study also describes about the conflicts that arises due to succession planning of intergeneration.Plakans (2001) examined the family business in Baltic estate economy on 19thcentury. Even among owners of estates, a family business other than agriculture was rare. This study has showcased the scenarios during the first half of century and the post-1850 situations. It concludes that entrepreneurship continued to be exceptional.

STRONG GOVERNANCE IS A KEY ELEMENT

Governance is essential to have a sense of protection for all the stakeholders of an organization. It helps to form a culture of openness, transparency and consciousness (Gupta and Sharma, 2014). Excellent governance is the outcome of well-organized ownership. When the governance established is excellent, it can enforce the progress of the company in building the long term relationship with the interested parties of the organization (Taruna and Shailesh, 2015; Mohan and Marimuthu, 2015). On the other hand, if the companies not make the grade to set up good governance, it will show way to the failure of the leadership itself. In a new business, it is extremely vital to have concern on the topic of governance. Governance has a spat in proper distribution of resources inside the company and also sort out the conflicts flanked by the stakeholders (Pindado and Requejo, 2015). Governance is in a straight line correlated to raising investments, acquiring talents, satisfying shareholders and so on. It not only acts as a catalyst in the introduction phase but also helps in entering the growth phase of business. This results in enhanced morale of the stakeholders and also brings superior ethical standards for the business.

The threats due to deprived governance towards economy are poverty, unemployment and outdated technology. The family entrepreneurship experience two dissimilar sides – performance based business and emotion based business. Consequently, this forces towards confusions and conflicts (McCann et al. 2004). Establishing effectual governance in the family business will facilitate in growth planning, organization effectiveness and risk management. The CEO's of an assortment of companies will dig up into trouble owing to the governance issues (Singla et al. 2010).The majority of the family entrepreneurs fail here; consequently there will be conflicts, fraudulent activities, lawsuits and penalties greater than before. To defeat these issues suitable board members are allotted, an exclusive compliance panel should be put in place. Beyond everything, the business has to accentuate on integrity and all the transactions must be fairly done. Hence, ensuring transparency in the processes is the prime responsibility of the management. The finer governance moreover ensures prosperous succession planning (Hugles, 2015).

SUCCESSION PLANNING TOWARDS TRANSITIONS

The principle of succession planning is to replace the leaders as soon as the old ones don't exist. The key intention of succession planning is to recognize the potential successors which will determine the prospect of the organization. A business whether it is a miniature or conglomerate, it has to continue existing across generations even after the leader departs. Designating a successor in prior will simplify the transition process and accomplish the expectations. There are three levels in succession planning – management, ownership and transferring taxes (Giarmarco, 2012). The Succession planning is done by the family members caught up in the business or the top level employees of the organization. They obtain consultations from lawyers or the advisors. The prime step in succession planning is to spot the prospective roles and responsibilities. After that, hunt for entitled candidates to facilitate the picky role. Execution and Evaluation have to be made once the business heir or the successor is fixed. The family business lies mainly in the values of the family members (Smith, 2010). The predominant issues that arise while doing succession planning are the process of finding a potential candidate without any kind of bias.

Familiarity and favoritism are the risks that occur in the minds of the people. This possibly will show way to wrong choice. The family businesses that have to transfer both ownership and control face additional intricacies (Hipshman, 2015). The business at present is exigent to a greater extent which purely follows the survival of the fittest. Consequently, the organizations are required to acclimatize the line of attack to withstand the race. This can be accomplished by exact succession planning. In addition, some of the sole proprietors hesitate to groom their successor and don't desire to endure the transition process. The Succession planning practice should be like a pipeline, which moves the business on the road to growth. Successors may perhaps from the family members or the potential employees of the organization (Hutcheson, 2013). Averting ambiguity while selecting impending candidates for the process can sort out the issue to a mere degree. Rule out the custom of biasing to guarantee that the preference made is appropriate. Procrastination is a grave danger, undertaking the succession planning as early as possible is the safest technique to stay alive in the business.

WOMEN AND ENTREPRENEURSHIP

Regardless of the hardships, women strive on a daily basis; they have acquired remarkable gain largely in three areas namely education, leadership and rights at latest epoch. When female leaders get hold worldwide, additional jobs are created. This is mainly for the reason that they are fundamentally excellent at multi-tasking, pain forbearance, persistence, and listening. In addition, they are natural networkers who know how to communicate and preserve the acquaintances. At topical times owing to the amplified rate of women working, dependency rate has fallen down. Women entrepreneurship moves the nation from low income economy in the direction of high income economy (Mani, 2013). The predicament towards women issues can be dejected through eliminating gender pay gaps, enhanced life quality and annihilation of income boundaries (Shaw et al. 2017).

According to the survey conducted by the women business owners of the national association, 9.1 million businesses are owned by women globally. In India, the progress of women entrepreneurs is further more visible (Kokila andSubashini, 2016). Female entrepreneurs encompass added bendable set in terms of collateral security and interest rates and so on. Hence, majority of the companies are registered in the names of women but they don't essentially engage in the business. The family dynamics occupy an imperative role in the family entrepreneurship (Azmataand Fujimoto, 2016). There are loads of challenges implicated in female becoming entrepreneurs. Women entrepreneurship is affected by their family support and personal feelings (Welsh et al. 2014). They suffer knotty to attain the raw materials and dig up needed inputs. Women are underestimated that they would be ineffective and cannot pay their borrowings back (Halabisky, 2017). Also the male domination plays a major part, it is alleged that inheritance of family business ought to be done by male community. Moreover, illiteracy is a most important origin which leads to countless socio – economic struggles. These challenges can be surmounted by providing education to all women, running training programs for building confidence and motivation.

A DIMENSION OF NEPOTISM

Mutually, the vision and mission statement comforts in modeling the track of the business. Jointly, they assist in informing the company's goals and objectives to the stakeholders. This will strengthen the strategy formulation and development. A comprehensible vision and mission will boost marketability, inform benchmarks, motivate and enlighten the employees. When the vision and mission statement is ambiguous, it will end up in losing new clients and dwindle the employee engagement. This will indirectly cause policy deviations. Subsequently, at the same time, nepotism also costs the structure in a related manner. Nepotism perhaps will direct towards short-sightedness of the business, lack creativity, may not muddle through in the midst of the competitive environment. To evade this, appropriate nominations of the successions ought to be done (Bocatto et al. 2011) . This is a detrimental business tradition. Nepotism will root injustice to other employees and deteriorate the employee morale. In addition, it may even produce strain within the kith and kin itself. Heir - raising is different from nepotism (Rohr, 2000). The positive impact of heir - raising is that it builds trust among the family members (Allen, 2011). Therefore, this nepotism might be avoided by being alike to all and thinking on the subject of the business in lengthy race. Thus, the family feuding can be barred and will lend a hand in continued existence of the family entrepreneurship.

CONCLUSION

The forthcoming entrepreneurship includes Artificial intelligence and internet of things (IoT) with the purpose of expansion of the economy to a greater extent. With all these advancements and automations in variety of fields, an exigent environment is formed. This would be in actual fact strenuous and swab out several jobs. For a family business to survive, smooth succession must be happening. The future of the family entrepreneurship resides in the hands of upcoming generations who are going to rule the world. This relates the concept of couple-preneurs. It is believed that in latest era, the fastest budding family businesses are run by couples. Following a paradigm shift is significant. It requires unremitting updations, adaptation and automation. To triumph over these issues, launch a suitable team intended for succession planning. Under no circumstances, negotiate the morale or ethos of neither the company nor the business. Moreover, planting and cultivating the business tree correctly will permit the family entrepreneurs to be successful for generations.

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