Family Business Management in Small and Medium Enterprises at Nellore District

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Abstract

Family businesses constitute most businesses in India. Economic liberalization and rapid expansion in the industrial base in recent years have not only created growth opportunities for many but also have tested their resource capabilities to respond to them. Family business management stands for “A family business is a company owned, controlled, and operated by members of one or several families. Many companies that are now publicly held were founded as family businesses. Many family businesses have non-family members as employees, but, particularly in smaller companies, the top positions may be allocated to family members” Family Business contributes 60-70 percent of GDP of most developed & developing countries. Number of challenges face by Indian family businesses today. My study covers key determinant factors which influence the family business, leadership style, role of women, initial problems of entrepreneurs in family business and family business management in India.

Key words:
Family Business Management in India, Small and Medium Enterprises, Challenges, leadership styles and Role of women in family Business.

Family Business:
Family business is a commercial organization in which decision-making is influenced by multiple generations of a family related by blood or marriage who are closely identified with the firm through leadership or ownership. Owner-manager entrepreneurial firms are not considered family businesses because they lack the multigenerational dimension and family influence that create the unique dynamics and relationships of family businesses.

Conceptual Overview

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 are considered family businesses.

The economic prevalence and importance of this kind of business are often underestimated. Most of the 20th century, academics and economists were intrigued by a newer, “improved” model: large publicly traded companies run in an apparently rational, bureaucratic manner by well trained “organization men.” Entrepreneurial and family firms, with their specific management models and complicated psychological processes, often fell short by comparison.

Privately owned or family controlled enterprises are not subject to financial reporting requirements, and little information is made public about financial performance. Ownership is distributed through trusts or holding companies, and family members themselves may not be informed about the ownership structure of their enterprise. A firm is said to be family-owned if a person is the controlling shareholder; that is, a person (rather than a state, corporation, management trust, or mutual fund) can garner
enough shares to assure at least 20% of the voting rights and the highest percentage of voting rights compared with other shareholders. Some of the world's largest family-run businesses are Walmart (United States), Samsung Group (Korea), Tata Group (India) and Foxconn (Taiwan).

In a family business, two or more members within the management team are drawn from the owning family. Family businesses can have owners who are not family members. Family businesses may also be managed by individuals who are not members of the family. However, family members are often involved in the operations of their family business in some capacity and, in smaller companies, usually one or more family members are the senior officers and managers. In India, many businesses that are now public companies were once family businesses.

Family participation as managers and/or owners of a business can strengthen the company because family members are often loyal and dedicated to the family enterprise. However, family participation as managers and/or owners of a business can present unique problems because the dynamics of the family system and the dynamics of the business systems are often not in balance.

**Examples of family business:**

- Aditya Birla Group
- Avantha Group
- Bombardier Inc.
- Dillard's
- Ford
- Gernatt Family of Companies
- Jolly Time
- Lundberg Family Farms
- Mango
- Mittal Steel
- Panda Energy International
- Pete's RV Center
- Raymond Group
- Samsung
- Tata Group
- Toyota
- Trump Organization
- Utz Quality Foods
- Wal-Mart
- Wawa
- Wegmans
- WWE
- M/S-S&D

**Family Business Management in India:**

"Family Business has to be efficiently managed in a liberalised environment and efficient managers are more likely to be outside the family rather than within. You have no choice but to bring them in to run the family businesses." - Rahul Bajaj, Bajaj Autos.

Family businesses constitute most businesses in India, as anywhere else. Economic liberalisation and rapid expansion in the industrial base in recent years have not only created growth opportunities for many but also have tested their resource capabilities to respond to them. Some have chosen to follow the role of a custodian of their existing wealth and followed the preservation route, while some others have followed more of an entrepreneurial route of exploiting opportunities with or without relevant resources, with mixed results. One of the key resources for all of them is their family, and their prime concern is wealth and welfare of their family. A major dilemma many of them have faced particularly in the last decade since economic liberalization began is to choose between combinations of risks and returns of business growth and conservation of wealth of the family. This, of course, is intertwined with the missions of their businesses and families.

Family business management stands for “A family business is a company owned, controlled, and operated by members of one or several families. Many companies that are now publicly held were founded as family businesses. Many family businesses have non-family members as employees, but, particularly in smaller companies, the top positions may be allocated to family members”

Family businesses are the lifeline of India’s economy. Almost 90% of Indian businesses are family-owned, which makes the rest of the business community largely dependent on them. Be it as their vendors, transporters, contractors or distributors; non-family corporations collaborate with family firms on various levels.

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1. R. Vani, IJSRM volume 2 issue 8 August 2014 [www.ijsrm.in]
Family Business contributes 60-70 percent of GDP of most developed & developing countries. India is no exception. Given the importance of family-run businesses in the Indian economy, sixty-six of Business India’s Super 100 companies are family-run. According to Business Today, family-run businesses account for 25% of India Inc.’s sales, 32% of profits after tax (PAT), almost 18% of assets and over 37% of reserves. In the other side, just 13 percent of the Family business survives till 3rd generation & only 4 percent go beyond third generation.

The majority of Indian family businesses are quite young. India faced wars in 1962, 1965 and 1971; it was only after 1980 that the economic environment became more business friendly. As a result the period from 1980 to 1995 was one in which a large number of family businesses were established and prospered. Many of those family businesses split up over the last few years due to family differences. There are some families with large business operations, but the majorities are SMEs. Family businesses have a culture that is often at the same time entrepreneurial, flexible, paternalistic, agile and frugal. Since the family’s name is at stake, they stand for values, long-term commitment, relationship orientation, and dependability.

Indian family firms are also highly efficient. They often have to work with limited resources and make the most out of it. A multinational car plant can get free land from the Indian government and access to financing from capital markets, but for the majority of family businesses each step is a challenge. Yet, they embrace it with a true entrepreneurial spirit. Indian family businesses also have distinct advantages, particularly that of vigilant ownership. The family owners' commitment and visibility leads to higher productivity in the business. Their dedication and perseverance enables them to extract opportunities from complex non-routine problems. In addition, family firms also tend to be less bureaucratic and can take fast decisions. Their stakes are emotional as well as economical and they are likely to look for sustained value creation. As a result they can move faster with unconventional logic, can go counter-cyclical and can reach for new opportunities.

Indian firms, by and large, continue to be family-run. And that, too, by the Bania families of the traditional trading castes. It is predominantly the Aggarwals and Guptas in the North, the Chettiar is the South, the Parsees, Gujarati Jains and Banias, Muslim Khojas and Memons in the West, and Marwaris in the East, and, in fact, across the country. Of these, the Marwaris have been the most successful. Fifteen out of the twenty largest industrial houses in 1997 derived from the Vaishya or Bania trading castes. Eight of them were Marwaris. Of the 128 merchant Marwari sub-castes in Rajasthan, only five became big and prominent in national commerce. These were the Maheshwaris, Oswals, Aggarwals, Porwals and Khandelwals. The big old business houses in India include Tatas, Birlas, Bajaj, Reliance, Mahindras and Wadias.

The key determinants factors of Family business;

Family businesses are fascinating because of the mutual dependence of two ecosystems (family and business) that have inherently conflicting characteristics. Some of the key dimensions that determine the cohesiveness of both the family and business are:

- The Three Circles Model,
- The genogram,
- Parallel Planning Processes
- Fair process
- Emotional Dimension
- Structuring
- Scenarios
- Succession
- Success

**The Three Circles Model**

A three-circle model is often used to show the three principal roles in a family-owned or -controlled organization: Family, Ownership and Management. This model shows how the roles may overlap.

Everyone in the family (in all generations) obviously belongs to the Family circle, but some family members will never own shares in the family business, or ever work there. A family member is concerned with social capital (reputation within the community), dividends, and family unity.

The Ownership circle may include family members, investors and/or employee-owners. An owner is concerned with financial capital (business performance and dividends). The Management circle typically includes non-family members who are employed by the family business. Family members may also be employees. An employee is concerned with social capital (reputation), emotional capital (career opportunities, bonuses and fair performance measures).

A few people—for example, the founder or a senior family member—may hold all three roles: family member, owner and employee. These individuals are intensely connected to the family business, and concerned with any or all of the above sources of value creation.

**The genogram**
A genogram is an organization chart for the family. It is an enhanced family tree that shows not only family events like births and deaths, but also indicates the relationships (close, conflicted, cut-off, etc.) among individuals in the family. It is a useful tool for spotting relationship patterns across generations, and decrypting seemingly irrational behavior. Family myths—sets of beliefs that are shared by the family members—can play important defensive and protective roles in families. Myths help people cope with stress and anxiety and, by prescribing ritualistic behavior patterns, will enable them to establish a common front against the outside world. They provide a rationale for the way people behave, but because much of what makes up a family myth takes place deep beneath the surface, they also conceal the true issues, problems, and conflicts. Although these family myths can turn into a blueprint for family action, they can also turn into straitjackets, reducing a family's flexibility and capacity to respond to new situations.

Parallel Planning Processes

All businesses require planning, but business families face the additional planning task of balancing family and business demands. There are five critical issues where the needs of the family and the demands of the business overlap—and require parallel planning action to ensure that business success does not create a family or business disaster.

1. Capital How are the firm’s financial resources allocated between different and family demands?
2. Control Who has decision-making power in the family and firm?
3. Careers How are individuals selected for senior leadership and governance positions in the firm or family?
4. Conflict How do we prevent this natural element of human relationships from becoming the default pattern of interaction?
5. Culture How are the family and business values sustained and transmitted to owners, employees and younger family members?

Fair process

Fairness is a fundamental issue in family business decision-making. Solutions that are perceived as fair by the family and business stakeholders are more likely to be accepted and supported. Fair process helps create organizational justice by engaging family members, whether as owners and employees, in a series of practical steps to address and resolve critical issues. Fair process lays a foundation for continued family participation over generations.

Emotional Dimension

The challenge faced by family businesses and their stakeholders, is to recognize the issues that they face, understand how to develop strategies to address them and more importantly, to create narratives, or family stories that explain the emotional dimension of the issues to the family. The most intractable family business issues are not the business problems the organization faces, but the emotional issues that compound them. Many years of achievement through generations can be destroyed by the next, if the family fails to address the psychological issues they face. Applying psychodynamic concepts will help to explain behaviour and will enable the family to prepare for life cycle transitions and other issues that may arise. Family-run organizations need a new understanding and a broader perspective on the human dynamics of family firms with two complementary frameworks, psychodynamic and family systematic.

Structuring

When the family business is basically owned and operated by one person, that person usually does the necessary balancing automatically. For example, the founder may decide the business needs to build a new plant and take less money out of the business for a period so the business can accumulate cash needed to expand. In making this decision, the founder is balancing his personal interests (taking cash out) with the needs of the business (expansion).

Most first generation owner/managers make the majority of the decisions. When the second generation (sibling partnership) is in control, the decision making becomes more consultative. When the larger third generation (cousin consortium) is in control, the decision making becomes more consensual, the family members often take a vote. In this manner, the decision making throughout generations becomes more rational. The assets that are owned by the family, in most family businesses, are hard to separate from the assets that belong to the business.

Scenarios

Balancing competing interests often become difficult in three situations. The first situation is when the founder wants to change the nature of their involvement in the business. Usually the founder begins this transition by involving others to manage the business. Involving someone else to manage the company requires the founder to be more conscious and formal in balancing
personal interests with the interests of the business because they can no longer do this alignment automatically—someone else is involved.

The second situation is when more than one person owns the business and no single person has the power and support of the other owners to determine collective interests. For example, if a founder intends to transfer ownership in the family business to their four children, two of whom work in the business, how do they balance these unequal differences? The four siblings need a system to do this themselves when the founder is no longer involved.

The third situation is when there are multiple owners and some or all of the owners are not in management. Given the situation above, there is a higher chance that the interests of the two sons not employed in the family business may be different than the interests of the two sons who are employed in the business. Their potential for differences does not mean that the interests cannot be aligned, it just means that there is a greater need for the four owners to have a system in place that differences can be identified and balanced.

Succession

There appear to be two main factors affecting the development of family business and succession process: the size of the family, in relative terms the volume of business, and suitability to lead the organization, in terms of managerial ability, technical and commitment (Arieu, 2010). Arieu proposed a model in order to classify family firms into four scenarios: political, openness, foreign management and natural succession one of the largest trends in family business is the amount of women who are taking over their family firms. In the past, succession was reserved for the first-born son, and then it moved on to any male heir. Now, women account for approx. 11-12% of all family firm leaders, an increase of close to 40% since 1996. Daughters are now considered to be one of the most underutilized resources in family businesses. To encourage the next generation of women to be valuable members of the business, potential female successors should be nurtured by assimilation into the family firm, mentoring, sharing of important tacit knowledge and having positive role models within the business.

Success

Successfully balancing the differing interests of family members and/or the interests of one or more family members on the one hand and the interests of the business on the other hand require the people involved to have the competencies, character and commitment to do this work.

Leadership in family business;

Family business systems have a number of formal leadership roles. The CEO and board chairperson lead the business and usually the shareholder group. Family council leaders, parents, and grandparents are the formal family leaders. These leaders don't make all the important decisions in these systems. Nor do they provide all the guidance. They don't allocate all the resources. But because they have considerable authority, influence, and control over resources, we rely on them to do their part in setting direction and guiding their group.

Because the performance of people in these roles is so important to the success of the family business system, we need to understand what capable leaders in family business systems actually do.

There are two basic models. A family business system can either consolidate leadership with one person, or it can choose two or more people to lead different parts of the system. Each model can work well, as long as it's clear and supported by the stakeholders. Both models have some potential weaknesses: unitary leadership can lead to excesses; leadership teams can be slow and hobbled with rivalry.

But there is no doubt that one model dominates. Having one person serving as the ultimate leader of the business, ownership, and family is the natural choice for most families (and most nonfamily groups) around the world.

One-leader systems are also somewhat more common in younger and less complex family business systems; these systems are either in the founder stage or trying to emulate it. The parent-founder-business leader-controlling owner generally has most of the power in his or her family business system.

"The one-leader model still dominates everywhere and at all stages"

Unitary leadership
The person chosen for this role is generally the business leader. In some cases, the family business system leader is the chairman of the family holding company and the clear leader of the family owners. In general, family business system leaders are the individuals with the most resources under their control; typically, they are middle aged or family elders. Effective ones are appreciated for their wisdom but are not necessarily liked by all their relatives. Leaders tell me that they have a gratifying but tough and often thankless job.

Many successful family business leaders spend half of their time working to address family and ownership issues and to maintain unity. If the business leader tries to control too much of the power in the system, he or she will often weaken and destroy it. That is why an accurate drawing of the one-leader model usually shows that the ultimate leader has strong deputies or allies helping to lead the business, family, and ownership group.

20 challenges faced by a family owned business

Every business organization has a unique set of challenges and problems. The family business is no different. Many of these problems exist in corporate business environments, but can be exaggerated in a family business.

Family business goes through various stages of growth and development over time. Many of these challenges will be found once the second and subsequent generations enter the business.

A famous saying about family owned business in Mexico is “Father, founder of the company, son rich, and grandson poor” (Padre noble, hijo rico, nieto pobre). The founder works and builds a business, the son takes it over and is poorly prepared to manage and make it grow but enjoys the wealth, and the grandson inherits a dead business and empty bank account.

Indian family businesses enjoy various advantages due to their inherent characteristics and a social culture that supports their structures. However, these advantages can be destroyed if the family is not united; as the family grows, the challenge is to keep a sense of unity. These are a set of typical challenges that Indian family businesses face today.

20 challenges for the family business

1. Emotions. Family problems will affect the business. Divorce, separations, health or financial problems also create difficult political situations for the family members.
2. Informality. Absence of clear policies and business norms for family members
3. Tunnel vision. Lack of outside opinions and diversity on how to operate the business.
4. Lack of written strategy. No documented plan or long term planning.
5. Compensation problems for family members. Dividends, salaries, benefits and compensation for non-participating family members are not clearly defined and justified.
6. Role confusion. Roles and responsibilities must be clearly defined.
7. 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.
8. High turnover of non-family members. When employees feel that the family “mafia” will always advance over outsiders and when employees realize that management is incompetent.
9. Succession Planning. Most family organizations do not have a plan for handing the power to the next generation, leading to great political conflicts and divisions.
10. Retirement and estate planning. Long term planning to cover the necessities and realities of older members when they leave the company.
11. Training. There should be a specific training program when you integrate family members into the company. This should provide specific information that related to the goals, expectations and obligations of the position.
12. Paternalistic. Control is centralized and influenced by tradition instead of good management practices.
13. Overly Conservative. Older family members try to preserve the status quo and resist change. Especially resistance to ideas and change proposed by the younger generation.
14. Communication problems. Provoked by role confusion, emotions (envy, fear, anger), political divisions or other relationship problems.
15. Systematic thinking. Decisions are made day-to-day in response to problems. No long-term planning or strategic planning.
16. Exit strategy. No clear plan on how to sell, close or walk away from the business.
17. Business valuation. No knowledge of the worth of the business, and the factors that make it valuable or decrease its value.
18. Growth. Problems due to lack of capital and new investment or resistance to re-investment in the business.
19. Vision. Each family member has a different vision of the business and different goals.
20. Control of operations. Difficult to control other members of the family. Lack of participation in the day-to-day work and supervision required.
Objectives of the study:

- To know the status of family business management in India.
- To understand the key determinant factors of family business.
- To know the family business management in small and medium enterprises in Nellore district.
- To explore the demographic factors of entrepreneurs of small and medium sized family owned business.
- To know the role of women in family owned business success.
- To know the leadership style in the small and medium sized family owned business.
- To find out the challenges faced by them in administering their business.

2. Research Methodology:

**Type of research:** Descriptive research

**Sampling Technique:** Non probability Convenience sampling

**Data Sources:** Data is collected by two sources; they are primary and secondary data.

- The primary data is collected through structured questionnaire for survey and interview method.
- Secondary data is collected with the help of journals articles and other published materials.

**Sampling Unit:** Entrepreneurs of family business in Nellore district.

**Sampling Size:** Total 20 small and medium sized family businesses in Nellore District including Nellore, Kavali, Gudur, Naidu Pet, Sulurpet and Kota.

3. Data analysis

This study is aimed at covering 20 family owned small and medium enterprises in Nellore district in order to find out demographic factors, leadership styles, role of women in family business, challenges faced by family business and family business management in India.

Table-1; Organisation name and owner name

<table>
<thead>
<tr>
<th>Town</th>
<th>Sl. No</th>
<th>Organization Name</th>
<th>Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nellore</td>
<td>1</td>
<td>Sri Balaji Medicals</td>
<td>B. Manoj</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Sri Teja</td>
<td>Kamal Kumar</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>Sandya Book Emporium</td>
<td>M. Kasi Mohan</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Vimal Junction</td>
<td>I. day Kumar</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>Nanda Fancy</td>
<td>Nanda Gopal</td>
</tr>
<tr>
<td>Gudur</td>
<td>6</td>
<td>Nikseem minerals</td>
<td>P. Sivakumar Reddy</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>Sonalika Tractors (Sri Vigneswara Enterprises)</td>
<td>E. Sridhar Naidu</td>
</tr>
<tr>
<td>Kavali</td>
<td>8</td>
<td>Ashok Electronics</td>
<td>A. Subramanyam</td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>BPS Ice Creams</td>
<td>B. Prakash Rao</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>Lakshmi Narayana Fancy &amp; Mobiles</td>
<td>Subba Rao</td>
</tr>
<tr>
<td></td>
<td>11</td>
<td>Sri Rama Stores</td>
<td>Ch. Ramachandraiah</td>
</tr>
<tr>
<td>Naidu Pet</td>
<td>12</td>
<td>Sri Lakshmi Fertilizers</td>
<td>D. Subramanyam Reddy</td>
</tr>
<tr>
<td></td>
<td>13</td>
<td>Sri Murali Krishna Tractors</td>
<td>J. Madhusudhan Reddy</td>
</tr>
<tr>
<td></td>
<td>14</td>
<td>Amaravathi Restaurant</td>
<td>Sudhakar Reddy</td>
</tr>
<tr>
<td>Sullurpet</td>
<td>15</td>
<td>Hamsa A/c Lodge</td>
<td>C. Murugan</td>
</tr>
<tr>
<td></td>
<td>16</td>
<td>Enrich Computer Education Institute</td>
<td>S. Ravindra Kumar</td>
</tr>
<tr>
<td></td>
<td>17</td>
<td>Champion E.M High School</td>
<td>N. Chandra Reddy</td>
</tr>
</tbody>
</table>
### Table - 2: overall analysis

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Questions</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gender</td>
<td>Male 20</td>
</tr>
<tr>
<td>2</td>
<td>Generation</td>
<td>Founder =17; Second Generation = 3</td>
</tr>
<tr>
<td>3</td>
<td>Age</td>
<td>20 to 35Years = 7; 36 to 50 Years = 10; more than 51 Years = 3</td>
</tr>
<tr>
<td>4</td>
<td>Business Started Age</td>
<td>20 to 35 years = 17; 36 to 50 years = 3</td>
</tr>
<tr>
<td>5</td>
<td>Educational Qualification</td>
<td>Graduate = 16; Post Graduate = 1; Professionals = 3</td>
</tr>
<tr>
<td>6</td>
<td>Motivation</td>
<td>Family Members = 10; Friends = 5; Others = 5</td>
</tr>
<tr>
<td>7</td>
<td>Type of Business</td>
<td>Sole Proprietorship = 17; Partnership = 3</td>
</tr>
<tr>
<td>8</td>
<td>Initial Problems</td>
<td>Yes = 11; No = 9</td>
</tr>
<tr>
<td>9</td>
<td>Leadership Style</td>
<td>Autocratic = 2; Democratic = 15; Free Rein = 3</td>
</tr>
<tr>
<td>10</td>
<td>Future Expansion</td>
<td>Yes = 12; No = 8</td>
</tr>
<tr>
<td>11</td>
<td>Nature of Business</td>
<td>Trading = 13; Manufacturing = 3; Service = 4</td>
</tr>
<tr>
<td>12</td>
<td>Role of women In business</td>
<td>Good/Yes = 8; Average/ok = 8; Poor/no = 4</td>
</tr>
</tbody>
</table>

### Table – 1: Gender of Respondents

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Respondents</th>
<th>Response</th>
<th>% of Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Male</td>
<td>20</td>
<td>100%</td>
</tr>
<tr>
<td>2</td>
<td>Female</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>20</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Figure-1

**Gender of Respondents**

- Male: 100%
- Female: 0%

### Interpretation:

All the entrepreneurs are male. There is no single female entrepreneur in selected family business units in the sample study.
Table – 2: Generation in running family business

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Respondents</th>
<th>Response</th>
<th>% of Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Founder</td>
<td>17</td>
<td>85%</td>
</tr>
<tr>
<td>2</td>
<td>Second Generation</td>
<td>3</td>
<td>15%</td>
</tr>
<tr>
<td>3</td>
<td>Third Generation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4</td>
<td>Above Third Generation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>20</td>
<td>100%</td>
</tr>
</tbody>
</table>

Figure - 2

Interpretation:
85% of entrepreneurs are founders, 15% belonged to second generation in selected family business units in the study.

Table – 3: Age of the Respondents

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Respondents</th>
<th>Response</th>
<th>% of Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>20 to 35 Years</td>
<td>7</td>
<td>35%</td>
</tr>
<tr>
<td>2</td>
<td>36 to 50 Years</td>
<td>10</td>
<td>50%</td>
</tr>
<tr>
<td>3</td>
<td>Above 51 Years</td>
<td>3</td>
<td>15%</td>
</tr>
</tbody>
</table>
Interpretation:

35% of entrepreneurs are in the age group of 20-35 years. 50% of entrepreneurs at 36-50 years. 15% of entrepreneurs are above 51 years.

Table – 4: Age of the respondents have started the business

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Respondents</th>
<th>Response</th>
<th>% of Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>20 to 35 Years</td>
<td>17</td>
<td>85%</td>
</tr>
<tr>
<td>2</td>
<td>36 to 50 Years</td>
<td>3</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>20</td>
<td>100%</td>
</tr>
</tbody>
</table>
Interpretation:

Almost many of the entrepreneurs (85%) have started/entered into their business when they were young (20-35 years of age). This is similar to the general trend in entrepreneurship in Indian profit organizations.

Table – 5: Educational Qualification of respondents

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Respondents</th>
<th>Response</th>
<th>% of Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Graduate</td>
<td>16</td>
<td>80%</td>
</tr>
<tr>
<td>2</td>
<td>Post Graduate</td>
<td>1</td>
<td>5%</td>
</tr>
<tr>
<td>3</td>
<td>Professionals</td>
<td>3</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>20</td>
<td>100%</td>
</tr>
</tbody>
</table>

Figure - 5

Interpretation:
Majority i.e. 80% of the entrepreneurs were graduates. 5% of the post Graduates preferred manufacturing industry whereas 15% of professionals preferred service industry. Most of the entrepreneurs of today prefer their future generation to be professionally qualified before entering the business. They felt that professional education helps entrepreneurs to grow faster.

Table – 6: Motivation to start business

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Respondents</th>
<th>Response</th>
<th>% of Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Family Members</td>
<td>10</td>
<td>50%</td>
</tr>
<tr>
<td>2</td>
<td>Friends</td>
<td>5</td>
<td>25%</td>
</tr>
<tr>
<td>3</td>
<td>Relatives</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>4</td>
<td>Others</td>
<td>5</td>
<td>25%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>20</td>
<td>100%</td>
</tr>
</tbody>
</table>

Figure- 6

Interpretation:

50% of the first generation entrepreneurs were motivated by family members. 25% of entrepreneurs were motivated by friends. 15% of entrepreneurs were motivated by others to take up the entrepreneurship.

Table – 7: Type of Business

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Respondents</th>
<th>Response</th>
<th>% of Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sole Proprietorship</td>
<td>17</td>
<td>85%</td>
</tr>
<tr>
<td>2</td>
<td>Partnership</td>
<td>3</td>
<td>15%</td>
</tr>
<tr>
<td>3</td>
<td>Company</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>20</td>
<td>100%</td>
</tr>
</tbody>
</table>
Interpretation:

85% of the small and medium enterprises managed by family owned businesses belong to sole proprietorship type of business. 15% of the enterprises managed by partnership base. This is similar to the common belief that south Indian business families were not interested in taking heavy risk.

Table – 8: Problems in initial stage

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Respondents</th>
<th>Response</th>
<th>% of Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td>11</td>
<td>55%</td>
</tr>
<tr>
<td>2</td>
<td>No</td>
<td>9</td>
<td>45%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>20</td>
<td>100%</td>
</tr>
</tbody>
</table>
Interpretation:

The largest part i.e. 55% of the entrepreneurs faced the initial problems. The problems faced by the first generation entrepreneurs were more compared to that of others. For Second or subsequent generations family business management is a cake-walk.

Table – 9: Leadership style in the organisations

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Respondents</th>
<th>Response</th>
<th>% of Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Autocratic</td>
<td>2</td>
<td>10%</td>
</tr>
<tr>
<td>2</td>
<td>Democratic</td>
<td>15</td>
<td>75%</td>
</tr>
<tr>
<td>3</td>
<td>Free Rein</td>
<td>3</td>
<td>15%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>20</td>
<td>100%</td>
</tr>
</tbody>
</table>

Figure- 9

Interpretation:

75% of the entrepreneurs felt that they adopt democratic leadership style. Irrespective of their generation. Young entrepreneurs did not prefer autocratic leadership style.

Table – 10: Idea for future expansion

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Respondents</th>
<th>Response</th>
<th>% of Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td>12</td>
<td>60%</td>
</tr>
<tr>
<td>2</td>
<td>No</td>
<td>8</td>
<td>40%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>20</td>
<td>100%</td>
</tr>
</tbody>
</table>

1 R. Vani, IJSRM volume 2 issue 8 August 2014 [www.ijsrm.in]
Interpretation:

With the popularity and expansion of Indian products world-wide, entrepreneurs were optimistic about expanding their businesses. It’s a very good positive sign that 60% the entrepreneurs were confident and interested to expand their business irrespective of their education qualifications or generations they belong to.

Table – 11: Nature of business

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Respondents</th>
<th>Response</th>
<th>% of Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Trading</td>
<td>13</td>
<td>65%</td>
</tr>
<tr>
<td>2</td>
<td>Manufacturing</td>
<td>3</td>
<td>15%</td>
</tr>
<tr>
<td>3</td>
<td>Service</td>
<td>4</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>20</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Interpretation:

...
65% of sample respondents belonged to trading, 15% of them were from manufacturing and 20% of them are from services.

Table – 12: Role of women in business

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Respondents</th>
<th>Response</th>
<th>% of Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Good/yes</td>
<td>8</td>
<td>40%</td>
</tr>
<tr>
<td>2</td>
<td>Average/Ok</td>
<td>8</td>
<td>40%</td>
</tr>
<tr>
<td>3</td>
<td>Poor/No</td>
<td>4</td>
<td>20%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>20</td>
<td>100%</td>
</tr>
</tbody>
</table>

Figure-12

Interpretation:

40% of respondents felt that they are good, 40% as average involvement and 20% no involvement of women in family business.

Findings:

1. 100% of the entrepreneurs are male. There is no single female entrepreneur in selected family business units in the study.
2. 85% of entrepreneurs are founders, 15% belonged to second generation in selected family business units in the study.
3. 35% of entrepreneurs are between 20-35 years, 50% of entrepreneurs at 36-50 years, 15% of entrepreneurs are above 51 years.
4. Almost many of the entrepreneurs (85%) have started/entered into their business when they were young (20-35 years of age). This is similar to the general trend in entrepreneurship in Indian profit organizations.
5. Majority 80% of the entrepreneurs were graduates. 5% of the post Graduates preferred manufacturing industry whereas 15% of professionals preferred service industry.
6. 50% of the first generation entrepreneurs were motivated by family members, 25% of entrepreneurs were motivated by friends. 15% of entrepreneurs were motivated by others to take up the entrepreneurship.
7. 85% of the small and medium enterprises managed by family owned businesses belong to sole proprietorship type of business. 15% of the enterprises managed by partnership base.
8. The largest part 55% of the entrepreneurs faced the initial problems. As expected, the problems faced by the first generation entrepreneurs were more compared to that of others.
9. 75% of the entrepreneurs replied that they adopt democratic leadership style. Irrespective of their generation. Young entrepreneurs did not prefer autocratic leadership style.
10. 60% the entrepreneurs were confident & wanted to expand their business irrespective of their education qualifications or generations they belong to.
11. 65% of them belonged to trading, 15% of them were from manufacturing and 20% of them from services.
12. 40% of respondents replied as good, 40% as average involvement and 20% no involvement of women in family business.

Conclusions:

In the era of professional management, Family-owned-businesses have also introduced Professional Management to cope with the dynamic environment. However, all important and critical decisions were made from the family heads who shared a blood relationship. It could therefore be inferred that Family-owned-businesses were able to meet increasing targets due to the bestowment of authority and decisions from and within the family. Every successful family business management strongly depends on proper balance between their family and business.

Majority of the Small and Medium Enterprise Entrepreneurs started their business when they were young and they faced the challenges in their start up phase. Finance and Marketing were found to be their major challenges and they handled them by adopting proper strategies. They were able to maintain proper work life balance by spending weekends with their family and avoiding business talks at home. They wish their legal heir to be their successors. Even though South Indian entrepreneurs were encouraging women into business, they felt women should not be completely handed over the activities of the business. So, women lack of support from their family.

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- Tammy Parker; University of Louisiana at Monroe , Multi-Level Family Business Choice Model.
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