

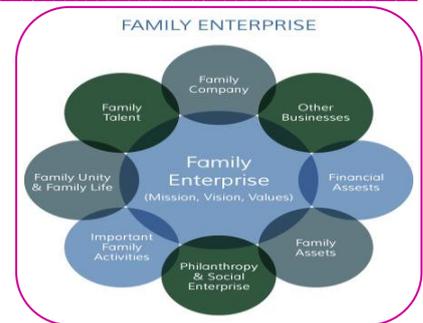


FAMILY OWNED BUSINESS ENTERPRISES – ISSUES AND CHALLENGES

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ABSTRACT :

The family owned business has different characteristics and are unique. There are evidences to suggest that the investors are better protected by family owned businesses because the family is taking care to protect its investment. It is believed that the third-generation entrepreneurs lose everything while the first-generation entrepreneur builds. The restaurants, Jeweler shops and textile shops that are small retailers are family managed. For the present study the data have been collected from 100 respondents by a well-structured questionnaire to study the family owned business enterprises in Agastheeswaram taluk. The study helps to identify the issues and challenges in family owned business enterprises.

KEYWORDS : Business , Challenges, Issues.

INTRODUCTION

Business firms have an informal set up with characteristics different from modern formal organization. They are regulated by local laws. They are run by a fewer people who are drawn from family members friends and other relatives and are identified as such rather than as mere employees. The work atmosphere is that of unity harmony love and affection. While outsiders are employed as well they are also treated as a part of the family and the line between their professional and social lives is usually blurred. Those who engaged in such business enterprises are self-disciplined and self-controlled with a high degree of loyalty towards one another. They do not need formal rules and regulations or supervision.

OBJECTIVES OF THE STUDY

- To know the nature of business carried on by family members.
- To identify the issues in family owned business.
- To give suggestions for the promotion of family owned business.

RESEARCH METHODOLOGY

The present study is empirical in nature based on survey method. The researcher used both primary and secondary data. Secondary data comprised information from journals, books, reports, and website. The primary data were collected with the help of a well-structured questionnaire. The study related to 100 family owned business entrepreneurs in Agastheeswaram taluk of Kanyakumari district. The researcher selected random sampling method. Percentages and Garret ranking techniques were used for the analysis.

RESULTS AND DISCUSSION

The type of industries started by family owned entrepreneurs depend upon the family conditions. The entrepreneurs in the study area are doing different businesses.

Table 1
Nature of Business Carried on by Entrepreneurs.

Sl. No.	Nature of Business	Number of Respondents	Percentage
1	Tailoring	18	18
2	Jewelry	12	12
3	Textile	11	11
4	Bakery	8	8
5	Petty shop	5	5
6	Hotel	10	20
7	Carpentry	15	15
8	Catering service	11	11
9	Pottery	5	5
10	Milk bar	5	5
	Total	100	100

Source: Primary Data

Regarding the nature of business carried on by the family owned entrepreneurs the above table shows that 18% of the respondents are doing Tailoring work,15% of the respondents are doing carpentry, 12% of the respondents are running jeweler shops, 5% of the respondents are running milk bars, and pottery works.

ISSUES

- The issues are currently debated in different forums relate to the compensation and the remuneration to be paid to family members.
- In case of business equity transfer becomes a major issue.
- The other issue faced by them is the identification and introduction of successor.
- Lack of outside opinions and diversity on how to operate the business.
- Absence of clear policies and business norms for family members.
- Not have a clear-cut definition about the role to be played by family members.
- Control is centralized and influenced by tradition instead of good management practices.
- Older family members try to preserve status quo to resist change.
- Each family member has different vision of the business and goals.
- Difficult to control other members in the family.
- Due to role confusion there is communication problems.
- Emotions of the family members affect business.

The major issues faced by family owned entrepreneurs are ranked by the respondents. The results are presented in the following table by using the garret ranking technique.

Table - 2
Percentile Ranks for the issues of family owned Entrepreneurs.

Sl. No.	Problems	Total Scores	Mean Scores	Rank
1	Equity transfer	5894	58.94	I
2	Salary to family members	5612	56.12	III
3	Traditional values	5170	51.70	IX
4	Role confusion	5668	56.68	II
5	Identification of successor	5302	53.02	VII
6	Centralized control	5130	51.30	X
7	Emotions of family members	5575	55.75	IV
8	Lack of Vision	5347	53.47	VI
9	Status quo	5551	55.51	V
10	Tunnel vision	5275	52.75	VIII

Source: Calculated Data.

It is observed from the table 2 that the major issue confronted by the family-based entrepreneur is equity transfer followed by role confusion, and salary to family members.

FINDINGS

- 18% of the respondents are doing Tailoring work.
- 15% of the respondents are doing carpentry.
- 12% of the respondents are running jeweler shops.
- 5% of the respondents are running milk bars, and pottery works
- The major issue confronted by the family-based entrepreneur is equity transfer with a mean score of 58.94 followed by role confusion, with a mean score of 56.68 and salary to family members with a mean score of 56.12.

SUGGESTIONS

- Life style should be changed to make a better entrepreneur.
- Skills should be developed to compromise the business.
- A balance should be made between work and home.
- Work mode should be turned off outside the office.

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- Communication boundaries should be set up.
 - Lot of compromises should be made at home.
 - There should be inherent mutual trust.
 - There should be outside perspective.
 - Emotions and nurturing should be allowed.

CONCLUSION

There are evidences to suggest that the investors are better protected by family owned businesses because the family is taking care to protect its investment. It can be seen that through proper planning and communication the family owned businesses can grow for generations.

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