

**WOMEN IN FAMILY BUSINESS MANAGEMENT – A STUDY OF
INDIAN FAMILY BUSINESSES**

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fulfillment of the requirement for the award of the degree of the

DOCTOR OF PHILOSOPHY

IN MANAGEMENT

By

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Under the Supervision of

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AUGUST, 2012



DECLARATION

I, M.P.Aparna, hereby declare that the research embodied in the present thesis titled 'Women in Family Business Management- A Study of Indian Family Businesses' is a bonafide work for the full period prescribed under PhD ordinances of the University.

I also declare to the best of my knowledge that no part of this thesis was earlier submitted for the award of research degree to any university or institution.

Place: Secunderabad

M.P.Aparna

Date:

Regd.No.07MBPH09



CERTIFICATE

This is to certify that this thesis entitled 'Women in Family Business Management – A Study of Indian Family Businesses' is submitted by Mrs. M.P. Aparna, Research Scholar enrolled for PhD programme at the School of Management Studies, University of Hyderabad, is the bonafide work done under my supervision and guidance as prescribed under PhD ordinances of the University.

This thesis has not been submitted earlier for the award of research degree of any University or institution.

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CHAPTER – 1

INTRODUCTION

1. INTRODUCTION

1.1 Background of the Study

The global economy is creating a substantial environment for organizations and industries, forcing every country to stay competitive throughout the world. These changes are possible not only through economic growth, but sustained economic growth. This presupposes all round growth which includes social, political, cultural and other dimensions of development. A major task therefore, is to stimulate the people to undertake productive economic activity. Today, this has been the only strategy to bring many into the main stream of development, as the old model of employment generation in the economy by expanding government and public sector could not pay off the expected results. The new value systems introduced include inter-industry relationship, restructuring of production and distribution processes, recognition of micro and macro enterprises, a new role assigned to development of entrepreneurship, enhanced international competitive power, economic restructuring, industrial development and employment generation strategies. These were targeted to improve the countries standard of living.

The role assigned to entrepreneurship for economic growth and development especially in the developed economies such as USA, Britain, Japan, Canada and others made most developing economies to adjust their developmental concept and plan and see new enterprise development as very vital to their economic problems. Entrepreneurship as the engine of economic growth and wheel that pedal the vehicle of economic development has been recognized for its importance in the area of job creation, revenue generation, poverty alleviation and wealth creation. This concept is identified as the central element in the theory of economic development (Schumpeter, 1934 and Josiane, 1998) and it makes up the largest business sector in economies.

It has been recognized as the driver of employment and economic growth even in recent times (Culkin and Smith 2000, Peacock, 2004; Wang, Walker and Redmond, 2006).

Entrepreneurship is therefore a process that involves a willingness to rejuvenate market offerings, innovate, risks taking, trying out of new and uncertain products, services, markets and being more proactive than competitors towards exploring new business opportunities (Covin and Slevin, 1991 and Wiklund and Shepherd, 2005). Today, therefore it is widely accepted that entrepreneurial activity is an important ingredient in any nation's ability to prosper and compete within the global economy. As a result, many experienced business people, political leaders, economist and educators believe that fostering a robust entrepreneurial culture will maximize individual and collective economic and social success on a local, national and global scale (Venkataramana, 2000). The past two decades thus saw entrepreneurship emerge as a growing interest amongst, social scientists, policy makers, consultants and management scholars.

1.2 Entrepreneurship and Family Business

According to Lavoisier, (2009), for millennia, scientists believed that the entire world was composed of only four substances: earth, water, air, and fire. Fire was by far the most elusive. It was searing, dramatic, and powerful, but no one knew what actually caused fire to burn. Entrepreneurship is like fire- rapid, dramatic, and powerful. Sometimes its destructive side decimates standing forests of great, old industries; sometimes its power carries innovation throughout the world like a firestorm.

From a contextual stand point, these decades of investigation have, however, taught us the same lesson that Lavoisier proved with regards to fire – entrepreneurship is fed by the oxygen of family, financial resources, human resources, education, economic conditions etc. although family permeates most business ventures, surrounding virtually every entrepreneur, contributing financial and human resources for most ventures, and providing a major source and origin of education and values that are critical to entrepreneurs. Research into entrepreneurship had generally side – stepped investigating family as a source of oxygen for the entrepreneurial fire, seeking instead to identify a magic, unique substance to explain entrepreneurship.

The name family business is usually defined as a company where the people act as owners as well as managers, businesses where several people from the same family are engaged in or businesses, which are passed down by generations (Handler et. al, 1989). The vast majority of businesses in the world are family-controlled, which suggests that this structure for commerce meaningfully affects societies and economies around the globe (International Family Enterprise Research Academy, 2003). Family businesses have been around for centuries, and even today account for a large part of economic activity all over the world. Ranging from companies like Rothschild to News Corp and Ford, companies that are owned by or controlled by families are present in almost every industry. Family businesses constitute a highly important component of the American business setting. An estimated 80 percent of the total 15 million businesses within the American economy are family businesses (Carsrud 1994; Kets de Vries 1993). Yet the components that constitute or promote success or effectiveness in a family firm remain elusive, as does the interrelated nature of family and business activities within family firms of utmost importance is, understanding the impact of the family on the business and vice-versa. It also will open many opportunities to the economic development like providing job opportunities to the society; increasing governments tax revenue and multiple effects to the country's' economic as a whole (Reishana Hoosen,2007).

Over time, the growing body of research points to the fundamental guiding principle that the combustion of entrepreneurship cannot ignite and grow without the mobilization of family forces. Conversely, families who own and manage businesses thrive best when the family can effectively mobilize the business for its well-being. Businesses and families are invariably and inextricably interlocking and overlapping elements, which can best be viewed, studied, and understood in relationship to the way they interact to create and sustain one another.

This study seeks to further the studying of family as a major source of oxygen for the combustion of entrepreneurship. However, at every stage of a business, the family connection is a key fuel. The sharing of resources, including social networks, between the family and business is a major influence on the ability of each to thrive- that is, a business ability to thrive along with its family remaining viable. Although research in entrepreneurship (Aldrich and Martinez, 2001; Brazeal and Herbert, 1999; Chandler and Lyon, 2001; Davidsson et al., 2001; Davidsson and Wiklund, 2001; Gartner, 1988, 2001; Shane, 2000; Shane and Venkataraman, 2000; Timmons,

1999; Ucbasaran et al., 2001; Venkataraman, 1997) and family business (Dyer and Sanchez, 1999; Sharma et al., 1996; Upton and Heck, 1997) has evolved along relatively distinct paths, the two paths share three important foci. First, both have viewed the business as the most important system under study, even to the exclusion of the family in its own right within the family business literature. Second, they focus on business by examining traditional business dimensions such as strategy, management, production, labor, and performance. Third, they both focus on time dimensions such as business stages and the transitions between them including the start-up phase, growth, maturity, and exit. The importance of family businesses is thus, clear for all countries, including India.

1.3 The Concept of Family Business

What is a “*family business*”? Not unlike a related concept, “*entrepreneurship*”, there appears to be no stand and definition of family business. It has even been suggested that the definition of family business varies with culture. Even the term “*family*” lacks a common meaning in all societies (Basu, 2008). William Dennis, writing on behalf of the US – based National Federation of Independent Businesses, states that the term “*Family Business*” generally lacks meaning from wither a practical or conceptual standpoint (Dennis,2002). His survey yielded 5 definitions, which he felt were equally good, because each of the definitions offers a different perspective and each is intuitively appealing.

Probably the most comprehensive exploration of family business concepts was provided by Chua, Chrisman and Sharma (1999). They identified a total of 21 definitions. They felt that a definition of family business “should distinguish one entity from another based on a conceptual foundation of how the entity is different and why the difference matter. Such a definition is preferable to an operational definition that merely identifies observable characteristics that differentiate one entity from another”. Family ownership and family control merely observes characteristics about certain aspects of the businesses. They will render a business truly a family business only if characteristics will facilitate the perpetuation of the business across generations. So, according to these three authors “a family business is one where there is a dominant family, which owns and controls the business and where there is also a clearly established vision to keep the business in the family across generations”. In other words, it is not a truly family business its

owners and managers do not have any plans to keep the business in the family beyond their retirement or death.

Shanker and Astrachan(1996) noted that the criteria used to define a family business can include: Percentage of ownership, Voting control; Power over strategic decisions; Involvement of multiple generations and active management of family members. Whatever may be the definition and thinking on family business, family businesses have been considered instrumental in initiating and sustaining social economic development. Evidence suggests that countries with more number of family businesses have developed faster as compared to countries with fewer entrepreneurs in society (ILO, 2002).

One way to gauge the relevance of a phenomenon to managerial practice is by measuring its prevalence and impact in today's economic activities. It is not a trivial pursuit to determine the complicate the definition of such an impact include the general lack of quantitative research (Handler, 1989; Shanker & Astrachan, 1996) and the lack of a unique definition for family businesses (Handler, 1989; Shanker & Astrachan, 1996). Thus, the concept of family business is clearly understood and its impact in today's economic activities has been explained.

1.4 Contextualizing Family Businesses

A family business consists of two parts, namely a family and a business. The family and the business are essentially separate systems, each with its own members, goals and values that overlap in the family business (Longenecker, Moore & Petty 2003; Rwigema & Venter 2004). The main purpose of a family is to care for and develop its members, whereas the main purpose of a business is to produce and distribute goods and/or services. A family's main goal is to ensure that each family member is fully developed, as well as providing equal opportunities and rewards for each member of the family. The main goal of a business is to survive, generate goods or services, and become profitable (Burns 2001; Longenecker et al. 2003). Therefore, family businesses are a unique business type as they allow for the simultaneous coexistence of both family and business relationships (Muske, Fitzgerald & Kim 2002).

As a result, family businesses are no longer being regarded as single systems or two separate systems, but rather as two overlapping, interdependent systems (Muske et al. 2002; Rwigema & Venter 2004). These two systems provide resources to and make demands on one another,

utilising resources in either system as a response to a need or disruption within the opposite system (Muske & Fitzgerald 2006). Specific emotional issues relating to an ordinary family and factual issues relating to the business are also presented by these two systems. The successful combination and management of these parts may prove to be quite difficult (Maas & Diederichs 2007).

1.4.1 Family Business Definition

The field of family business is a rather young academic field of inquiry, uniting a diverse group of people such as family therapists, psychologists, family business owners, family business members, consultants, solicitors, accountants, academicians and researchers. Family enterprises or businesses are commonly used terms with many meanings and implications. Academics, consultants, professionals and practitioners struggled to define these terms even before the field of study emerged in the 1980s. In the inaugural issue of the professional journal *Family Business Review*, Lansberg, et al., (1988) recognized the difficulty of defining family business. They posed the question, “What is a family business?” and answered by stating:

“People seem to understand what is meant by the term family business, yet when they try to articulate a precise definition they quickly discover that it is a very complicated phenomenon” (Lansberg, et al., 1988).

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business only if characteristics will facilitate the perpetuation of the business across generations. So, according to these three authors “a family business is one where there is a dominant family, which owns and controls the business and where there is also a clearly established vision to keep the business in the family across generations”. In other words, it is not a truly family business its owners and managers do not have any plans to keep the business in the family beyond their retirement or death.

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A sure sign that a research paradigm’s development is still nascent is if it lacks agreement on the basic definitions (Lakatos, 1970). The field of entrepreneurship went through its fair share of debate on entrepreneurs and entrepreneurship although little agreement was reached, a sort of academic pragmatism with each researcher specifically stating his or her own definition (Katz, et al., 1993). Unfortunately this makes any kind of constructive and comparative effort practically impossible. The developments in the family business arena are similarly frustrating. This is evidenced by the numerous definitions outlined in Figure 1.1.

Table 1.1: Definitions of family business

Author (Year)	Definition
Alcorn (1982:230)	‘A profit-making concern that is either a proprietorship, a partnership, or a corporation.... If part of the stock is publicly owned, the family must also operate the business’.
Barnes and Hershon (1976:106)	‘[A business in which] controlling ownership is rested in the hands of an individual or of the members of a single family’.
Beckhard and Dyer (1983:6)	‘A business in which the subsystems include (1) the business as an entity, (2) the family as an entity, (3) the founder as an entity,

	and (4) such linking organizations as the board of directors’.
Carsud (1994:42)	‘Firm’s ownership and policy making are dominated by members of an ‘emotional kinship group’ whether members of that group recognize the fact or not’.
Churchill and Hatten (1987:52)	‘What is usually meant by family business....is either the occurrence or the anticipation that a younger family member has or will assume control of the business from the elder’.
Davis and Tagiuri (1985)	‘A business in which two or more extended family members influence the direction of the business’.
Dyer (1986:xiv)	‘A business in which decisions regarding its ownership or management are influenced by a relationship to a family’.
Gallo and Sveen (1991:181)	‘A business where a single family owns the majority of stock and has total control’.
Handler (1989:262)	‘An organization whose major operating decisions and plans for leadership succession are influenced by family members serving in management or on the board’.
Holland and Oliver (1992:27)	‘Any business in which decisions regarding its ownership or management are influenced by a relationship to a family or families’.
Lansberg and Astrachan (1994:39)	‘A company that is owned or controlled by a family and in which one or more relatives is involved with management’.
Lansberg et al (1988:2)	‘Any business in which members of a family have legal control over ownership’.
Rosenblatt, et al (1985:4)	‘Any business in which majority ownership or control lies within a single family and in which two or more family members are or at some time were directly involved in the business’.
Upton and Sexton (1987:316)	‘A business that includes two or more relatives and has at least two generations working together’.

Ward (1987:252)	‘A business that will be passed on for the family’s next generation to manage and control’.
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Source: Adapted from Chua *et al.*, (1999)

Based upon an extensive review of the family business literature, Westhead and Cowling (1998) and Chua, Chrisman and Sharma (1999) found the following characteristics to be the most commonly used when defining a family business:

- The business perceives itself to be a family business (Binder Hamlyn, 1994; Carsrud, 1994; Smyrnios & Walker, 2003; Westhead, Cowling & Howorth, 2000).
- A family has controlling ownership (Barnes & Hershon, 1976; Cromie, Stephenson & Montieth, 1995; Davis, 1983; Donckels & Frohlich, 1991; Dreux, 1990; Gallo & Sveen, 1991; Lansberg, Perrow & Rogolsky, 1988; Litz, 1995; Lyman, 1991; Neubauer & Lank, 1998; Rosenblatt, DeMik, Anderson & Johnson, 1985; Smyrnios, Romano & Tanewski, 1997; Stern, 1986; Welsch, 1993; Westhead et al., 2000).
- Family members are employed as managers in the business (Cromie et al., 1995; Daily & Dollinger, 1992; Davis, 1983; Litz, 1995; Lyman, 1991; Rosenblatt et al., 1985; Smyrnios et al., 1997; Stern, 1986; Welsch, 1993).
- Transfer of ownership to the next generation has occurred or is intended (Churchill & Hatten, 1987; Donnelley, 1964; Ward, 1987).

Shanker and Astrachan (1996) were among the first to suggest that viewing family businesses on a continuum rather than as a dichotomous category could solve the definitional problem. They argued that family business definitions could be categorized according to the degree of family involvement: low (broad definitions), moderate, and a high degree of family involvement (narrow definitions).

Broad family business definitions refer to a low level of family involvement where the family has some degree of control over strategic direction and the business is intended to remain in the family. However the family is not involved in the day-to-day operations of the business.

Definitions that refer to a *moderate level of family involvement* include all the criteria in the low family involvement category in addition to requiring a family member(s) to be involved in the day-to-day operations of the business and have legal control over the business.

Narrow family business definitions that refer to a high degree of family involvement include all the criteria in the moderate involvement category but also require that multiple generations are involved in the business, family are involved in the day-to-day operations of the business, and more than one family member has significant management responsibility (Shanker & Astrachan, 1996).

Similarly, Astrachan et al. (2002) argue that one way in which businesses are distinct is that some are influenced by a family to a high degree, while others are not. Therefore, the issue is to what degree is the business influenced by a particular family. It is this difference in influence that affects a firm's goals, strategies, structure, and the manner in which each is formulated, designed, and implemented. Based upon an in-depth content analysis of various definitions, Astrachan et al. (2002) propose the F-PEC scale to ascertain the degree of influence that a family has on a business. This scale measures family influence using three dimensions: power (ownership, governance, and management participation), experience (generation in charge), and culture (family and business values).

Several reasons are put forward. Dyer (1998) argues that (a) the (family business) field lack sufficient framework to cut across disciplines and (b) the tendency of researchers to ignore family business studies in other disciplines. Many researchers acknowledge this lack of framework and propose a conceptual framework as follows:

- They define the field of family business as a business that is owned and managed (i.e. controlled) by one or more family members (Handler, 1989; Hollander and Elman, 1988)
- They explained why organizational researchers should study family business
- They describe why family business opportunities exist and why some people, and not other, discover and exploit those opportunities and
- They consider the different modes of exploitation of entrepreneurial opportunities

In conclusion, although the discussion above highlights that a single agreed definition of family business still remains elusive, in the literature there is broad agreement that a business owned and managed by a nuclear family is a family business (Chua et al., 1999). This is not to suggest that all businesses owned and managed by a nuclear family are a homogeneous group. As highlighted by Shanker and Astrachan (1996) and Astrachan et al. (2002), family businesses differ with regard to the degree of family influence. Because the current study was concerned with ascertaining how women's involvement influences the family business success, family business is defined thus:

“For the purpose of this study, a family business is one that is owned by members of same family, to shape and/or pursue the formal or implicit vision of the business. (Farrington, 2001)”.

1.5 The Importance of Family Business

Family businesses are rapidly becoming the dominant form of business enterprise in both developed and developing countries (Muske et al. 2002; Neubauer & Lank 1998). Family businesses represent substantial economic entities within the macro economy, while also providing significant resources to the micro economy, namely the family, the most important of these resources being the household income (Muske & Fitzgerald 2006). The social and economic impact that family businesses have is increasingly being recognized, and the number of such businesses is expected to continue rising in the future (Nieman 2006; Rwigema & Venter 2004; Venter 2003).

Family businesses are also considered to be the pillar of strength behind the global economy as "they represent between 67% and 90% of all of the world's businesses" (O'Connor, Hamouda, McKeon, Henry & Johnston 2006; Rwigema & Venter 2004). Several of the world's most influential and successful businesses are family-owned and operated, many of them becoming household names. Policy makers are now starting to fully understand and appreciate the important role that family businesses play in creating employment, business start-ups, and the economic development of local communities (O'Connor et al. 2006).

One way to measure the relevance of a phenomenon to managerial practice is by measuring its prevalence and impact in today's economic activities. It is not a trivial pursuit to determine the impact of family businesses on the national and international economy. They are a vital yet

understudied element of our economy and society and, are seen as an avenue to achieve economic security. It is also considered as a method for individual's to earn monetary returns on their talents and initiatives (Knief, 2003).

Little is known however about such an important and basic economic and social unit. They also make great contributions to the nations GDP and total wages regardless of how broadly or narrowly they are defined. Yet the components that constitute or promote success or effectiveness in a family firm remain elusive, as does the interrelated nature of family and business activities within family firms of utmost importance is, understanding the impact of the family on the business and vice-versa. Several studies have been undertaken to provide evidence for estimating the relevance of family businesses in different countries and geographic regions:

- Flören (1998) provides evidence for the importance of family businesses in the Netherlands. Almost 50% of all Dutch companies with more than 100 employees are family businesses, generating more than 60% of the total employment figure in the Dutch private sector. They also contribute 40% - 60% of the GDP output.
- Gallo and Garcia-Pont (1988) analyze the demographics of Spanish family businesses. They find that family firms account for 59% - 66% of the total number of jobs provided by Spanish companies, with sales of over 2 million Euros providing evidence of the importance of family businesses to the Spanish economy.
- Klein (2000) provides evidence of the importance of family businesses to the German economy. She finds that 30% of all corporations with more than 500 million Euros in turnover are family businesses.
- Shanker and Astrachan (1996) provide evidence for the importance of family businesses to the US Economy. They come to the conclusion that family businesses in the USA contribute between 20% and 50% of the GDP and are responsible for between 15% and 59% of business employment, depending on the definitions and measures applied.

The estimates vary widely due to different underlying definitions. They cannot be compared (as samples are built on the basis of available statistical data). However, they do provide evidence for the relevance of family business. From these studies, it can be concluded that the

organizational context is critical for the generation of GDP as well as employment, as family businesses account for 20% - 50% of GDP and employment in many countries. This provides strong support for the fact that family businesses are a relevant context in today's economic environment

Family businesses are also important at a community level. Successful and stable family businesses provide work for the community, thereby encouraging greater stability in the community. The family bond that exists between family members results in individuals being more likely to assist one another in times of difficulty, providing an example of working together communally (Maas & Diederichs 2007).

Family businesses are generally run according to the beliefs, values and shared vision of the members involved. As a result, these businesses have a clearly defined business identity, and experience a sense of success owing to the mission of the business. Family businesses are also able to concentrate on what they do best, thereby developing competencies that are difficult to beat (Vallejo 2009). If the development of family businesses is hastened in South Africa, a positive impact on factors such as sustainable wealth creation over numerous generations and the reduction of crime and unemployment can be expected (Maas & Diederichs 2007). There are also key differences between family business and entrepreneurship. Family businesses are usually defined by criteria or combinations of criteria including family ownership, management by a family member, operational involvement of family members, and family member involvement across generations (Heck and Trent, 1999; Upton and Heck, 1997; Wortman, 1994). Entrepreneurship research often takes a narrow definitional view.

The common and limited focus is on new venture opportunities and emergence. Some researchers use a size criteria, perhaps because entrepreneurship programs in schools are often combined with Small Business Management curricula or perhaps because the Small Business Administration defines small business as companies with fewer than 500 employees. Others believe entrepreneurship should focus on the process of identification and exploitation of business opportunities (Venkataraman 1997) or the start-up phase of business (Low, 2001). Even the most casual perusal of entrepreneurship journals will reveal that many researchers believe that any business data set being studied on any subject qualifies for inclusion under the rubric of

entrepreneurship. Perhaps then, the operational definition of entrepreneur is simply evolving towards “business owner.”

Although family business research has been anchored to the firm, it has underutilized the theoretical framework of family systems theory and sometimes has treated the business as secondary to the family (Cramton, 1993). Family business research often utilizes this broad Editorial 560 systems view because many issues affect family members both in and out of the business (Cole, 1997; Dumas, 1989; Heck and Trent, 1999; Heck and Walker, 1993; Rosenblatt et al., 1985). Recently, conceptualizations, models, and empirical analyses have emerged that move beyond family systems theory (Heck, 1998; Heck et al., 1995; Heck and Stafford, 1999; Stafford et al., 1999). On the other hand, entrepreneurship has grown from numerous and diffuses theoretical roots in economics, management, strategy, finance, psychology, and sociology—to name just a few, a fact which may also explain why the codification of a single definition has been so difficult.

Previous family business research has placed an overemphasis on the business enterprise relative to the family system (Dyer and Sanchez, 1999; Heck et al., 2000a; Sharma et al., 1996). Further, previous family business research consists of five major areas: (1) a systems approach/framework; (2) business succession from perspective of the founder and the succession, as well as the process of succession; (3) use of professional managers and boards of directors; (4) strategy and growth issues; (5) research modeling (Upton and Heck, 1997). In addition to the extant family business research, there exist a number of theories or areas of study which could be utilized to broaden our view of appropriate previous literature and be brought to bear on the study of families and business. These include (1) family resource management; (2) family functioning; (3) family viability; (4) interface between the family and the business; (5) the Sustainable Family Business Model (Stafford et al., 1999). Only recently has the economic contribution of family business been documented to dominate our economy in terms of prevalence, gross business revenues, and jobs, as well as important components of family incomes and assets for business-owning families (Heck and Stafford, 2001; Heck et al., 2002; Heck and Trent, 1999).

One of the most positive developments, and one that augers well for research that integrates both, is the existing and developing infrastructure for entrepreneurship and family business

research, based on a variety of newly available database sources (Katz, 2000). Both the 1997 and 2000 National Family Business Surveys by Family Business Research Group (Winter et al., 1998) and the Panel Study of Entrepreneurial Dynamics, 1998–1999 by Entrepreneurship Research Consortium (Reynolds, 2000) now offer many researchers a chance to revitalize not only applied, empirical analyses, but also further development of conceptual frameworks and models.

After decades of looking for the phlogiston of entrepreneurial fire, researchers are now beginning to identify one of the sources of oxygen that truly feeds the flame of entrepreneurship—the family. Families create, indeed breed, entrepreneurs by first giving them education, values, and experience. Later, families contribute financial and human resources to the entrepreneur's ventures—ultimately linking forever both the venture's and the family's viability. Furthermore, as family business research is a rather young academic field, there is currently little theory or framework in the discipline. The majority of the more theoretical research that is or has been carried out on family business succession, challenges system theory etc has carried on general perspective but not much research has been carried on women in family business. However, no current literature or research has analyzed on the issues faced by the women in the family businesses theory. Therefore, the importance of this research is that it fills a gap in the literature and the study investigates that women in family business are important source of the oxygen that fuels the fire of entrepreneurship.

Amongst the businesses, family businesses in India and elsewhere in the world contributed to economic growth. One way to gauge the relevance of a phenomenon to managerial practice is by measuring its prevalence and impact in today's economic activities. It is not a trivial pursuit to determine the impact of family businesses on the national and international economy. Family businesses have the same pressures for change as professionally managed firms. They have the additional pressures of the family system impacting the business system. It is even more important that these family-owned businesses develop the ability to change.

1.5.1 Family Business in Global Context

For historical, evolutionary reasons, most countries have family businesses constituting the largest category in terms of ownership estimates do vary, but is above 75 percent in all cases

(Duman, 1992; Paisner, 1999; Watts and Tuckler, 2004). About a third of the companies listed in Fortune 500 are family businesses (Lee, 2004). The family businesses are the oldest form of multiparty business enterprise. In fact the world's oldest continuously operated family business, Japanese temple builder Knogo Gumi began in 578. Since then the family businesses have succeeded and grown through all commercial development phases (Hutcheson, 2002, Mass and Diederich, 2007). "Before the multinational corporation there was family business. Before the Industrial Revolution, there was family business. Before the enlightenment of Greece and the empire of Rome there was family business"- (William O'Hara.)

Family owned and family controlled or family managed businesses are spread across the globe. In US almost one third of the companies are S&P 500 have links to a founding family. A global research has been conducted across 963 family companies present in 87 countries. The median family ownership stake was determined as 39% (Anju Das, Amith gupta). In the US 24 million family businesses employ 62% of the workforce and account for 64% of the GDP (Gross Domestic Profit). Family businesses are important contribution to the US economy, but the extent of their impact has been a matter of debate. The most commonly cited figured claim that family businesses represent 90-98% of all US businesses (Beckhar and Dyer,1983; Hershon ,1975; Stern,1986), family firms account for percent of gross domestic product or approximately \$6 trillion, 85 percent of private – sector employment, and about 86 percent of all jobs created in the past decade (Becker & Illman,1978; DeVisscher & Bruel,1994). Closer analysis of their statistic reveals that a large portion of these family businesses "facts" have been cited so often that original source cannot be located. Arguably, family businesses are the primary engine of economic growth and vitality not only in the United States but in free economies all over the world.

The family business sector in Australia is highly significant in terms of the number and proportion of businesses that are family owned and /or controlled. Around 27 percent of firms listed on the Australian Stock Exchange are family controlled (Mroczkowski, 2002). The overall wealth of Australian family business has tripled between 1996 and 2002. It was approximately \$ 3.6 trillion in 2002(Smyrnios et al., 2003) compared with \$ 1.2 trillion in 1996 (Smyrnios et al. 1997). Over 96 percent of all business in Australia is small businesses and according to the 12th

National Small Business Survey around 60 percent of small businesses are family businesses (Hockey, 2003).

In South Africa it is estimated that more than 80% of all businesses have family ownership involvement and more that 60% of all listed companies in South Africa comprises family involvement at least during its start-up phase (Dickinson, 2000; Venter, 2002). However, a large proportion of family businesses in South Africa are small or medium size enterprises with nearly 50% employing less than 20 people per business (Maas, 1999). In a recent review of the state of family businesses worldwide, the sheer number of family firms around the world can leave no doubt as to their predominance and therefore their economic importance and significance (Lank, 1994). In Germany, 75% of the workforces are employed by family businesses, who contribute 66% of the GDP. Reidel (1994) categorizes 80% (about two million companies) of all Germany's companies as family controlled and concludes that they are the "backbone of the German economy.

In Chile, Martineu (1994) concluded that family firms contribute greatly to Chile's GDP and employment, with a round of 75% of the nation's businesses family owned and controlled. Chile is currently the most dramatic owned and controlled. Chile is currently the most dramatic example of economic growth in all of Latin America, so the effect of family businesses on the economy there is particularly positive one, given a recent finding that 65% of medium to large sized enterprises are family owned. The statistics are similar in other regions (Gallo, 1994); in Mexico 80% are family businesses and have been known to dominate the economy there for over 100years.

In Spain, it is known that for companies with over \$ 2 million in annual sales family firms account for 715 and that 17% of the top 100 Spanish firms are family businesses. In the United Kingdom, 76% of the top 8000 companies are family owned and controlled, with higher proportions expected in the wider business population. "Across Western Europe, between 45% and 65% of the GDP and employment are contributed by family businesses. The lowest level of family business activity is in Portugal and the highest in Italy, where 99% of firms are run by families" (Gallo, 1994).

Family businesses have a particular distinction from other organizations that is the involvement of the families. Previous studies associated family involvement to the sustained competitive advantage of family business over nonfamily business and to value creation through generations of family (Fabio and Maria, 2010). With the exception of the ever fewer socialist economies, family businesses are the predominant form of enterprise throughout the world (Lank, 1994). However, research in the area of family business has been relatively limited prior to 1975 (Handler, 1989). During the 1980's and 1990's more focused research has been conducted on the internal dynamics of a family business.

Some of the oldest family business firms running with fifth generation in USA were: Avadis Zildjian (1623) Laird & Co (1780); George Ruhl & Sons (1789); Loane Bros (1815); Bevin Brothers Manufacturing Co. (1832); Antorne's Restaurant (1840); Verdin Co. (1842); Baumann Safe Co. (1843); AE Schmidt (1850); Hick's Nurseries (1853). The principals and agents in these businesses were family members only. Whereas, in another type of business, the family has majority stake and the remaining is with others. Some of the businesses were: Wal-Mart; Fiat; Cargill; Ford; News Corp; Hyundai; Nike; Viacom; Virgin; Reliance Industries; Wipro; etc.

1.5.2 Family Business in Indian Perspective

Today's Indian industrialist rose from the bazaar. Their roots in industry are relatively recent, going back largely to the First World War. Before that they were traders and money lenders engaged in the hustle and bustle of the bazaar. Even in Mumbai (earlier Bombay) and Ahmedabad in western India, where the cotton textile mills came up earlier in the last half of the 19th century, it was trading communities who became industrialist. Aggarwals, and Guptas in the North, the Chettiars in the South, the Parsee, Gujrati, Jains and Baniyas, Muslim Khojas and Memen's in the West and Marwari's all over India (Anu Ranjan).

Initially they were in small business which required small investment letting the families manage the business on their own. But once they enter into manufacturing sector (industry), they felt the need of heavy investments. But they were also aware of the fact that if they allow anyone and everyone to invest, then they can lose their control over the management of entire business. To spread the risk, therefore, the families setting up industrial undertaking enlisted the cooperation of other, usually close friends or relatives and allotted to them blocks of share, while making sure

that majority control and therefore, the management of the company remained with the promoting family. Thus was born a system of corporate management that was a strange combination of joint stock principle and family control as the stock markets were yet to develop sufficient momentum, and the joint family system remained firmly intact, there never was a threat to the power of business families over their industrial empires built up through the ingenious device, popularly known as the managing agency system/ all critical decisions about the forms were taken by the promoting families, termed managing agents, with their heads exercising care as over any other matter affecting their families in any other sphere of life.

In due course this system of corporate management became so deeply entrenched that on the eve of India's independence, hardly any industrial firm of consequence was out of its orbit. This meant that practically all business operations in the country were controlled after an exhaustive analysis that most of the prominent industrial form on the contours of Indian business during the 1950s, were in the hands of just 18 Indian families and two British houses. Within a decade of India's freedom, three major developments disturbed the tranquil situation that earlier prevailed on the business horizon. These developments were:

1. The nation's resolve to accelerate the pace of economic development held out an attractive initiative to the private sector to partake of new opportunities for business gain, notwithstanding the myriad restrictions imposed on the freedom of enterprise.
2. Both the union and various state governments set up a number of financial institutions to provide industrial finance to private sector companies.
3. The joint family systems, once the bedrock of the Indian social structure, began to increasingly experience severe strains, thanks to growing urbanization and westernization.

These developments caused many changes in the family businesses. Due to the mammoth size of the country's infrastructural projects, families were no longer able to mobilize the required resources which gradually passed to the financial institutions. Also the families started showing cracks. The Dalmias were the first prominent business house to break up after freedom. The pace, however accelerated beginning with 1970 and the following 25 years witnessed splits in at least as many business families. And these included such illustrious names as the Birla's, Modis, Sarabhai's, Bangurs, Singhnias, Mafatlals, Shrirams, Thapars, Walchands and Goenkas.

In spite of the loosening financial control over their companies and growing splits, the control of business families over the management of their concern remains almost unimpaired. According to a recent tally the management of 461 of the 500 most valuable companies is under family control.

The importance of family run businesses in the Indian economy, sixty-six of businesses in the India's super 100 companies are family-run. According to Business Today, family run business account for 25% of India's Inc.'s sales, 32% of Profits After Tax (PAT), almost 18% of assets and over 37% of reserves. In India it is estimated that 95% of the registered firms are family businesses (Satya Raju, 2008)

Some of the India's richest business families were: Azim Premji (Wipro); Ambani (Mukesh and Anil) (Reliance Industries); Sunil Mittal (Bharti); Shiv Nadar (HCL); Dilip Sanghvi (Sun Pharma); Birla KM (Hindalco, Grasim...); Bajaj Rahul (Bajaj Auto); Hamied Y K (Cipla); Munjal B (Hero Honda). On October 29, 2007 billionaire Mukesh Ambani became the richest person in the world, surprising American Software czar Bill Gates, Mexican business tycoon Carlos Slim Helu and famous investment Guru Warren Buffett (Retailer – 2007). The contribution of family business was also high in India in terms of employment and income generation and wealth creation. Several visionaries had established their business ventures at different places of the country and also abroad. Some of them were: Ajim Premji, Ratan Tata, KM Birla, Brij Mohanlal Mnryal, Parvinder Singh, Dirubhai Ambani, Sunil Mittal, Ramalinga Raju, Mallikharjun Rao, Sashi Ruai, Anji Reddy, etc. it has thus, been a male preserve but the recent times is a witness to not only women entering and managing businesses but also start, own, operate and manage family owned businesses. This has been a world wide phenomenon.

1.6 Women and Family Business

Women are becoming increasingly important in the socio-economic development of both developed and developing economies as they account for significant percent of the operators of Small and Medium Enterprises (SMEs) (Josiane, 1998; Kjeldsen and Nielson, 2000). Women entrepreneurs make a substantial contribution to national economies through their participation in start-ups and their growth in small and medium businesses (United Nations, 2006). Their interests and activities in the economic growth and development especially in the area of SMEs

have received outstanding interest of researchers. Global Entrepreneurship Monitor (GEM) (2005) confirmed that women participate in a wide range of entrepreneurial activities across the 37 GEM and their activities in different countries have paid off in form of many newly-established enterprises for job and wealth creation. This notwithstanding, entrepreneurship is usually seen from the perspective of men driven economy (Gelin 2005, Josiane, 1998) due to its complexity, particularly its gender issues, the role of women entrepreneurs has not been properly documented.

While women's entrepreneurship is a central aspect of economic development and public policy concern in most countries, scholarly research about their entrepreneurial activities is comparatively scarce. The role of entrepreneurs as agents in the labour market for creation of employment, wealth creation, poverty alleviation and provision of resources has helped tremendously to increase the number of women-owned entrepreneurial ventures in the world. The emergence of the private sector as the major participant/player in the industrial development of many countries has also improved women's access in employment opportunities as against when they experienced denial in employment opportunities as wage workers because of their family responsibilities, lack of skills, social and cultural barriers (Josiane, 1998).

While female entrepreneurship is not adequately developing (GEM studies 2003-2006), it is assumed that women play a very important role in family firms, an important segment of the entrepreneurship movement emerging from the transition period. Women have achieved a high level of equality in both education and employment and it may be expected that have also taken on a crucial role in family firms. The demographic situation involving a low number of children should enable them to establish themselves as heirs to family firms as well, which is important since a large share of family firms will be entering the succession process in the near future (Glas et al., 2005).

1.6.1 Women in Family Business in Global Context

Since, the early times women have been uniquely viewed as a creative source of human life. Women just like men have been involved in economic activities since early years. Their involvement has been in addition to their participation in the domestic sector. However, their

economic activities have focused primarily on meeting basic needs, yet lack of resources and control of resources has been common. Their contribution in micro- entrepreneurship has been equally unpaid, unrecognized and undervalued. It is only of late such discrepancies are being looked into and being corrected all over the world.

By the end of 1999, there were 9.1 million women- owned businesses in the United States. According to the National Foundation for Women Business Owners (NFWBO) a nonprofit research and leadership development foundation affiliated with the National Association of Women Business Owners shows that during the twelve – year period from 1987 to 1999 the number of women – owned businesses increased by 103% nationwide, and the employment provided by these firms grew by 3205, while sales grew by 436% (NFWBO, 2001). At the end of 1999, women – owned firms represented nearly 40% of all firms in the United States and employed approximately 27.5 million people.

In the year 2000, the Small Business Administration (SBA) reported that the growth in the number of women – owned businesses exceeded the national average in nearly every region of the country, with higher growth occurring in the southern states (Haynes and Helms, 2000). The NFWBO (1999) also reported that women started businesses at a faster rate than their male counterparts. In the US and Canada, the number of women-owned firms has increased at about twice the national rate. The NFWBO also reported that, in 1996, 13% of women business owners in the US were women of color. In total that year, there were nearly 1.1 million firms owned by minority-women employing nearly 1.7 million people and generating more than \$ 184.2 billion in sales.

Clearly, the number of women-owned businesses has grown dramatically, and as the results of the NFWBO studies show, the economic impact of women- owned Businesses is substantial (Hadary,1997). Moore and Buttner (1997) point to another reason that research into women entrepreneurship gained momentum in the 1980s. Public policy and general public interest began to be influenced by the claim that female entrepreneurship was an important economic and social phenomenon in many countries both domestically and internationally.

Women entrepreneurs are be found in every sector of the economy. The top growth industries for women –owned firms between 1987 and 1998 were construction, wholesale trade,

transportation/communication, agribusiness, and manufacturing (NFWBO, 2001). Traditionally, women entrepreneurs were more likely to be found in retail and service businesses, but by the end of the 1990s women were entering nontraditional business sectors in greater number. For example, the NFWBO found that more Latina entrepreneurs own firms in construction, accounting, engineering, other businesses such as hotels, restaurants and bars, (NFWBO, 1998). By the end of the 1990s, women were beginning to play a major role in the private sector of countries such as Poland and Romania. Research has shown that women-owned firms comprise between one-quarter and one-third of all the businesses in the formal economy and are expected to play an even larger role in informal sectors (NFWBO, 1999).

The rapid increase in the number and proportion of women-owned or women-led businesses (WOBs) in the U.S. over the past few decades is well documented (Brush and Hisrich, 1991; Greene et al., 2001; Brush et al., 2002). The National Foundation for Women Business Owners (NFWBO, 2004), for instance, reports that 47.7% of all privately-held firms in 2004 were at least 50% owned by women, resulting from a 17.4% increase in the number of WOBs between 1997 and 2004 compared to an only 9% increase in the total number of firms.

Despite these trends, evidence suggests that women business owners likely face more challenges than do men business owners. For instance, compared to men, women typically start businesses with fewer resources (Carter and Allen, 1997; Boden and Nucci, 2000), have slower and less reliable delivery of orders from suppliers (Weiler and Bernasek, 2001), and more restricted access to business clients (Bates, 2002).

Research conducted over the past 15 years has increased our knowledge of family-owned firms. Unfortunately relatively little empirical research has been conducted on women and their participation in family owned businesses (Dumas, 1998). In collaboration with the above, Lyman, Salganicoff and Hollander, (1985), cited in (Rowe and Hong, 2000), state that the strength of traditional family roles, both within society and within individual families, kept women's business contributions from being acknowledged.

There are many reasons for women eventually joining family businesses. An interesting study by Hollander and Burkowitiz (1990), reveal the following reasons: wanting to help the family, filling a position that no other family member wanted, and being dissatisfied with another job.

Dumas (1989) similarly concluded that, in general, women do not plan a career in their family business, do not aspire to ownership, and see their work as a job rather than a career. In addition, some became interested because they saw the potential when the business began to grow, in the same study; it was found that some of the women came into the business to help the family in a time of crisis.

Contrary to these limitations, it is cited in Cole (1997), that some women perceive their family business as a reservoir of great careers. When they work outside the family domain, they may face the “glass ceiling” no matter how talented they are. In concurrence with this, it has also been reported that better positions, higher incomes and more flexibility in work schedules are available for females who work with family, as well as more latitude for personal concerns, which is particularly important for woman who must juggle home and work (Rome and Hong, 2000).

Most of the research on women entrepreneurs, limited largely to women in industrialized countries, has tended to concentrate on unique aspects of the entrepreneurship of women. Thus, there are studies investigating the demographic characteristics of women (Hisrich and Brush 1983; Watkins and Watkins 1983), their motivations/reasons for start-up (Watkins and Watkins 1983; Cromie 1987; Sundin and Holmquist 1991), and the constraints/barriers that women face in starting up (Pelligrino and Reece 1982; Carter and Cannon 1992). Brush (1992) points out that there are few studies that look at differences in individual characteristics across groups of women. The research that has been done indicates that women face different issues, depending on their stage of personal life cycle (Kaplan 1988), region or industry of location (Holmquist and Sundin 1988), and role perceptions in business ownership (Goffee and Scase 1985).

From the 1980s onwards-new research has considered the way the family firm has contributed to general economic development in a positive light. On the micro side, the main themes have been the relationship between strategies and structures of firms and family ownership, the introduction of professional managers, and the succession process. In a macro perspective, the research has examined the contribution of family firms to the wealth of the nation and the relationship between the diffusion of family firms, their persistence and the cultural and institutional environment.

Despite all the research that has already been done in the field of family businesses, thus far few researchers have investigated the link between family business and women in family business. One can thus say the information available on women in family businesses is rather limited. Given the current knowledge-based society and its emphasis on business, combined with the economic importance of both family firms and women entrepreneurs, it is kind of surprising that there has not yet been more research done to find out more about women in family businesses.

The family business and the steady growth of women in family business implies wide use and relevance to today's managerial practice. A large and still growing number of family business and practitioners needs to deal with issues involved in the formation and management of women in family business in its many forms. Although managing family business is critical for women, this area has been virtually unexplored in academic work. In the context of women in family businesses, there appear to be specific aspects associated to the characteristics of family businesses, which might set family businesses apart. These specific characteristics of family businesses can have a significant impact and, therefore, must not be neglected in studying women in family businesses.

1.6.2 Women in Family Business in Indian Context

Across centuries and across time, the role of women remains rooted into eternity. It forever remains the same and at the same time goes through many transitions. It took centuries for women's role to unfold in different forms, shapes and sizes and move in new directions. Once upon a time the large part of the world was designed such that men could only set up enterprises, and then there were women who by compulsion of circumstances took up income generating activities to sustain themselves and their family. The men of these women were either not there or if they were there would not or could not take the responsibilities of sustaining the family (Indira Parikh and Bharti Kollan, 2005). The role of women in the Indian society has important implications for women in businesses and in turn is shaped by the institutional environment which included various historical, political, economic and cultural factors.

In India, family owned businesses had a greater role and will continue in future also. They are going to become major contributors to the economic development. The role of Indian women has ranged from that of a deity to that of a Dev Dasi, from being pure to being vulgar, from being

supreme to being downtrodden and also as innumerable manifestations of virtue or vice (Indira, 2005). The role of Indian women has undergone dramatic and drastic changes from era to era, while within the eras themselves there have existed simultaneous contradictions. To every “yes” there is a “no” and to every “no” there is a “yes”. Then came a time when the order of the world changed. A new form and a new structure emerged. This took thousands of years and tears of millions of women who with courage moved the mountain of debris of beliefs and freed themselves from the chains and shackles of centuries (Indira, 2001). Along with the efforts of the women, the nations also recognized the need for change in matters of policy and goals.

The shifts in policy evidence a trend towards encouraging women to explore their hidden entrepreneurial potential. Education, rising awareness levels are not only making women increasingly conscious of their existence, rights and work situation but also some of them are exploring newer avenues of economic participation and development. Among the reasons betterment, their skill and knowledge, talents and abilities and more importantly a compelling desire and urge to excel are cited from women taking to entrepreneurship (Sita, 2007). In India attempts to raise the status of women have included the women’s decade (1975 to 1985) and more recently the year of the empowerment of women in 2002. The unique historical developments and current political, economic and social condition regarding the change from centrally planned to market economy in India provides attractive research field for conducting descriptive and explanatory investigation in women in family business.

Women’s roles and so also men’s roles exist in the context of a society and culture, which allocates and defines roles for both. These definitions determine what each one will do and not do and how each will relate to the other. What is this society and culture. Society is that institution which creates and provides order, a rhythm for existence a structure for security and safety and a sense of belonging. Society as it exists, depicts the role and behaviour of women coded in ideal role models. Indian women have been managers of the kitchen and dominated the household activities. The impact of this has been so deep that popular perception about women in economic and entrepreneurial activity can only be towards women as in the business of making pickles, papads, masalas, and other household items. This perception is beginning to change with a number of women managing nontraditional enterprises quite successfully. The shifts in policy evidence a trend towards encouraging women to explore their hidden entrepreneurial potential.

In India attempts to raise the status of women have included the women's decade (1975 to 1985) and the year of the empowerment of women in 2002.

It is also true that almost half of the population in India comprises of females while businesses owned and operated by them constitute less than 5% and this reflects the social, cultural and economic distortions in developments (Kanetkas and Contractor, 1992). It is also a fact that women's participation in economic activity and production of goods/ services is far greater than what the statistics reveal, as much of it takes place in the informal sector and also from home.

Moreover, the compulsions of earning and supplementing the family income have also grown forcing the women to opt for either wage employment or self-employment. The confidence she gained in small ventures enabled her to pursue entrepreneurship as a career option too many obstacles to it – the traditional, orthodox, conservative, culture fabric are but a few to name. The process of change has been rather slow in breaking these barriers; it is also true on the other hand that a beginning has been made by women in setting up and managing businesses both small and large in size (Sita, 2007).

As a part of this economic and social development it is clear that the role of women entrepreneurs is important. But there is dearth of research on women in family business to clearer insight about them. Holmquist(1997) points out that empirical studies of women entrepreneurs and the development of theories is a neglected subject in descriptive and prescriptive research work. This set the scene for developing country like India to fully grasp the opportunities as part of their drive towards economic growth and prosperity well into this millennium. Inadequate literature and dearth of documentation on the role of women in business is one possible reason for such apprehensions.

Women of today truly have a transitional but a directional role to play. In the midst of turbulence it is the woman who can anchor, in the midst of storm it is the woman who can stay calm, and in the midst of flurry it is the woman who can be tranquil. The solitude, the silence has wisdom and voice of centuries and millenniums. In the world of technology and machines, in the world of isolation, aloneness and ennui and in the world of articles and juxtapositions she has a voice of power with which she can beckon. For all woman kind it is their role to build a new heritage,

new role models and give shape to the destiny of the girl child of tomorrow and in the centuries to come (Indira Parikh, 2003).

1.7 Statement of the Research Problem

Family business research has become increasingly rigorous and sophisticated in recent years. However, the issues in the family firm appear to be under researched: “Research shows that the dynamics of family business plays pivotal roles (both productive and destructive) in family and business health and prosperity. Asia too, is characterized by family businesses in different parts of the continent from Japan to India. In fact, family owned enterprises are a key engine of the economy. However, much of the family business literature is non-quantitative and few articles have been published in general business journals (Dyer and Sánchez 1998; Litz 1997).

Despite this prevalence, family owned businesses have not traditionally been the subject of empirical research. Management scholars have a dim view of nepotism and much of the early articles written on this topic were built on the assumption that family control in a business equates with poor management practices (Gersick, Davis, McCollom Hampton, & Lansberg, 1997), which would make them not fit for serious study. As a result, early knowledge developed primarily through anecdotal studies conducted by practitioners (e.g., Danco, 1980). Though many of these studies lacked rigor, they generated interest in this under-studied topic. Over time, empirical research began to reveal evidence that family controlled businesses actually outperform widely held businesses on many dimensions (Anderson & Reeb, 2003; Beehr, Drexler, & Faulkner, 1997; James, 1999), generating further interest in this field of study. As a result, over the last decade or so, the field of family business research has emerged as a legitimate academic discipline in its own right (Sharma, 2004). All along family business have identified new opportunities, leveraged them to establish effective forms of organizations across the world.

A growing number of women are entering family business today (Danco, 1981; Mancuso and Shulman, 1991). A strong belief exists that these women confront difficulty in family business just because they are women (Lyman, 1988; Rosenblatt et al., 1985). Women in family enterprises, according to Lyman, are more readily constrained by traditional female roles than women who do not work with their families. Equally, women are increasingly deciding to join their family firms and to pursue their professional careers there (Cole, 1997). Despite this,

researchers have produced little work examining the role of women in this type of firm. Studies of gender in the family business are beginning to appear (Cole, 1997; Harveston, Davis & Lyden, 1997), but research into the role and involvement of women in this type of firm is still fragmentary, and little of it has been empirical (Bowman- Upton & Heck, 1996; Danes & Olson, 2003; Vera & Dean, 2005).

In family firms, women have traditionally played many subtle roles: spouse, parent, in-law, family leader. These roles are related to the family rather than to the business sphere (Ward & Soreenson, 1989). Thus, many wives and daughters are socialized to believe that they are ill-suited for leadership roles (Galiano & Vinturella, 1995). Among the reasons betterment, their skill and knowledge, talents and abilities and more importantly a compelling desire and urge to excel are cited from women taking to entrepreneurship (Sita, 2007). In India attempts to raise the status of women have included the women's decade (1975 to 1985) and more recently the year of the empowerment of women in 2002.

In spite of their involvement in the commercial and service sectors, women continue to perform vital productive roles which have helped in the economic development of the nation especially in the periods of economic recession. A number of studies suggest a positive relationship between women's participation in entrepreneurship and economic development (Hisrich and Brush, 1985; Simpson, 1993; Buttner and Moore, 1997; Hurley, 1999; Kutanis and Bayraktaroglu, 2003). Despite their participation in economic development through entrepreneurship, women lack access to and control over on issues and other forms of resources. In spite of this, researchers Yves et al (2001); Kutanis (2003); Aina (2003) have recognized the increasing influx of women into the field of entrepreneurship. Buttner and Moore (1997); Minniti and Arenius (2003) have also reported the recent women's organizational exodus to entrepreneurship in developing countries. The above situation suggests that there must be fundamental and practical factors that motivate women's entry into and survival in entrepreneurship. However, works on entrepreneurship models and theories such as Dubini (1988); Buttner and Moore (1997); Yves et al (2001); (2002); Ogundele and Opeifa (2003) have not been able to separate female entrepreneurial factors from that of male.

The knowledge about the characteristics and the issues faced by the women business owners and the existence of women in family business in Indian contexts is scarce. However, the available findings from different countries cannot be directly applied to other countries due to political, economic, cultural, and institutional differences. Thus the investigation of women in family business in other countries is seen as a promising direction for new research (McManus, 2001). The available literature on family business and women in family business in the countries in transition from centrally planned to market economy apart from being scarce suffers from some important limitations, mainly lack of methodological rigor and lack of contingent and explanatory investigations. Women organizations are also crucial in implementing the enabling measures, to measure the success of their members and to showcase the success stories. Schindehutte, Morris and Kuratko (2000:10) propose research on the roles or impacts of triggering events in a start-up context and whether any relationship exists between types of triggers and success rates.

Considering the prominence and contribution that family businesses make to the economy, one would have expected vibrant debate and extensive analysis on the family businesses in India, yet this is not evident. Research in this direction should reveal the parameters that can help to encourage more Indian women into family business for their effective contribution to the socio-economic development of the nation. Therefore, *the general objective of this study is to investigate the factors that influence the Perceived success of women in family business in India, as well as the conditions required for the effective and harmonious functioning of such family businesses. It is possible that women will attribute their successes to different factors, depending on each women entrepreneur's personal experience. It is for this reason that the primary objective of this study is to identify and empirically investigate the factors influencing women's success in the family business.*

1.8 Justification for the Research

A growing number of women are entering family business today and a strong belief exists that these women confront difficulty in family business just because they are women (Danes and Olson, 2003). This is particularly unfortunate because hypothetically women could own about a third of all family businesses since by some estimates, 90-95% of all businesses in the United States are family controlled (Veera and Dean, 2005) and Indian women represent 2.5% of total

population (SA, 2006). This is extremely indicative of them being the least minority in India and their role in business and in family has not been prominently studied from an Indian perspective.

The current trend of economic liberalization has resulted in increased women entering the family businesses even in formerly protected domestic markets. In order to succeed in the new world order, women in family businesses must understand the forces shaping different operating environments. Thus success in enterprise is becoming a function of a firm's competitiveness regardless of size or of geographic scope. Improving the success and growth of family businesses in India is vital to the economy. It is important to understand the relationships within these businesses and as indicated, the role of women in family businesses serves as a vital element in family business. Therefore by gaining a better insight into the issues of women in family business it may assist consultants in their practices when counseling/assisting family business with new challenges and problems, which they may encounter.

This study focused on women in family businesses in Indian context is justified for several reasons. Firstly, the investigation of issues faced by the women is a relevant topic in social justified in general and in the field of entrepreneurship and family business in particular. Several highly respected academic journals are devoted to multidisciplinary studies of Gender and Work, like Sex Role, Gender, Work and Organization, etc. Furthermore, several top journals in family business have published special issues or have announced call for papers on family business (IFERA) and female entrepreneurship (female entrepreneurship in Entrepreneurship Theory and Practice (2005).

From a macro environment perspective, due to the importance and survival of family businesses, there is a need to address the role of women in these businesses (Sharma, 2004). The development of family businesses can be accelerated in India and have a positive impact on factors such as wealth creation over several generations and the reduction of crime and unemployment (Mass and Diederich, 2007).

In family firms, the line between family and business frequently becomes blurred, if women are formally responsible for only the family, her traditional roles may overflow into informal roles in the family business (Poza and Messer, 2001). In light of this, Sharma (2004) motivates the need to further understand the role of females in family firms as past studies have indicated varying

types of roles that women in family firms tend to adopt, but do not explain the implications of these role adoptions.

Second, the research contributes to filling the gap in strategy – focused research in the domain of family businesses. In some studies, women are openly accepted in their family companies (Curimbaba, 2000), they have succeeded and play a key role in the business. In others they are prevented from reaching positions despite their competence. Such differing results of women's experiences in family business points to a need to investigate this topic further to explain variations in roles and visibility over time.

Third, prior studies admit the paucity of empirical research into the area of family businesses and emphasize the need for more research (Shanker and Artachan, 1996; Sharma, Chrisman and Chua, 1997), specially in the field of women entrepreneurs and women in family businesses in transition context presenting evidence from a country where the research on women in family business is still scarce. The uniqueness of the political, economic and social changes in the countries in succession in India provides attractive research field for conducting descriptive and explanatory investigation of women in family businesses.

In addition, this study will address various neglected themes in the area of women in family business which is identified in the literature. Until, now, there is scarce information about:

- Research conducted over the past 15 years has increased our knowledge of family-owned firms. Unfortunately relatively little empirical research has been conducted on women and their participation in family owned businesses (Dumas, 1998).
- It is believed that women struggle with the expected family role versus the business role and women's roles within networks are influenced by traditional expectations of women's family and work responsibilities (Danes and Olson, 2003 and Danes, Haberman and McTavish, 2005).
- Salganicoff (1990) cited in Cole (1997), believes that because of their unique gender characteristics, women in family business exhibit such behaviours as loyalty to the business, concern for family members, and sensitivity to the needs of others. These attributes make women proficient at peacekeeping or solving problems and conflicts among family members.

- Within the process of harvest strategy, the seeds of renewal and investment are sown, as a recycling of entrepreneurial talent and capital is at the very heart of good governance (Timmons, 1999).
- Nelton (1998) recommends that future research is needed on the rise of women in family firms and should include factors such as their family life, their business life and also their individual values. In addition they also mention the importance of acceptance of daughter successor relationships.

Furthermore, as family business research is a rather young academic field, there is currently little theory or framework in the discipline. The majority of the more theoretical research that is or has been carried out on family business deals with general family business such as succession management, sibling rivalry, systems theory etc. However, no current literature or research has analyzed on women in family business in Indian context. Therefore, the importance of this research is that it fills a gap in the literature and the study investigates the issues faced by the women in the family businesses.

This is further explained through the research question, objectives and aims of this thesis. And this research will attempt to overcome some methodological weakness of pervious research. It was recognized that effects of factors correlated with gender could be misleadingly attributed direct from indirect gender effects on family and business characteristics (Yodhanova, 2006) and thus will contributed to better understanding of women in family business.

And finally, I would also like to emphasize my personal belief that the investigation of women in family businesses is important. It also satisfies my personal interest and motivation to investigate the role of women in family businesses. As a doctoral student in family business management, a women and a citizen of India, I am curious about the profile of women in the family businesses sector, the role of women in the family business, the important issues faced by these women, the factors that motivate women to take family business as a career.

1.9 Structure of the Study

The structure of the research will be as follows:

Chapter 1 Will introduce the research by providing a background of the subject under investigation. An introduction of entrepreneurship and family business, the concept of family business, the importance of family business have been discussed. Family business will first be defined and the most important contributions of these businesses will be highlighted. This will then be followed by a definition of family businesses and reasons for their importance. This introduction will then follow on to the family business – Indian and global perspectives, women in family business – Indian and global will be highlighted.

Chapter 2 Will provide an overview of the nature and importance of family businesses. Considering that women exist within contextual fields, namely family businesses, the nature and importance of each of these fields are discussed. Reasons for the growth and importance of this complex family-business type and extant research on women in family business Indian and global context are discussed. Consequently, literature is consulted in order to identify the most important requirements and conditions necessary for effective running of a family business. This will form the foundation for a critical assessment of the family and the factors that may influence the *Perceived success* of women in family business. The factors investigated are categorized as *family-based* and *business-based* factors, and are discussed in detail.

Chapter 3 Will be based on the factors investigated in Chapter 2, which will form the basis for the conceptual model presented in this chapter. This conceptual model is proposed to improve the chances of women's success in family business. This chapter will investigate the dependent variable of the model, namely the *Perceived success* of women in family business and will elaborate on the influence that the factors identified could have on the *Perceived success* of family business.

Chapter 4 Explains the research methodology. The sample frame, instrument, method of primary data collection, and the strategies that are to be implemented in administering the measuring instrument. The data analyses and statistical techniques used are also described.

Chapter 5 Reports the empirical results of the study. The reliability and validity, the results of the empirical assessment are also presented in the chapter.

Chapter 6 Which is the final chapter of the study presents the summary, conclusions and recommendations of the research. The contributions and possible shortcomings of the study are discussed as well as any recommendations for future research are also split out.

CHAPTER 2

LITERATURE REVIEW

2 INTRODUCTION

Entrepreneurship and family businesses are considered as the most relevant topics for managerial practice and academic inquiry over the past decade. The distinctiveness of family business is related to the involvement of the family in the business, specifically in its ownership and leadership/management of the business. Family business issues impact the ownership; leadership and management of the overall business. This chapter provides an overview of the literature available on family business management. Both the scholars and the practitioners are increasingly spending time and effort in family business management.

This chapter is organized into two parts. The first part of this chapter, extant research on family businesses will be reviewed, giving an overview of the field of family business in general and reviewing research on the overlap of family and business issues in the family business. In addition, theories and models describing the development of family businesses and research on family businesses will be discussed, as it illustrates in many dimensions the importance of the overlap of family and business.

The second part of this chapter is divided into: conceptual issues, theoretical literature, empirical literature and theoretical framework. Under the conceptual issues, the views of different authors in relation to entrepreneurship, family business, women in family business on the global and Indian context has been studied. The theoretical literature looks at the theories of family business, empirical literature looks at the results and reports of previous works on the issues faced by the women employed in family business and their performance, challenges, types of business ownership and environmental factors are reviewed while theoretical framework looked at theoretical underpinnings of the study.

The managerial interest in this phenomenon is growing for different reasons: (1) the rate at which the number of entrepreneurs is increasing; (2) the driving forces behind joining the business are gaining importance; and (3) the impact of women on family business's competitive

positioning is becoming more significant. Family business is an interesting topic for academic investigation, as empirical studies and popular business press implying difficulties on the part of practitioners in managing the business.

Research has studied family business in several areas and independent research streams. Academicians in the stream of entrepreneurship theory are interested in family business as testing grounds for their theories. In another research stream, theories have been tested to explain the formulation and content of goals and strategies, strategy implementation, control, leadership, and succession in family firms. The management perspective to family business studies has made significant contributions to the literature. In addition, the phenomenon of family business has been studied in the area of global context looking at different issues. Women in family business, as an area, have received much attention in the global context and researchers have tried to understand the importance of women in the family business and the issues faced by these women entrepreneurs.

Reviewing research published to date on family businesses, it can be argued that family businesses may be distinct from the non-family businesses and the dynamics can also be assumed to be affected by the specific characteristics of family businesses, setting them apart from non-family businesses. Therefore, family business contexts and family level phenomena merit consideration and from the findings of existing research, it can be asserted that the family will have its main impact on the upper echelons of the family business and its overall impact will be moderated by business level and industry level variables, by influencing the family and business relationships.

Family businesses, as a group, have virtually been neglected in research on women in family business until today in Indian context. This stands in strong contrast to the relevance of family businesses to overall economic activity and the importance of women in family businesses. In this context, this dissertation will draw on a sample of Indian women in family businesses.

Thus far, family business has been analyzed in a large variety of contexts. Most samples focus on the issues and studies on empirically analyzed family businesses in its sample (Renfort, 1974), and only a small number of papers has analyzed the phenomenon in the family business context (e.g. Gallo et al, 2001) and a very little on the women in family businesses. In this study, we will

study a specific family business context: we will focus on family business and women in family businesses.

2.1 FAMILY BUSINESS RESEARCH

This section deals with the current state of the growing literature on family business research in the global and Indian context along with conceptual foundations. The role of women in family business, the reasons for joining the family business and the factors which help in running the family businesses – business- based and family- based factors are discussed separately.

2.1.1 Current State of the Family Business Research -Globally

Family business is a vibrant area of growing interest today among researchers, theorist, investors, policymakers, practitioners, and many others. Recent research has demonstrated that family firms are top performers. Whether measured by the bottom line, value creation for shareholders, or their capacity to create jobs, family companies outperform their non family counterparts. Family businesses, to be sure, confront substantial challenges, but they also often possess unique advantages born out of a unique and dynamic family – business interaction (Poza, 2007). Many of the assets that differentiate a family – owned or family controlled business from other forms of enterprise revolves around the relationship between the family and its business, especially the guidance that family members exert as managers and as shareholders. Family ownership and family leadership are hundreds of smaller, lower- profile, privately held family businesses with the same commitment to continuity from generations to generation. From the United States, Europe, Asia, Australia and the Middle East comes compelling evidence of the commitment of business families to building firms that last (Poza, 2007).

The majority of businesses in many countries are family businesses, constituting between 65 and 80 percent of all business enterprises worldwide (Gersick, Davis, Hampton & Lansberg, 1997). Statistics reveals the following facts:

- In the United States of America (USA), an estimated 80 percent of its 15 million businesses are family businesses, contributing more than 50 percent of the Gross National Product (Davis & Harveston, 2000);

- In Singapore, family businesses constitute 78.5 percent of all manufacturing enterprises, and employ 44.8 percent of the country's manufacturing workforce (Lee & Tan, 2001);
- The Finnish Family Business Network estimate that 70 percent of Finnish firms are family-owned (Littunen & Hyrsky, 2000);
- In Australia, family businesses account for 67 percent of all businesses and employ approximately 50 percent of the entire private sector workforce, making a significant contribution to the national economy, with an estimated wealth of \$AUS 3.6 trillion (Smyrnios et al., 1997; Smyrnios & Walker, 2003). Although many Australian family businesses have successfully become large enterprises², over 90 percent are SMEs (Smyrnios & Walker, 2003).

Over two decades ago, Davis and Stern (1980) highlighted that the complexities associated with managing a family business are not entirely addressed by classical management theory. Because of the contribution of family businesses to the global economy and a lack of management theory to fully explain their associated complexities, one would expect a high degree of research activity in the family business domain. Yet, as highlighted by Morris, Williams, Allen and Avila (1997), family businesses remain an under researched area. Relatively little attention has been devoted to researching the nature and functioning of family-owned businesses, or the strategic challenges confronting these firms. Research on these firms is certainly disproportionate to their numbers and contributions to the economies of virtually every nation. (Poza, 2007, p. 386)

Although research on family businesses is still in its infancy, with most of the research having been conducted since 1987 (Shanker & Astrachan, 1996), it nevertheless is an emerging field. The journal *Family Business Review* that was launched in 1988 by The Family Firm Institute (FFI) is dedicated to publishing research on issues pertaining to family businesses. Other well-established journals such as *Entrepreneurship Theory and Practice*, *Journal of Business Venturing* and *International Journal of Entrepreneurial Behaviour and Research* are publishing family business research at an increasing rate. Several notable books have also been published in the family business field. Examples include Ward's (1987) *Keeping the family business healthy: How to plan for continued growth, profitability, and family leadership*, Gersick, Davis, Hampton and Lansberg's (1997) *Generation to generation: Life cycles of the family business*, and Carlock

and Ward's (2001) Strategic planning for the family business, Poza (2007) Family Business, and Alberto Gimeno, Gemma Baulenas and Joan Coma – Cros (2010) Family Business Models.

2.1.2 The Current State of the Family Business Research – Indian Context

Family Business contributes 60-70 percent of GDP of most developed & developing countries. India is no exception. The importance of family run businesses in the Indian economy, sixty-six of businesses in the India's super 100 companies are family-run. According to Business Today, family run business account for 25% of India's Inc.'s sales, 32% of Profits After Tax (PAT), almost 18% of assets and over 37% of reserves. In India it is estimated that 95% of the registered firms are family businesses (Satya Raju, 2008). Because of the significance of family businesses to the Indian economy, research into issues that affect their performance is of critical importance. However, as discussed in the following section, to date, there has been a paucity of family business research both in India and internationally.

India has seen some very influential families in business. These families have made a lot of difference in the business and industrial culture of the country. These families have existed for over hundred years and have influenced the economic and political situation of the country. Until the government of India took a very socialist stand on investment the family-owned businesses in India were very successful and Tata Airlines was among the top 10 Airlines in the World. The economy of the country was gauged for several years on the basis of the growth and development of the family business. In the 1970's Private owned firms, 93% of which were family-owned at that time, were put through very regressive policies to control growth of private wealth. This huge period between 1970 to 1990 created a lot of problems for the private sector (most family-owned) and rendered it quite unfit for global standards. With the opening of the economy and the influx of multinationals the family-owned businesses and the private sector was at a great loss and on a back foot. It was felt that the family-owned business and family-owned business houses would lose their place in the industrial map of the country. Time has proved this to be wrong because the family-owned businesses have proved to be very strong in their determination to carry the business on. But there are several road blocks that have ensured that Indian family-owned firms are not global leaders in their field (Ritu, 2007).

Most of the Business families face unique management challenges because of the differences in the attitude & aspirations of family members. As new generations join the family business, it is an enormous challenge to keep the family & business together. Some sacrifice the business to keep the families together, while others sacrifice the family to keep the business. It has been observed that just 13 percent of the Family business survive till 3rd generation & only 4 percent go beyond third generation and one third of business families disintegrate because of generational conflict. However, the close-knit structure of families, which fosters teamwork combined with respect to family values and family elders, has been the key to success of many family businesses. Indian Family Businesses forms the 'backbone' of the Indian economy and hence there is a need to extend the life span of the family businesses so that the economy can continue to derive benefit from their contribution (CII, 2009)

On the eve of India's independence, hardly any industrial firm of consequence was there in the India. Practically all Indian business during the 1950s, were in the hands of just 18 Indian families and two British houses. Within a decade of India's freedom, three major developments disturbed the tranquil situation that earlier prevailed on the business horizon. There developments were:

1. The nation's resolve to accelerate the pace of economic development held out an attractive initiative to the private sector to partake of new opportunities for business gain, notwithstanding the myriad restrictions imposed on the freedom of enterprise.
2. Both the union and various state governments set up a number of financial institutions to provided industrial finance to private sector companies.
3. The joint family systems, once the bedrock of the Indian social structure, began to increasingly experience serve strains, thanks to growing urbanization and westernization.

These developments caused many changes in the family businesses. Due to the magnanimous size of the country's infrastructural projects, families were no longer able to mobilize the required resources which gradually passed the financial institutions. Also the families started showing cracks. The Dalmias were the first prominent business house to break up after freedom. The pace, however accelerated beginning with 1970 and the following 25 years witnessed splits in at least as many business families. And these included such illustrious names as the Birla's,

Modis, Sarabhai's, Bangurs, Singhnias, Mafatlals, Shrirams, Thapars, Walchands and Goenkas. In spite of the loosening financial control over their companies and growing splits, the control of business families over the management of their concern remains almost unimpaired. According to a recent tally the management of 461 of the 500 most valuable companies is under family control (Satya Raju, 2008). This evidences the need for conceptualizing the family business system.

2.2 THE CONCEPT OF FAMILY BUSINESS

2.2.1 Three-Circle Family Business System by Tagiuri and Davis

A range of conceptual models has been developed over time to illustrate and accommodate the complexities that occur within family businesses. One of the early models developed in the 1980s conceived of family businesses as consisting of two interacting subsystems - the family and the business - shown as two overlapping circles (Tagiuri & Davis, 1992). Each of the subsystems has its own characteristics, such as norms, membership rules, and organizational structures. In this model, the unique features of family businesses are described by the same individuals (family members) having responsibilities in both circles. On one hand the business has to operate according to business practices and principles, while on the other hand family needs (e.g. for employment, income and identity) have to be fulfilled. Finding strategies that satisfy both subsystems has been considered a major challenge in family business research to date (Aronoff & Ward, 1995; Sharma, Christman, & Chua, 1997)

In the 1990s, Tagiuri and Davis (1992) expanded their earlier model by adding the ownership component as a third circle. This framework is shown in Figure 2.1. Several combinations can be derived from the *Three Circle Model*. A person who is connected to the business in only one of the components could be found in one of the outside sectors of the circles (Sectors 1, 2 and 3). The centre sector (Sector 7) includes all family members who own a share in the business and also work in the business. An owner who is a family member, but not an employee, would be situated in Sector 4. An owner who is not a family member, but works in the business, would be found in Sector 5. A part-owner who is neither a family member nor an employee would be in Sector 2 (Gersick et al., 1997). Whilst this model includes all the combination of family

membership, enterprise ownership and business employment, it is essentially a snapshot of the structure at one particular time. In most actual family businesses, however, people may move in, out and between each of these three components, and it is these dynamics which give rise to many of the particular complexities, strengths and weaknesses of family businesses.

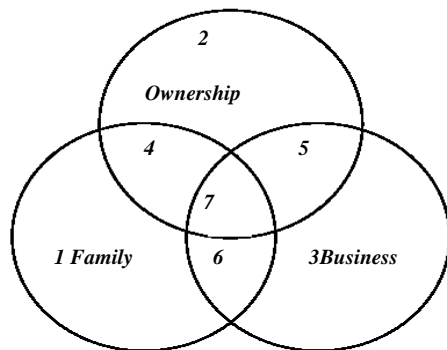


Figure 2.1 Three-Circle Family Business System

1 = family member, no ownership, not employed, 2= non-family member, ownership, not employed

3= non-family member, no ownership, employee, 4= family member, ownership, not employed

5= non-family member, ownership, employee, 6= family member, no ownership, employee

7= family member, ownership and employee

Source: Tagiuri and Davis, 1992

The unique aspect of family business is the involvement of family members in more than one domain with different purposes. It is this overlap that distinguishes family businesses from other business structures. It is the family involvement which brings both the potential benefits of working together and the particular problems of owning and operating a business with one's relatives. Families themselves are a very dynamic social institution and these dynamics have major effects on the operation and characteristics of family businesses (Getz et al., 2003; Getz & Petersen, 2004).

2.3 WOMEN AND FAMILY BUSINESS

2.3.1 The Role of Women in Family Business

Poza and Messer (2001) described six different types of roles adopted by spouses of successful family firms: jealous spouse; chief trust officer; partner or copreneur; vice-president; senior

advisor; and free agent. Curimbaba (2002) reported that Brazilian women occupied either a professional, invisible or anchor role in their firms. Due to the small convenience samples these studies mainly provide an indication of the varying types of women's roles. However, it is mostly expected that women occupy the second rank or head up one of the business functions, traditionally finance and accounting or sales. Danes and Olson (2003) found 42% of wives as major decision- makers even in family firms owned and managed by men. Fourth, spouses and other female family members are often just paid employees in family firms: Danes and Olson (2003) found 57% of working spouses even in family firms owned by their husbands, with 47% being paid, which may suggest a certain level of discrimination at this point.

Along with the advantages of women working in the family business come the disadvantages. Family business writers use the word role in discussing these problems, such as role conflict (Salganicoff, 1990,) and role confusion (Rowe and Hong, 2000). These terms refer to the two incompatible roles (business and family) contained in family business relationships (Danes and Olson, 2003). It is believed that women struggle with the expected family role versus the business role and women's roles within networks are influenced by traditional expectations of women's family and work responsibilities (Danes and Olson, 2003 and Danes, Haberman and McTavish, 2005). Women who choose to work in the family firm experience double messages from their families. Hollander and Burkowitz (1990), label this as a double bind.

In the study by Danes and Olson, (2003) women who are in family businesses have been given the following role labels, such as mom, spouse, caretaker, sounding board, negotiator, or bookkeeper to describe their involvement in the business. In a similar manner, Salganicoff (1990), states that even though many women work in family businesses, the media still presents them as cute or rare examples.

The no-win choice for a female is between accepting a more traditional role and attention to bring vitality and respect to her business role. If the traditional role is chosen to maintain harmonious relations with family members, she sacrifices her career objectives. If she chooses self-promotion, she risks negative sanctions from her family. Dumas (1989, 1990) study on daughters support the latter, especially when daughters fear bringing up the subject of succession that will upset their father's pride and sense of immortality.

As a result according to these authors, women in family business, remain entrapped in rigid, "family" roles unless they separate and individuate from their families. In addition, Salganicoff (1990) cited in Cole (1997), believes that because of their unique gender characteristics, women in family business exhibit such behaviours as loyalty to the business, concern for family members, and sensitivity to the needs of others. These attributes make women proficient at peacekeeping or solving problems and conflicts among family members. In justification of this, Nelton (1998) recommends that future research is needed on the rise of women in family firms and should include factors such as their family life, their business life and also their individual values. In addition they also mention the importance of acceptance of daughter successor relationships.

2.3.2 The Reasons for Women joining the Family Business

Research conducted over the past 15 years has increased our knowledge of family-owned firms. Unfortunately relatively little empirical research has been conducted on women and their participation in family owned businesses (Dumas, 1998). In collaboration with the above, Lyman, Salganicoff and Hollander, (1985), cited in (Rowe and Hong 2000), state that the strength of traditional family roles, both within society and within individual families, kept women's business contributions from being acknowledged.

There are many reasons for women eventually joining family businesses. An interesting study by Hollander and Burkowitiz (1990), reveal the following reasons: wanting to help the family, filling a position that no other family member wanted, and being dissatisfied with another job. Dumas (1989) similarly concluded that, in general, women do not plan a career in their family business, do not aspire to ownership, and see their work as a job rather than a career.

In addition, some became interested because they saw the potential when the business began to grow, in the same study; it was found that some of the women came into the business to help the family in a time of crisis. Contrary to these limitations, it is cited in Cole (1997), that some women perceive their family business as a reservoir of great careers. When they work outside the family domain, they may face the "glass ceiling" no matter how talented they are. In concurrence with this, it has also been reported that better positions, higher incomes and more flexibility in work schedules are available for females who work with family, as well as more latitude for

personal concerns, which is particularly important for woman who must juggle home and work (Rowe and Hong, 2000).

Rowe and Hong (2000), in their study on wives in family business, also focused on the likelihood factors of a wife's participation in a family business. Their main conclusion was that wives are more likely to be involved when the business was bought, invested or started by the couple, than when the business was inherited or given. To complement this Maas and Diederichs (2007) have provided useful insight into husband wife teams as the foundation and base of family businesses.

2.3.3 The Research on Women in Family Business - Globally

The family business literature is sparse on this topic and in the past very few contributions were based on empirical research (Rowe and Hong, 2000; Bowman-Upton and Heck, 1996). Women family members are one category of stakeholders with a vested interest in the viability of the business, next to owners and employees (Davis and Tagiuri, 1991) and they can have an important impact on the business. While women tend to enhance their presence as female entrepreneurs, research on women in family businesses has suggested that the majority of women continued to remain in the background, staying invisible' (Cole, 1997; Fitzgerald and Muske, 2002), contradicting the level of feminism. However, for some authors (Dumas, 1998; Lyman et al., 1985) occupying a subdued role has provided them with a unique vantage point allowing a rich understanding of the prevailing issues and relationship dynamics where they might make a highly valuable input to the efficient conduct of the business and the management of relationships among family members. Sharma (2004) even says that, if used astutely, wives observations, intuition and emotional capital can make a difference between the success and failure of a family firm.

Barach and Granitski (1995) illustrate factors that are critical for the family business. They find that 12 factors can be grouped in four categories of factors. These are the incumbent level, the successor level, the other family member level and the firm level. Barach and Gnitski illustrate this model with a case study. At the CEO/incumbent level, the strategic commitment to family leadership as well as the specific offspring, the way joy and pain are shared with the family, the

relationship to the offspring, the reasonableness of expectations and personal characteristics are all of importance. Variables that are critical at the successor level include actual and perceived responsibility, the competence and decision-making capacity of offspring, the relationship of offspring with family and business executives, and the strategic commitment of offspring to the family business. At the level of other participants, their goals, career paths and power, as well as the power distribution among shareholders are all crucial elements. Finally, at the environmental level, corporate culture and organizational structure as well as the matching of off springs' capabilities are critical to the succession event.

There are many issues in the family business which has to be studied and very little work has done on it. Work – family issues at the intersection of the business and family systems within family business are particularly fertile area for conflict (Harvey and Evans, 1994). More recently, Dugan et al. (2008) briefly reflected on the challenges of leadership issues for women. They argued that women communicate and lead differently than men do; that is women leaders are not only less authoritarian but more participative and concerned about relationship building.

Rowe and Hong (2000), in their study on wives in family business, also focused on the likelihood factors of a wife's participation in a family business. Their main conclusion was that wives are more likely to be involved when the business was bought, invested or started by the couple, than when the business was inherited or given. To complement this Maas and Diederichs (2007) have provided useful insight into husband wife teams as the foundation and base of family businesses.

Gender roles in family firms are changing but, when a female chooses a non-traditional role, tensions often surface (Freudenberger et al., 1989; Hollander and Bukowitz, 1996; Lyman et al., 1996). As entrepreneurship has emerged as a career choice for both men and women, that choice has disrupted traditions about how they manage their work lives and negotiates the overlap of their entrepreneurship endeavours and family obligations (Greenhaus and Callanan, 1994). Wicker and Burley (1991) found that wives influence on the business increases when they work in the family business. That relative influence can be a source of conflicting goals and can create tensions for the family business (Levinson, 1991; Marschak, 1998; Rodriguez et al., 1999). Work-family issues at the intersection of the business and family systems within family businesses are a particularly fertile area for conflict (Harvey and Evans, 1994), with the content

of conflict arising from five categories: justice, role, work-family, identity, and succession conflict (Danes et al., 2000; McClendon and Kadis, 1991). The existence of more than one decision-maker in a family business will, over time, create some level of disagreement and tension (Kaye, 1996). This certainly depends on the situation as to whether: (1) Spouses are partners so they should have a say in family business decisions; or (2) husbands are in control of the family business and the views of their wives may not be taken seriously (Rosenblatt et al., 1985). According to Danes et al. (2000), men and women use different conflict styles and conflict begins to most easily and subside when women try to avoid tensions.

Traditional gender roles are often present in family businesses. Alcorn (1982) suggested the prevalence of the dominant father figure and a subordinate mother figure throughout family businesses. Lyman et al. (1985) stated that the work environment in family businesses displayed cultural traditions that placed women and men in different social positions and different work and family responsibilities. According to Ponthieu and Caudill (1993), these characteristics apply to wives, mothers and daughters. The evaluation of the true contribution to the family's economic well-being therefore encounters a different mix of paid employment and unpaid family work between men and wives (Voydanoff, 1990). A number of wives simultaneously: (1) are also employed somewhere else; (2) manage the household; and (3) work in the family business, thereby juggling three layers of obligation (Rowe and Hong, 2000).

In addition, Salganicoff (1990) cited in Cole (1997), believes that because of their unique gender characteristics, women in family business exhibit such behaviours as loyalty to the business, concern for family members, and sensitivity to the needs of others. These attributes make women proficient at peacekeeping or solving problems and conflicts among family members.

In justification of this, Nelton (1998) recommends that future research is needed on the rise of women in family firms and should include factors such as their family life, their business life and also their individual values. In addition they also mention the importance of acceptance of daughter successor relationships. Involvement in a family business means being part of the family business' core makeup: the role of family members in the business, how bonded the members are and how the business defines itself in relation to the outside world (Doherty et al., 1991). Not being adequately recognized and involved in running the business and making business decisions creates tensions out of the dissatisfaction and clashes of values and beliefs

about the operation of the business and the involvement, tasks and rewards for family members (Danes and Amarapurkar, 2001; Frishkoff and Brown, 1993).

Some authors analyzed the advantages and disadvantages for women in family firms (Frishkoff and Brown, 1993), including flexible work hours, access to positions in traditionally male-dominated industries, job security, professional challenges, and opportunities for personal growth (Barnett and Barnett, 1988). However, family firms can also involve gender stereotyping and discrimination found in society at large (Jaffee, 1990; Salganicoff, 1990), like the popular view that the male partner is the entrepreneur while the female partner does the bookkeeping in the back room (Dumas, 1998). This attitude leads to the fact that even an important contribution of women to family businesses may not be properly recognized in terms of job titles or salaries (Gillis-Donovan and Moynihan-Brandt, 1990; Lyman et al., 1985). Marshack (1994) found that 80% of male co-owners in husband-wife businesses advocated a stereotypical masculine sex-role orientation and 76% of female business co-owners supported a stereotypical feminine gender-role orientation.

2.3.4 The Research on Women Family Business - Indian

The Indian economy has been witnessing a drastic change since mid -1991, with new policies of economic liberalization, globalization and privatization initiated by the Indian government. India has great entrepreneurial potential. It is observed that women involvement in economic activities is marked by a low work participation rate, excessive concentration in the unorganized sector and employment in less skilled jobs. This dynamic world requires women entrepreneurs as an important part of the global quest for sustained economic development and social progress. In India, though women have played a key role in the society, their entrepreneurial ability has not been properly tapped due to the lower status of women in the society perpetuated culturally across generations. It is only the recent past that a shift has taken place in recognizing their ability because of the shifts in policy. From the Fifth Five Year Plan (1974-78) onwards that their role has been explicitly recognized with a marked shift in the approach from women welfare to women development and empowerment. The development of women entrepreneurship has become an important aspect of our plan priorities. Several policies and

programmes are being implemented for the development of women entrepreneurship in India (Sanjukta, 2009).

In the last two decades Indian women have entered work force in large numbers and many of them hold senior positions now. Gone are the days when we hardly saw women in leadership positions in organizations. Some of India's top companies are now giving specific mandates to head-hunting firms to fill middle and senior management roles with women candidates.

Women are also increasingly starting businesses of their own. Surprisingly entrepreneurial women exist in smaller towns as well. According to an estimate by the website, www.naukrihub.com women entrepreneurs account for about 10 percent of the total number of entrepreneurs in India, with the percentage growing every year. If this trend continues, it is likely that in another five years, 20 percent of the entrepreneurial force will consist of women. When women comprise of almost 50 percent of the total population it is but natural that they will be increasingly contributing their bit to the economy. However heartwarming all this sounds, the truth is that the glass ceiling still has not been broken in our country.

According to a recent study, only 26.1 percent of the listed companies (392 of 1,500 firms) have a woman on their boards. Out of the 278 directors on the BSE Sensex companies, there are only 10 women directors. Apart from this, women executives in India earn 40 percent less than what men earn over their entire career. Even when compared to global counterparts, corporate India stands below average. Over 77 percent of the 200 largest companies in the world, as ranked by Fortune, had at least one women director on their board as of 2006. Only 36 percent of Indian companies have women holding senior management positions as compared to 91 percent of companies in China (Source;. www.naukrihub.com).

Traditional Indian society has always been hierarchical. The several hierarchies within the family (of age, sex, ordinal position) and within the community (of caste, lineage, wealth, learning, occupation) have been maintained by a complex combination of custom, functionality and religious belief (Rajadhyaksha and Bhatnagar, 2000). Chitnis (1988) cited in Rajadhyaksha and Bhatnagar, (2000), comments that an Indian society has been popularly described as a society where individuals live by their 'ascribed' rather than 'achieved' status.

There has been some interesting work on the role of women entrepreneurs in India. Attention to the needs and contributions of female entrepreneurs in the Indian economy varies widely from state to state. Their access to opportunities in the formal sector of the economy also varies widely in different parts of India. Women in India generally have less access to formal education; consequently they have low participation in the formal sector, for that reason many women take up self-employment. In addition, women have limited access to their critical resources such as land, technology and credit facilities. Hence even within the informal sector, they are largely confined to micro-enterprises. These include trading and small – scale manufacturing enterprises (Sita, 2007). As education levels have grown and compulsions of employment experienced by women also increased the existing economy could not absorb the ever-increasing number of educated men and women, the wage employment options narrowed down. This made some women with business background to enter small businesses (Sethi, 1994).

Recent research into motives for women's entry into business is less predisposed to use a rigid classification system that would disqualify women as likely contenders for survival and success in business. As Kalleberg and Leicht (1991) suggest, women's motivation is likely to be multi-layered and include greater concerns for their relationship to family than is true for men. Using a multidimensional approach, Mitra (2002) constructs a typology of women entrepreneurs using educational achievement, family business/professional background, age profile, type of industry, and interest in business as classifiers.

According to Mitra (2002), the diversity in motivations and life-cycle stage (as a measure of responsibility for child rearing), which formed the four types of Indian women entrepreneurs that emerged, indicate that a variety of strategies are required for overcoming Indian women's disadvantages in business operations. No matter the profession or occupation of Indian women, their position in Indian society and family is highly anchored in patriarchy (Azad, 1996). Patriarchy is an ideology and system of social relations which keeps women subordinate to men (Bhasin, 1994).

In fact, in India, women who are in business with their husbands are assumed to be largely under the influence of their husband or other male family members and not "real entrepreneurs. Mitra (2002) finds that 13 of the 61 (21%) women entrepreneurs in her initial sample of businesses that were in existence for 10 years or more were cross-gender partnerships or the women in these

businesses were found to be "silent partners." As a result of this classification, these 13 cases were eliminated from the final sample. The rationale for dropping these women from the study was that the success of women entrepreneurs could largely be attributed to their husband's skills and prowess in business. While Mitra's (2002) judgments may be true in some cases, there was no empirical test of whether these women could be considered merely as token entrepreneurs.

There may be a bias in Indian culture against women who engage in entrepreneurial activities outside the home. Even educated, middle-class women who start a business for themselves have been seen as not having what it takes to run a business. According to Iyer (1991), "women may have no experience or skills that would do them well in business and--shyness, lack of articulation, inability to communicate and attitude toward money matters inhibit and limit their growth as entrepreneurs." Moreover, the caste hierarchy has operated to impose greater gender constraints on women from higher castes. They are expected to have their family's status and the household functioning as their uppermost consideration. It was considered newsworthy to report in *Business line*, a journal based in Chennai, India, the findings of a study showing Indian women to be less interested in preparing a meal than helping to fulfill the aspirations of their children. Work was seen as possible but "not at the cost of home or her role as homemaker (Chatterjee, 2001). As noted above (Mitra, 2002), women in business with male family members are not seen to be running the business. However, these women had training and were more directly involved.

Social-economic studies (Vinze, 1987), psychological characteristics (Azad, 1989), motivational studies (Pillai, 1989), background of women entrepreneurs (Anna, 1990); distinctive features of women entrepreneurs (Shah, 1990); strategies to promote women entrepreneurs (Rao, 1991); problems and perspectives (Srivastava and Chowdhary, 1991) were also conducted in different parts of India. While a fairly large number went out for jobs in wage employment a noticeable phenomenon of their experience in wage employment drove them to look for self-employment. The result is the emergence of women entrepreneurs in small businesses but as experience and the supporting environment changed, women were encouraged to even enter the manufacturing sector, which is supposed to be ultimate in the entrepreneurship movement. This has shown that women are capable of and can successfully establish and manage enterprises on a large scale.

The society on the other hand, continues to suffer from a variety of misconceptions, apprehensions and suspicion about their capability with the lack of support from lending agencies and policy makers. Added to this, the lack of documentation on successful business women, their success stories/ experiences also affect to the existing disadvantage. Women in family business thus, both in theory and practice was handicapped by literature and also 'role models' for women to push forward with their ideas of making big at the enterprise level. Despite this, some studies as evidenced by a large number of women researchers devoted attention to the struggles, obstacles, and barriers, frustrations, and experiences of women in business and documented it for scholarly purpose. It is only of late that associations have been formed to voice and discuss the problems and prospects of women in family business both at the national and the international level.

The roles of women in the Indian society have important implications for women in family businesses and in turn are shaped but the institutional environment which includes various historical, political, economic and cultural factors. The understanding of these factors will lead to a better understanding of the presence and the nature of women in family business in India. In addition to the profiling, motivation, locational and other dimensions, factors that motivated women in sustaining business were also undertaken (Tulasi, 1995). Family support, independent decision making, skills, and knowledge, self-confidence, credibility were cited as some of the reasons for managing business successfully.

2.4 STUDIES ON THE DIMENSIONS OF AND REQUIREMENTS FOR EFFECTIVE RUNNING OF FAMILY BUSINESS

A number of studies focused on different attributes of women for effective running of family businesses. These includes succession planning, professionally managed, governance, strategic planning, role conflict, trust and value, family business, commitment, and communication, etc. Studies in each of these dimensions are highlighted in the following lines.

2.4.1 Succession Planning

Succession is perhaps the topic in family business literature that has received most of the attention from researchers (Upton and Heck, 1997; Dyer and Sanchez, 1998; Dyck et al, 2002). One of the reasons for this is the fact that the succession appears to be, by far, the largest change process that business families will face during their career as owners or managers in family businesses (Lane, 1989; Ayers, 1990; Sharma et al, 1997). Another possible explanation to the large interest for successions is the often present underlying assumption within family business literature that family businesses should stay within families for generations; not doing so signifies failure (Emling, 2000; Winter et al, 2004). Although the reasons behind these succession-related failures may differ substantially, Morris et al (1997) structure the potential sources of these problems in their conceptual model on the determinants and outcomes of family business transitions.

However, family businesses seldom plan for succession (Ward, 1987). Surveys indicate that succession planning occurs in only between 20 to 40% of all family businesses (Mandelbaum, 1994; MassMutual, 1995). Resistance to succession planning appears to be relatively strong, and there may be several reasons for it (Lansberg, 1988). Quite often the main reason for the unwillingness behind the succession planning is the entrepreneur himself (Sharma et al, 1997). This is easy to understand due to the strong linkage between the entrepreneur and the business, but the resistance to succession planning can also have its origin in the behavior of other stakeholders in the family business (Lansberg, 1988). The spouses can discourage succession planning, because they fear that a substantive discussion about the future of the family business will disrupt family harmony. The family business may also be an important part of the spouse's own identity, and a succession may imply that she has to relinquish many roles that she has played during her business career. Other family members may resist succession planning, since they have difficulty in talking about inheritance and the financial future of the family. Younger family members may also feel uncomfortable with succession planning, since it brings forward the fears of parental death or separation and abandonment.

The potential successor may have the needed competencies and skills for running the business, but is seldom able to entirely replace the entrepreneur in the eyes of the employees or more experienced managers. Other owners in the family business may also try to avoid initiatives for succession planning, since changes in the ownership structure and the management positions may cause uncertainties about the future return on investment. Customers, suppliers and other

partners may also want to preserve the status quo. Their relationships to the family business have been established by communicating with the founders, but the introduction of a successor into these relationships may cause resistance among these actors (Steier, 2001). Handler and Kram (1988) summarizes all this resistance in their model about resistance towards succession planning, and they argue that although there are several different sources to resistance towards succession planning, many of them have some relationship to the founder of the family business. The initiative for succession must come from that individual, and as a result of that statement, family business researchers have shown great interest in the founder's role in the succession process (Sharma et al, 1997).

2.4.2 Professionally Managed

Family businesses are professionalized either through the introduction of structures and mechanisms similar to those applied in professionally managed firms or through changing management teams through the introduction of professional managers. Researchers in this area try to understand how and when family businesses introduce structures and systems to coordinate their activities, moving away from a coordination system which is based on direct supervision by the founder or family members (Liebttag, 1984; Berenbeim, 1990; Francis, 1991).

Liebttag (1984) finds that the founder is the key factor in hindering the introduction of systems and structures in the family business. His timely withdrawal from active management of the business and handing it over to professionals is the most critical factor in transforming a family firm into a professional company. Once the founder has departed, systems and structures can be introduced.

Berenbeim (1990) studies 20 firms which have completed the transition from founder management to professional management. He identifies critical steps and issues in the transition of family businesses from direct supervision to “professional” management. He also identifies issues that are critical to professionalization. Several of the issues he identifies are related to the manner and the timing of the founder’s departure. He finds that the withdrawal of the founder is a critical event and needs to be managed as such. He finds that it is important that structures and processes are in place to assure the continuity of the business without this specific person as coordinator of the different interest groups. Finally, the preparation of the succession process is

critical in assuring that the departure from day-to-day business is timely and unequivocal (Berenbeim, 1990).

The selection and preparation of a successor is also critical. In the first place, he finds that it is necessary to have heirs to assure continuance. However, too many heirs can complicate decision making. The heir needs to undergo rigorous training to assume his responsibility (Berenbeim, 1990). In addition, clarification of the role of the family in the family business is important to the process of professionalization.

According to Berenbeim (1990), it is critical to avoid confusion of family and company roles. Also, the uncoupling of proprietary concerns from managerial concerns and distinguishing between these two interests is important in the context of role clarity. Finally, mechanisms for the resolution of family-level matters are crucial for clarification (Berenbeim, 1990).

The introduction of governance mechanisms and establishing management accountability is the last critical moment in the process of professionalization. Berenbeim (1990) finds that a clear statement of principles on key issues concerning management accountability is important. Management decisions and fundamental values regarding matters of corporate governance, investment/divestment, management of financial resources, employee relations and selection of top managers must be defined. It is important that the board of directors have an active role in managing the business (Berenbeim, 1990).

In his work on the development of family businesses in the U.K., Francis (1991) researches the development of family businesses from beginnings as family businesses into financially controlled institutions. He finds that family businesses develop as professional management and/or financial capital is introduced into the business. He goes on to reveal that only a very small number of families can avoid losing control to outside managers and financial institutions as owners of the business. Francis provides evidence that there is a tendency for family businesses to professionalize during their development (1991).

From this research we learn about mechanisms that family businesses introduce during their transition from a founder/owner managed business to an organization based on systems, structures and roles. Research findings coincide in the importance of the removal of the founder and the eventual professionalization of the business (Francis, 1991).

The number of issues that have been identified as critical to moving from a leadership driven organizational model to a professional management-driven organizational model can make a transition complex. The factors that have been identified provide an understanding of what is necessary in terms of mechanisms and structures. However, extant research does not illustrate how these systems and structures need to be adapted to family businesses. It has also not been made clear which of these issues is of relative importance and has the strongest impact in the professionalization of the family business. Finally, this view addresses the phenomenon of introducing structures and systems into family business from a very general perspective. In this sense, this research is just scratching the surface of the more significant issues involved in introducing specific structures and processes. In this context, research on the application of management and control systems in family businesses can further shed light on the matter under investigation.

2.4.3 Governance

One of the widely accepted and legally prescribed practices for many corporations is the appointment of a board of directors to assure the proper governance of businesses. In the context of non-family businesses, a board is often assigned to control management and assure that the interest of the shareholder is protected. In the context of the family business, the situation is potentially different, as it is characterized by a significant overlap of managers, owners and family. This reduces the agency problem involved in the separation of ownership and management and implies a lesser need to make management accountable to the owners of the business. On the other hand, a family business could face governance challenges that are different from those in non-family businesses. This would imply that the boards of family businesses have different tasks and/or work differently from non-family business boards. This might also imply that the governance mechanism would be used in a different manner in family businesses compared to non-family businesses.

Initially there has been much doubt about the functioning of many boards of family businesses (Barach, 1984). Research has set out to understand the effectiveness of boards in the first place and then to improve the functioning of family boards (Ward 1988b). The majority of researchers have concerned themselves with the composition of the board, i.e. whether to choose inside or outside members. Jain (1980) finds that outside directors can be helpful to small companies in

the development of public relations, mediation on a wide range of internal issues, and providing expertise in different areas. Along the same lines, Whisler (1988) finds in his study that outside directors are helpful. Ford (1988) provides evidence that outside directors are perceived as more effective than inside board members. In agreement with the above, Schwarz and Barnes (1991) find strong support for the inclusion of outsiders as members of family-firm boards. Outsiders provide unbiased views and help in establishing networks. Ward and Handy (1988) find that 48% of family firms have outside directors on their boards. Firms find that having outsiders on their board is useful for advice and counsel.

Ward and Handy (1988) provide evidence for significant limitations of family business boards, as only 2% of their respondents reported the usefulness of the board in succession planning (Ward & Handy, 1988). In their survey on Italian business board practices, Corbetta and Tomaselli (1996) find evidence that the board is mainly concerned with matters of business decision-making, failing to cover matters related to family concerns. To quote them: “For example, the problem of succession is given only a very limited amount of time (1%), and the overall amount of time devoted to family related issues is hardly higher than 12%. With so little time devoted to the issue, it seems difficult to imagine that the board can act as a bridge between the family and the business ...” (Corbetta & Tomaselli, 1996). This is not related to the composition of the board. Also, outsiders were found not to be helpful in day-to-day operations and the resolution of family conflict (Schartz & Barnes, 1991).

Overall, these studies provide evidence that the adaptation of board practices has spread widely among family businesses and that, within the context of family businesses, boards offer an important mechanism to assure the accountability of managers to the shareholders. These studies illustrate that, although the board mechanism is useful to the management of family businesses, there are still significant limitations to the ability of the board to govern family business. A board does not address all specific family business “content” issues like succession and “process” issues like conflict among family members.

2.4.4 Role Conflict

The level of conflict among family members stemming from efforts to simultaneously balance

work and family demands, is increasing (Tompson & Tompson 2000:8). The increase in the number of employed women and therefore dual-career and has been referred to as a fundamental cause of the increase in work-family conflict (Karambaya & Reilly 1992). Women have more difficulty managing work and family roles owing to the permeability of the boundaries between their work and family domains, and because they experience work and home stressors at the same time (Tompson & Tompson 2000).

In family businesses, a variety of conflicts are expected to infiltrate the business over time (Harvey & Evans 1994). If the boundaries between the family and the business are blurred, conflict will be unavoidable (Danes, Reuter, Kwon & Doherty 2002:34). Marshack (1994) acknowledges that in family business, it is common for the boundaries between work and home to become blurred. Similarly, Charles (2006) asserts that a family business may be harmful to a couple's home life if there are no restrictions concerning the transfer of business conflicts into the personal relationship. For this reason, Rothart (1982) advises that they must keep their work-related troubles isolated from their personal lives. Allowing personal matters to affect the business will contaminate it with tension and impair its effectiveness (Charles 2006). Therefore, Marshack (1994) suggests that strengthening the boundaries between work and home will bring them closer to achieving synchrony.

In small family businesses, it is anticipated that the owner-managers will accomplish the goals of both the family and the business at the same time. As such, when the needs of the family and business conflict, management-control problems will arise (Riordan & Riordan 1993). This unavoidable contradiction between business and family needs has long been considered a barrier to the long-term wellbeing of family businesses (Ward 1987). Similarly, Rosenblatt (1991) asserts that destructive levels of tension between family and business goals can lead to business failure. In the early stages of the business venture, the owner must use his/her time to locate the business in the market, and as the business matures, the owners must revert their energies toward managing the business. Under certain economic conditions, destructive conflict between family and business goals may affect family business viability (Danes & Rettig 1993; Rosenblatt 1991). Therefore, Owen and Winter (1991) propose that the amount of time dedicated to the business and the amount of control over the business agenda are two important variables

to consider when solving family business problems.

According to Van Auken and Werbel (2006:51), spouses develop expectations concerning their family goals and the level of their spouse's involvement in family and work activities. A spouse who is uncommitted may insist that his/her spouse is more supportive in family relationships, as well as being more inclined to pass judgment on business activities and unprepared to invest some of the family's financial resources into the business. Consequently, the entrepreneurial spouse may be forced to choose between the demands of the spouse and the business. A situation such as this is an example of work-family conflict, as the stress generated will almost certainly have an adverse effect on the entrepreneurs' abilities to make decisions and dedicate personal resources to the continued existence of the business (Van Auken & Werbel 2006).

Role overload is a specific component of work-family conflict (Foley & Powell 1997). According to Greenhaus and Beutell (1985), role overload occurs when the overall time and energy demands associated with given work and family roles become too large for these roles to be executed effectively. Similarly, Cooke and Rousseau (1984) assert that the expectations associated with work and family roles can cause physical and psychological strain, through overload and inference. Role overload will give rise to work-family conflict if partners' opinions concerning the level of role overload differ. In other words, regardless of the manner in which the work and family roles have been assigned to each partner, the workload associated with the work and/or family domain is too large for the partnership to cope with. Consequently, outside assistance may be needed to help in either or both the work and family domains (Foley & Powell 1997). In addition, individuals can attempt to manage role overload by assigning more time to work-related activities when work conflict is high and more time to family-related activities when family conflict is high. However, implementing this strategy will not be easy when both work and family demands are high at the same time (Higgins, Duxbury & Irving 1992).

2.4.5 Strategic Planning

The ultimate impact a family can have on a business is on the overall strategic positioning in their markets. One of the key tasks of the board of directors (and/or other representatives of the businesses shareholders) and top management of any business, whether a family business or a

non-family business, is making of strategic decisions. Therefore, the strategic positioning of a family business might be different due to its specific characteristics. This might imply a specific conduct in their product or factor markets. The area of strategic management in family business has been virtually overlooked (Harris, Martinez & Ward, 1994; Sharma, Christman & Chua, 1997; Wortman, 1994; Ward, 1988).

Only a small amount of research has been undertaken and it attempts to understand strategic management and strategic positioning in family businesses. However, extant research can highlight the differentiating characteristics of family businesses. Looking at differences in the strategic positioning of family businesses, it is possible to understand general differences between family businesses and non-family businesses. The choice and implementation of specific strategies in the context of family business can help to understand potential differences between family businesses.

Despite gaps in research, theorists have repeatedly asserted that strategic planning processes and the resulting strategies of family firms differ significantly from the processes and strategies of non-family firms (Ward, 1988; Harris, Martinez & Ward, 1994). These differences are argued to have a significant impact on the strategic decision-making and the outcomes of strategic decisions for these organizations.

Researchers have begun to examine issues related to family firm strategy. In their review of strategic literature to family business, Harris, Martinez and Ward (1994) provide a list of those family business characteristics that may be advantageous for family businesses.

These include the following:

- (a) Slower growth and less participation in global markets (Gallo, 1995)
- (b) Long-term commitment (Danco, 1975)
- (c) Less capital intensive (Friedman & Freidman, 1994)
- (d) Importance of family harmony (Trostel & Nichols, 1982)
- (e) Lower cost (Walker & Henderson, 1993)

(f) Generations of Leadership (Ward, 1988)

(g) Board Influence on implementation (Ward & Handy, 1988)

Although this list of observations has been provided, the impact of these factors has not been specified, and an analysis of how common these factors are among family businesses has not been undertaken.

Recently, research has been extended to understand and assess the competitive advantage of family firms, applying the resources-based view (Barney, 1986; 1991; Conner, 1991; Cool & Schendel, 1988; Habbershon & Williams, 1999; Nelson, 1991; Nelson & Winter, 1982; Teece, Pisano & Shuen, 1990; Wenerfeld, 1984). The resource-based view of the firm provides a theoretical framework for understanding the potential relationship between family firm-specific processes, sustained competitive advantage and performance for the family firm. According to the resource-based view provided in strategic management, assets need to have specific characteristics to enable a business to generate sustainable above-average rents. It, therefore, provides the logic of how family business-specific characteristics could actually impact strategic positioning, competitive advantage, and performance differentials in their respective industries.

Donckels and Froehlich (1991) have studied the values, attitudes, goals and strategies of small and medium-sized businesses in different European countries. The results identified differences in strategic behaviors based on ownership structure. Results suggested that family businesses are more risk averse, especially in the area of innovation. They find that family businesses value and pursue the goal of financial independence. Donckels and Froehlich also provide evidence that family businesses are less growth-oriented, rely less on socioeconomic networks, and are generally more conservative in choosing strategic alternatives. However, in terms of functional strategies, family businesses do not differ to a large degree from non-family businesses.

Daily and Thompson (1994) examine the relationship between ownership structure, firm strategy and growth of family businesses. They do not find significant differences in the strategic posture between family and non-family businesses. They base their conclusion on different ownership/management structures, differentiating between 2nd generation family firms, founder managed firms, owner managed firms and professionally managed firms. In addition, they do not find an effect of ownership structure or strategic posture on firm growth. These results are

inconsistent with prior studies. However, the results of the study are of limited validity and cannot be generalized due to the sample size of 122 firms, of which less than 13 firms were professionally managed businesses. Gudmudson, Hartman and Tower (1999) do not find support for the hypothesis that family and non-family firms differ in their strategic orientations. However, they do find some differences across industries, e.g. family businesses emphasis industry leadership less when selling consumer goods than when selling industrial goods.

As the discussion illustrates, family business literature describes the influences of the family on the strategy of the business implemented. However, it does not show how family characteristics influence the strategic positions adapted. Results of initial empirical evidence do not provide conclusive results on whether or not family businesses are different in their strategic positioning. These results neither refute nor confirm this hypothesis. Instead, they suggest that the relationship between ownership and strategic positioning may be more complex than initially assumed. Research in this area has not moved beyond anecdotal evidence and initial cross-section studies. Some studies confirm the anecdotal evidence and assertions commonly accepted within the field of family business. However, evidence is inconsistent due to the different operation of variables and the limited accounting for mediating variables such as industry context.

According to Burns (2001), trust is the basis of a good team. Trust is considered vital to the competitiveness of social organisations, especially owing to the increased levels of uncertainty and complexity in the present business environment (Sundaramurthy 2008). According to Rousseau, Sitkin, Burt and Camerer (1998), *trust* refers to an individual's belief that those people involved in exchanges will make earnest efforts to uphold their commitments and not take advantage of a given opportunity i.e. it is one's readiness to rely on others.

2.4.6 Trust and Values

According to Burns (2001), trust is the basis of a good team. Trust is considered vital to the competitiveness of social organizations, especially owing to the increased levels of uncertainty and complexity in the present business environment (Sundara Murthy 2008). According to Rousseau, Sitkin, Burt and Camerer (1998), *trust* refers to an individual's belief that those people involved in exchanges will make earnest efforts to uphold their commitments and not take

advantage of a given opportunity i.e. it is one's readiness to rely on others.

Trust is considered important for several reasons, such as: it enables collaboration, encourages network relationships, lessens harmful conflict, decreases transaction costs, and aids the efficient functioning of groups and efficient responses to crises (Rousseau et al. 1998). In addition, Charles (2006) asserts that trust is the foundation of business and that it is established by commitment, dependability and experience.

Sundaramurthy (2008) refers to three types of trust that are relevant to the present study, namely identification-based trust, interpersonal trust, and competence trust. Identification-based trust arises when individuals understand each other's wishes and needs and their goals are aligned. This type of trust generally exists when individuals think and feel alike because of their shared norms and values, which may stem from a common kinship, familiarity, background or interest (Sundaramurthy 2008). Interpersonal trust is very similar to identification-based trust as it is based on kinship, familiarity, similar personalities, history and shared experience. According to Gersick et al. (1997), family businesses are unique as they already have a profound level of interpersonal trust when commencing business, because the family is the common identifying factor. Family members have had the opportunity and time to cultivate interpersonal trust in the course of their shared history, experience, identity, customs and realities. This instant access to profound levels of interpersonal trust can result in family members being willing to contribute capital and other resources to the business, as well as being committed to the business, even to the point of self-sacrifice (Gersick et al. 1997). Competence trust refers to a belief that an individual entrusted with a particular job is not only willing but also competent to perform that job efficiently (Mishra 1996).

According to Charles (2006), respect forms the foundation for building all relationships, as it is the glue that holds partnerships, teams and organizations together. Having respect for a person leads to the acceptance of that person for what he/she is, which is representative of the individual's core values. Accepting a person for what he/she is in turn builds trust, which can then often lead to new opportunities, strategies, ideas and products (Charles 2006). Communication, trust and respect for each other's ability and position are vital to managing

relationships between family members working in family firms (Foley & Powell 1997; Handler 1991). Similarly, Santiago (2000) reported that family members are more likely to cooperate with each other and support each other's decisions if they have respect for each other and make an effort to understand each other. In addition, Filbeck and Smith (1997) have found that interpersonal conflicts tend to be aggravated in family businesses where the members' personality differences are either misunderstood or not respected.

2.4.7 Family Harmony

A family business consists of two overlapping, interrelated and continually changing entities, namely the family and the business. The integration of family dynamics into a business makes the management of a family business a multifaceted task (Hess 2006). For this reason, Hess (2006) suggests that family business leaders must not only lead and manage their business toward success, but also lead and manage the family's relationship to the business in support of family harmony. In order to increase the chances of continued family business success and family harmony, it is essential that family business leaders assume the correct attitude about the additional intricacy of their family business, as well as handling family business issues directly (Hess 2006). Similarly, Gersick et al. (1997) state that in order to guarantee family harmony and the success of the family business, it is important to have a general understanding of the nature of the relationship between the family and the business. Zwick and Jurinski (1999) refer to family harmony as a common goal of family business owners as they aspire to create an environment that will encourage family harmony. Family business owners perceive their business as being an instrument that will offer their family financial security, as well as binding the family together. However, working in a family business can have the opposite effect as arguments over business-related issues may cause the destruction of family relationships. Therefore, Zwick and Jurinski (1999) advise that family business owners consider planning strategies, all the while being careful to avoid outcomes that may cause family conflicts.

According to Baxter (2009), establishing a business necessitates ample time and capital. These time and financial demands can result in other areas of an individual's life becoming neglected. With regard to, the couple's involvement in the business usually has a substantial effect on their family, particularly if children are involved. Raising a family requires time and resources; therefore the presence of children may impinge upon the amount of time that need to dedicate to

their business. For these reasons, they should endeavour to maintain a balance between their work and family domains in order to ensure that there is family harmony (Baxter 2009).

Some individuals may be confused by the combination of family and business values, and this confusion may bring about family disharmony (Baxter 2009). Therefore, Charles (2006) advises that can prevent hidden agendas, misunderstandings, and disappointments by clarifying and harmonising their reasons for working together. Spouses should preferably have a complete understanding of their own, as well as their partners reasons for teaming up and these reasons should be in harmony. Realistically, however, spouses should find their common ground, as well as finding innovative ways to live up to each other's expectations (Charles 2006). In addition, relationships between family members should be characterised by intimacy, caring and support, appreciation of each other and concern for each other's wellbeing in order for the family business to reach optimal family harmony (Marshack 1998).

2.4.8 Commitment

According to Shaffer, Harrison, Gilley and Luk (2001), commitment is commonly defined as a readiness to use personal, temporal and psychological resources in support of a specific area. Commitment has been identified as being an important attribute in family businesses (Cole & Johnson 2007). In commitment to the business has been viewed as central to the nature of the spousal relationship, influencing whether it is supportive or conflicting. Commitment is also of particular importance in the early stages of a business, when the financial obstacles and possibilities of failure are the greatest (Van Auken & Werbel 2006). In addition, the eagerness and family bonds in a family business can develop additional commitment and loyalty (Leach 1994).

Fitzgerald and Muske (2002) found that in comparison to other family businesses, tend to adopt a stance that embraces their business as a way of life, thereby allowing them to foster greater intimacy in their relationship. According to Jaffe (1990), the decision to enter into business together symbolises a special decision for couples. Akin to the decision to become an entrepreneur, it symbolises a readiness to embark on a new journey, as well as an enormous risk, owing to the substantial commitment of time, energy and finances that the formation of a family business requires. Many copreneurs have compared the formation of a business to having a baby,

as it is a special celebration of their togetherness, conveying immense stress, little sleep and uncertainty (Jaffe 1990). In their study on successful couples post divorce, Cole and Johnson (2007) reported that all of the women spoke of their business with strong commitment and passion. In addition, the women had an almost parental approach toward their business, using words such as "our baby" when referring to the business (Jaffe 1990; Thompson & Thompson 2000). This parental outlook occurs as a result of the couple forming the business together. Women therefore value, defend and care for their business more than business partners who do not have the same attachment between them (Thompson & Thompson 2000). As a result of this parental approach, Cole and Johnson (2007) define commitment as being an emotional attachment to the business.

According to Van Auken and Werbel (2006), research has shown that the presence of children increases an individual's life commitments and presents considerable time demands on family dynamics. Consequently, the presence of children is more likely to impose time demands that could result in increased role conflicts. The stage of the family life cycle (newlywed, young children, blended family or empty nesters) will not necessarily influence spousal commitment, but may influence personal-role conflict and the time available to dedicate to the business (Van Auken & Werbel 2006).

Committed spouses are also more likely to offer emotional support to their partner than uncommitted spouses (Van Auken & Werbel 2006). According to Poza and Messer (2001), spouses play a significant part in reinforcing family harmony and business goals. The dynamic of committed spouses positively influences family commitment, culture, communication and business management. Committed spouses share their dreams with each other and the psychological contribution to the business opportunity will make the sharing of common goals possible. Spouses will feel more comfortable sharing their business decisions with someone who shares their dream and a committed spouse is generally more enthusiastic to contribute energies to guarantee effective decision-making. As a result, committed spouses are expected to be caring and sympathetic in response to their partner's business problems (Van Auken & Werbel 2006).

Consequently, there is greater commitment in women in family business than in other business types, because the business is in the hearts of the couple. Women in business together, and will

therefore succeed or fail together. Both spouses are attempting to build a successful business and are prepared to do whatever it takes to achieve this (Charles 2006).

2.4.9 Open Family Communication

A strong family business requires open communication concerning goals, and an aspiration to resolve misunderstandings about issues influencing the accomplishment of those goals (Danes et al.1999; Isaacs 1991). Studies have shown that when open communication exists in a family business, disagreements are less intense (Berry & Williams 1987; Danes, Fitzgerald & Doll 2001).

According to Maas and Diederichs (2007), communication problems can occur in family businesses. Examples of this include the following:

- A lack of clear and formal communication channels or opportunities will result in vague, superficial communication between individuals.
- It is common to have difficulty discussing the soft, personal issues, choosing to focus their communications on neutral and non-personal issues instead.
- Stress, pressures and crises have a negative impact on communication, resulting in people reacting angrily to stressful situations instead of handling them objectively.
- A failure to discuss sensitive issues, especially those issues avoided by family, will not aid open and focused communication. Choosing to ignore sensitive family issues can cause resentment to build and obstruct essential business decisions.
- Poor communication techniques can result in the misinterpretation of messages and may occur when an individual cannot communicate clearly, or uses the incorrect method of communicating.
- An ongoing family feud or mistrust can result in open and clear communication being more difficult to achieve. A failure to resolve such conflicts may eventually because the business to fail and the family to separate.

Maas and Diederichs (2007) conclude that in order for a family and a business to function effectively and in harmony, it is imperative that the business has communication processes which allow for free and transparent discussions concerning all issues, in an environment that is non-threatening. Similarly, Owen and Winter (1991) have established that open family talks,

regarding problems that arise in the early stages of business development, are important. Women in family business have been described on numerous occasions as having an advantage over unmarried business partners because of their superior communication skills. These communication skills will differ depending on the quality of the marriage, but women almost certainly have more opportunities to perfect their communication with each other than traditional partners do (Tompson & Tompson, 2000). However, Stewart-Gross and Gross (2007) point to a lack of communication as a key reason for failure.

A failure to communicate successfully may result in a failure to improve relationships, successfully resolve conflicts, and enhance leadership power (Stewart-Gross & Gross, 2007). Therefore, the unique circumstances created by the interconnected lives of women call for effective communication (Stewart-Gross & Gross, 2007). Women must ensure effective communication in their business discussions, negotiations, and interactions with their spouse, family, and colleagues, to achieve success. Quality business discussions between spouses can help to ameliorate their planning and aid decision-making, while also making extra quality time for their business and their marriage (Stewart-Gross & Gross, 2007). In addition, women must communicate to ensure the growth and development of their business and family, their personal professional growth, and the development of their relationship as a couple (Stewart-Gross & Gross, 2007).

Women should establish an effective communication system to resolve conflicts between them (Charles, 2006). Stewart-Gross and Gross (2007) refer to the importance of negotiations in a family business, as spouses will be able to handle conflicts in a civilised and efficient manner, and reduce suppressed work- and home- related stress, if they negotiate effectively. They should also honestly and openly assess their business compatibility. Spouses may have a successful working relationship if they are able to resolve their differences without personal attacks, consider each other's opinions, and recover from disagreements easily (Stern, 2008).

Similarly, Foley and Powell (1997) anticipate that if spouses are able to successfully address and resolve their differences concerning important issues, they should both experience an enhanced satisfaction with their lives, a better marriage, and a more successful business. However, it is still possible for spousal communication to deteriorate into negative personal attacks if the business lands in financial difficulties (Van Auken & Werbel, 2006). Communicating with

accuracy and consideration can help to abate role confusion for copreneurs and their employees. Identifying, defining and communicating work responsibilities at home and at work can help to prevent power struggles from occurring in both domains (Stewart-Gross & Gross, 2007).

In addition, Stewart-Gross and Gross (2007) advise that women can improve their chances of family business success by perfecting the most basic and important communication skill - listening. Although listening may seem common-sense to most people, effective listening is undoubtedly not common practice, therefore individuals must practice listening on a regular basis. Listening is the basis of effective communication, and must listen in order to clearly understand messages, be more productive, build better relationships, be more respectful, and acknowledge others involved in discussions (Stewart-Gross & Gross, 2007).

Thus, researchers have studied a number of dimensions in family business management, but all these studies were done in isolation to each other, thus, lacking in integrating the issue in a broader format.

5.5 RESEARCH GAP AND THE NEED FOR THE STUDY

The focus of the study is on women in family business in the Indian context not only reflects the smaller number of studies but also evidence studies in different contexts. Contextually, there may be some difference in view of the socio cultural profile of women but certainly the problems, performance, reason for joining business, motivation were found to be similar. There are many issues in the family business which has to be studied and very little work has done on it. As Baker (1997) points out, the position of the women entrepreneur has been neglected by both the mass media and the academic community. Despite the impressive contribution women owned businesses is comparatively understudied in the entrepreneurial domain (Brush and Hisrich, 1998). As against this background, Baker (1997) in a comprehensive review of both practitioners and scholarly journals found that the number of articles about women in business declined from 44% in 1980 to 14% in 1995. Furthermore, the bulk of these studies only included women in their research samples. In particular, studies that systematically analyzed the business

age, size, strategy, policy, managerial capabilities, and business opportunities and analyze their perceptions and opinions on business are nearly absent from the existing literature. The gaps thus, evidence a holistic way of women entrepreneurship in general and much more so in terms of the role of women in family managed businesses.

Contextually, studies reveals variations especially in a developing context like India are strikingly inadequate (Singh, 1993). Though women in India were large entrants into business, it is all the more saddening to find that this area was not found worth exploring by scholars other than a few and that too women wither in academics or practitioners, leaves the field limited in documentation. The knowledge about the characteristics of women business owners and the existence of women in family business in other countries due to political, economic, cultural, and institutional differences is lacking. Thus, the investigation of women in family businesses as self-employment in other countries is seen as a promising direction for new research (McManus, 2001). The available literature on women in family business in the countries from centrally planned to market economy apart from being scare suffers from some important limitations, mainly lack of methodological rigor and lack of contingent and explanatory investigations in the issues of women in family business. This provides for a considerable research gap and need for studies in this direction. Most of questions relating to the profiles, motivation, enterprises data along with the opinions and perceptions of women in family business management are left unanswered.

More particularly the following issues can be figured out. They are-

- The demographic and psychographic profile of women in family business- age, education, work experience, career goal, income, family background etc.
- The enterprise data in family business terms of year of establishment , location, nature of unit, nature of product, employees, values and decision making in business
- The factors influencing the women in the family business

Thus, the above issues evidence significant research gaps which need to be addressed to generate data and literature in the area and also to further research. Moreover, India as the geographical area, in terms of business climate and the promising role and interest being showed by women

makes the study worth exploring. Family businesses have existed in India for quite long but very few women participated professionally in managing the businesses which makes both the research and the literature scanty, thus needing studies in the direction.

5.6 SUMMARY

One of the most significant requirements for a successful woman work – at home or the work place. Therefore, collaboration and cooperation is vital to the success of a family. Irrespective of their unique nature, they are essentially identical to any other family member. This is true of a family business too. An attempt has been made to discuss the various studies in family business management. A discussion of the various factors influencing the success of family business has formed the foundation for this chapter.

To begin with, the nature and value of the family business environment was discussed. This discussion also included a brief description of the family business global and Indian perspective. It was established that an enterprise comprises a group of individuals who are involved in the establishment and management of new ventures, and are therefore vital to the growth of new ventures. Consequently, it is essential for businesses to establish effective structures that will permit active and energetic problem-solving, as well as generating creative strength and new ideas from its members. Whether in business or in personal life, being a member of a successful team is a satisfying and beneficial experience. Similarly, the concept of family business management along with its various dimensions as discussed by scholars was also included.

After careful consideration of the existing literature on effective running family business, the different models proposed and the factors identified, and it was clear that successful teams have confirmed their ability with regard to two types of factors: firstly, *family-based* factors focusing on the person-to-person and inter-group dynamics or processes between the family members, and secondly, *business-based* factors relating to the ability to achieve what it has been designed to do, by having a supportive context and a suitable composition and structure. The specific literature on family business, several *Family* and *Business-based* factors influencing the success of family business teams has been identified. The *Family-based factors* include: *Trust and values, Family harmony, Open communication, and Commitment to the business*. The *Business-*

based factors include: *Succession planning, Professionally managed, Governance, Role Conflict and Strategic Planning.*

Chapter 4 will endeavour to merge the various *family-based* and *business-based* factors into a comprehensive conceptual model, which portrays the conditions required for the effective functioning of a family business.

CHAPTER –3

A CONCEPTUAL MODEL

3. INTRODUCTION

A variety of factors influence whether women in family business succeed or fail, most of which have been identified in Chapter 3. For the purpose of this study, the factors influencing the success of women in family business have been categorized into two broad groups, namely family – based and business-based factors. Family – based factors refer to those factors that influence the dynamics and interaction between the family members, when they work together as a team. Business – based factors relate specifically to those factors that influence the women's ability to complete the task at hand. By their nature these business-based factors will also influence family relationships and the interaction between family members.

A proposed conceptual model of the selected variables or factors that are hypothesized as influencing the success of family business is presented in this chapter. The independent and dependent variables which form the basis of the model, as well as the resulting hypothesized relationships, will be discussed. To facilitate discussion the variables identified are divided into three categories. The first category encompasses the dependent variables, namely Perceived success. The second category encompasses the independent variables that are the family and business based factors.

THE CONCEPT

The conceptual framework for the study was arrived at after incorporating the major constructs previously identified in the literature. Literature in terms of the family which is an important responsibility of a woman (Poza and Messer, 2001) and business concerns for those with an entrepreneurial spirit are significant in family business management. (Danes, Haberman and McTavish 2005; Curimbaba, Rowe and Hong 2000; Danes and Olson 2003; Foley and Powell 1997; Cosier and Harvey 1998), Family issues like motivation (Singh, 1993; Sharma, 2004), Kahn and Henderson (1992) the impact of family criteria on business decisions, boards of

family businesses (Barach, 1984) (Ward, 1988; Harris, Martinez & Ward, 1994), family communication in planning (Ward, 1988), stakeholders: founders, next generation members, women and non-family members (Sharma, 2004) , family business culture (Hollander and Burkowitz, 1996) assume significance in the context. The hypothesized relationships between the independent, intervening and dependent variables that were identified and which are also relevant to this study are presented in Table 3.1

Table 3.1: Relationships and theoretical support

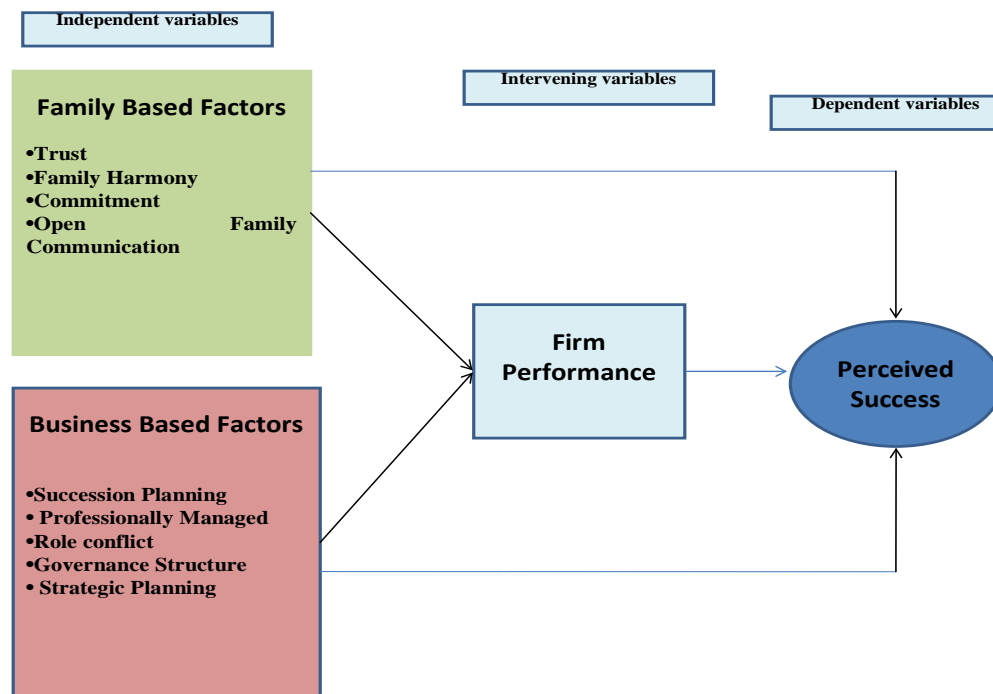
Independent Variable	Dependent Variable	Theoretical Support
Firm performance	Perceived success	Adendorff 2004; Danes et al. 1999; Goldberg 1996; Ivancevich et al. 2005; Maas, Van der Merwe & Venter 2005; Mondy & Premeaux 1995; Northouse 2004; Sharma 2004; Venter 2003; Ward 2004.
Trust and values	Perceived success & Firm performance	Macniel, 1980, Gambetta, 1988; Mayer, Davis and Schoorman, 1995; Powell, 1987; Bradach and Eccles, 1989; Kramer and Tyler, 1996; Rousseau and Sitkjin, Steier , 2001
Family Harmony	Perceived success & Firm performance	Astrachan & Kolenko 1994; Aronoff et al. 1997; Fahed-Sreih & Djoundourian 2006; Lansberg 1999; Maas et al. 2005; Malone 1989; Santiago 2000; Sharma 2004; Van Auken & Werbel 2006. Dumas, 1992, p. 108; Malone,1989, p. 349 ; Santiago, 2000 , p. 29
Commitment	Perceived success & Firm performance	Brenic and Zabkar's ,1998, Hewett and O'Bearden, 2001; Johnson and Cullen, 2002
Open Communication	Perceived success & Firm performance	Martin, 2001, p. 92; Neubauer and Lank, 1998; Ward, 1997; Martin 2001; Poza et al. 1997; Gersick et al. 1997 Keen 2003.
Succession Planning	Perceived success & Firm performance	Handler,1989; Handler and Kram ,1998; Dyer

		,1992, Sharma ,1997, p. 239; Rosenblatt, De Mik, Anderson and Johnson ,1985, Aronoff ,1998; Astrachan and Ward ,1998, p. 181; Kirby and Lee, 1996, p. 75
Professionally Managed	Perceived success & Firm performance	Liebttag,1984; Berenbeim, 1990; Francis, 1991, Berenbeim 1990, Francis, 1991
Governance	Perceived success & Firm performance	Egan, 1998; Martin, 2001; Neubauer and Lank, 1998; Ward, 1997; Egan, 1998; Astrachan and Kolenko, 1994, p. 259; Tagiuri and Davis, 1996; Ward and Handy (1988).
Role Conflict	Perceived success & Firm performance	Foley and Powell, 1997, Isaac (1991) and Covin (1994), Hutcheson (1999)
Strategic Planning	Perceived success & Firm performance	McCann, 2003; Pozza 1989; Mintzberg 1994; Mead 1994; Daily and Dollinger 1992; Deloitte and Touche 1996; Ward, 1988; Harris, Martines and Ward, 1994.

3.1.1 Proposed Conceptual Model

Taking the model, as well as the existing literature on family business, several *Family-* and *Business-based* factors influencing the success of family business have been identified. The *Family-based factors* include: *Trust and values, Family harmony, Open communication, and Commitment to the business.* The *Business-based* factors include: *Succession planning, Professionaly managed, Governance, Role Conflict and Strategic Planning.*

Therefore in the proposed conceptual model, 9 independent variables are put forward as influencing the success of family business. In this study, two variables are used to measure success, namely the dependent variable, *Perceived success*, and the intervening variable, *Firm performance*. The hypothesized relationships and proposed conceptual model are depicted in Figure 3.1.

Figure 3.1 The Conceptual Model

3.2 Perceived Success

The process of evaluating and determining family business success has become somewhat challenging, owing to unclear definitions and biased perceptions (Hienerth & Kessier 2006). Similarly, Thompson and Thompson (2000) assert that defining and measuring success presents a difficult task for researchers studying family business. In contrast with conventional management studies, in which business performance may be the exclusive marker of success, family business research must consider the significance of both business and marital success (Thompson & Thompson 2000). To substantiate its incorporation into the proposed conceptual model put forward by this study, the dependent variable *Perceived success*, as well as the intervening variable *Firm performance*, will be considered.

3.2.1 DEPENDENT VARIABLE: PERCEIVED SUCCESS

As mentioned above and illustrated in Figure 3.1, the dependent variable in this study is the *Perceived success* of a family business. For the purpose of this study, *Perceived success* is defined as the degree to which the family business find their ongoing involvement in the business to be satisfying as well as beneficial to their family, marriage and personal development. In family business research, the satisfaction that family members experience as a result of their involvement in a family business is regularly associated with success (Handler 1991; Ivancevich et al. 2005; Sharma 2004; Venter 2003). Similarly, Garza (2003) has found anecdotal evidence to suggest that some women only consider their involvement in the business to be satisfying because of their togetherness.

3.2.2 INTERVENING VARIABLE: FIRM PERFORMANCE

For the purpose of this study, *Firm performance* refers to positive trends of growth in the number of employees and profits, as well as increasing revenue experienced by the family business. Firm performance is widely considered a measure of success, and has been used by several authors to differentiate between successful and unsuccessful successions (Flören 2002; Venter 2003), successors (Goldberg 1996), family businesses (Millman & Martin 2007; Sharma 2004; Sorenson 2000:185; Ward 2004) and even teams in general (Ivancevich et al. 2005; Mondy & Premeaux 1995; Northouse 2004). For example, in their study on small copreneurial food companies, Millman and Martin (2007) define success as growing a business in terms of turnover and employee numbers.

In addition, Adendorff (2004) in his empirical study has reported a positive relationship between profitability and the ability to satisfy stakeholders' interests. Tagiuri and Davis (1992) have indicated that supplying themselves with financial security and benefits is one of the most important goals of the owner-managers of successful smaller family businesses. Similarly, O'Connor et al. (2006) observe that spouses have a tendency to establish businesses out of a desire to create wealth. Stakeholders in a family business would be hesitant to consider their

involvement in the business to be satisfying should the business encounter financial difficulties. The following hypothesis is thus formulated:

H1: There is a relationship between the Firm performance and the Perceived success of the family business.

3.3 INDEPENDENT VARIABLES: BUSINESS-BASED FACTORS INFLUENCING FAMILY BUSINESSES

Various factors influencing the success of a family business have been identified in both the teamwork and the family business literature. Business-based factors can be described as the "soft" issues in business, influenced by personal feelings and the emotions of individuals involved. The various Business-based factors influencing women in family business, as identified in both the teamwork and family business literature, will be discussed below. In addition, support for each of these factors as applicable to family businesses will be elaborated on. The Business-based factors are *Succession planning, Professionally managed, Governance, Role Conflict and Strategic Planning*

3.3.1 Succession Planning

Succession Planning is in direct conflict with the entrepreneur's need for control, power and meaning (Handler and Kram, 1988). Handler (1989) found that the degree of mutual respect and understanding between the next generation successor and the founder is a key factor affecting succession. Handler and Kram (1998) and Dyer (1992) found that the founder's family members may not want to accept the founder's mortality and may see the founder as the only person able to manage family conflicts and keep the family unit together. They are therefore reluctant to see the founder relinquish the role. Family members may also be seen as disloyal if they enter discussions regarding the retirement of the founder and are usually unwilling to engage in such discussions.

Sharma (1997) also found a positive relationship between management succession planning and satisfaction of both owner managers and successors with the succession process itself. Rosenblatt, De Mik, Anderson and Johnson (1985) found that family business owners often

resisted succession planning and that this in turn diminished the probability that the business would survive beyond the first generation.

Other researchers suggest that the importance of succession planning to business continuity has been overstated (Aronoff, 1998; Astrachan and Ward, 1998; Kirby and Lee, 1996). Astrachan and Kolenko, (1994,) revealed that while boards of directors, strategic planning and frequent family meetings are correlated with business longevity over multiple generations, succession planning is not. Santiago (2000,) in similar studies found that succession planning is not necessarily important for the survival of family businesses.

It is therefore hypothesized that:

H^{2a}: There is a relationship between the *Succession planning* of the Family business and the *Firm performance* of the family business.

H^{2b}: There is a relationship between the *Succession planning* of the Family business and the *Perceived success* of the family business.

3.3.2 Professionally Managed

Family businesses are professionalized either through the introduction of structures and mechanisms similar to those applied in professionally managed firms or through changing management teams through the introduction of professional managers. Researchers in this area try to understand how and when family businesses introduce structures and systems to coordinate their activities, moving away from a coordination system which is based on direct supervision by the founder or family members (Liebtag, 1984; Berenbeim, 1990; Francis, 1991).

Liebtag (1984) finds that the founder is the key factor in hindering the introduction of systems and structures in the family business. His timely withdrawal from active management of the business and handing it over to professionals is the most critical factor in transforming a family firm into a professional company. Once the founder has departed, systems and structures can be introduced.

Berenbeim (1990) studies 20 firms which have completed the transition from founder management to professional management. He identifies critical steps and issues in the transition

of family businesses from direct supervision to “professional” management. He also identifies issues that are critical to professionalization. Several of the issues he identifies are related to the manner and the timing of the founder’s departure. He finds that the withdrawal of the founder is a critical event and needs to be managed as such. He finds that it is important that structures and processes are in place to assure the continuity of the business without this specific person as coordinator of the different interest groups. Finally, the preparation of the succession process is critical in assuring that the departure from day-to-day business is timely and unequivocal (Berenbeim, 1990).

The selection and preparation of a successor is also critical. In the first place, he finds that it is necessary to have heirs to assure continuance. However, too many heirs can complicate decision making. The heir needs to undergo rigorous training to assume his responsibility (Berenbeim, 1990). In addition, clarification of the role of the family in the family business is important to the process of professionalization.

In his work on the development of family businesses in the U.K., Francis (1991) researches the development of family businesses from beginnings as family businesses into financially controlled institutions. He finds that family businesses develop as professional management and/or financial capital is introduced into the business. He goes on to reveal that only a very small number of families can avoid losing control to outside managers and financial institutions as owners of the business. Francis provides evidence that there is a tendency for family businesses to professionalize during their development (1991).

From this research we learn about mechanisms that family businesses introduce during their transition from a founder/owner managed business to an organization based on systems, structures and roles. Research findings coincide in the importance of the removal of the founder and the eventual professionalization of the business (Francis, 1991). Based on the discussion above, the following hypotheses have been formulated:

H^{3a} : There is a relationship between the *Professionally managed* family businesses and the *Firm performance* of the family business.

H^{3b}: There is a relationship between the *Professionally managed* family businesses and the *Perceived success* of the family business.

3.3.3 Governance

The existence of good governance structures can go a long way towards avoiding many of the typical situations that may erupt in family businesses. (Egan, 1998; Martin, 2001; Neubauer and Lank, 1998; Ward, 1997). Largely, the successful activities of a family owned business depend on the awareness of the importance of a sound governance structure. The simplest and most direct governance structure has two components: governance of the business (e.g. Board of directors) and governance within the family (e.g. family council), (Egan, 1998).

Astrachan and Kolenko, (1994) found a positive correlation between governance structure and organizational survival across family generations. Egan (1998) maintains that a business with a governance void begins to experience problems when the business passes to the second generation. Businesses that survive this transition have a sound, acceptable governance structure. It could be argued that the existence of any advisory body will influence the governance structures of family businesses (Venter, 2002).

The complex stakeholder structure that involves family members, top management, and the board of directors makes the governance of family businesses a particularly challenging task (Neubauer and Lank, 1998). The owner family members play multiple roles in managing and governing the business (Tagiuri and Davis, 1996), thereby blurring the governance relationships. Family members as managers make the most important business decisions, while the emotional attachment to family business ownership may detract from the business's focus on economic goals (Gallo and Sveen, 1991).

Neubauer and Lank (1998) state that in addition to management supervision and control, family businesses need to develop governance structures that promote cohesion and shared vision within the family and which reduce harmful conflict. Mustakallio and Aution (2001) state that this may be achieved by employing formal controls that minimize opportunism, or by the implementation of social controls that promotes social interaction and the formation of a shared vision among the various stakeholders.

Advisory councils as well as review councils are recommended as alternatives to the traditional board for family businesses that are not too large or complex. Jonovic (1989, p. 35) and Lansberg (1999b, p. 282-300) suggest that family councils can also function as boards in many small and medium sized family businesses.

It is therefore hypothesized that:

H^{4a}: There is a relationship between the *Governance* of the family business and the *Firm performance* of the family business.

H^{4b}: There is a relationship between the *Governance* of the family business and the *Perceived success* of the family business.

3.3.4 Role Conflict

Work-family conflict is a form of inter role conflict in which the role pressures from the work and family domains are mutually incompatible in some respect. In other words, participation in one role is made more difficult by virtue of participation in the other role (Foley and Powell, 1997). A similar model was proposed for business/marriage partners by Foley and Powell (1997), which took into account conflict resolution. Two important variables are to be considered in solving problems arising from home-run businesses, one is the amount of time devoted to the business and the degree of control over the schedule of business affairs. Another problem associated with conflict is role overload. Studies by Isaac (1991) and Covin (1994), state that role overload is a major component of work-family conflict. It exists when the total demands on time and energy, associated with the prescribed work and family roles are too great to perform the roles adequately. Hutcheson (1999), on the other hand, mentions that, to many, family business means conflict. It is only when conflict is not managed in a positive way that it becomes destructive.

Thus role conflict is viewed in many facets in literature. It is important to note that conflict does represent a problem in family business studies and therefore is imperative to be considered in any study due to the various roles that women play in the family and business. It is very evident in the family context in terms of dealing with inter role conflict between responsibilities in the

business and the family. This now leads us to further explore family lever and the roles prevalent at that level.

It is therefore hypothesized that:

H5a: There is a relationship between the *Role conflict* of the Family business and the *Firm performance* of the family business.

H5b: There is a relationship between the *Role conflict* of the Family business and the *Perceived success* of the family business.

3.3.5 Strategic Planning

Strategic planning is deciding on a choice of action that has important consequences and resource demands for the family business. It involves not only the conscious choice of what to pursue, but equally importantly what not to pursue. From a family business perspective, strategic planning is not only about an industry and market perspective, but also equally importantly about a family perspective as well. It includes brainstorming, project management and detailed contemplation of the choices that are available to the business. McCann (2003) suggests that strategic planning is important for two reasons. Firstly, an intense sense of collaboration is created by the very process of committing a project to writing for the key stakeholders to review. Secondly, by reducing to writing and obtaining feedback from key stakeholders, the content of a plan is usually vastly improved.

Poza (1989), states that family businesses must consider growth strategies to avoid the decline and liquidation of the family business, to promote continuity and family unity, and to save jobs and create wealth. Mintzberg (1994) observed that family businesses preferred privacy, and planning may be neglected because it requires sharing what might be considered confidential information. Mead (1994) states that the preference for privacy can influence growth when family managers will not share knowledge of the family business with non-family managers.

Daily and Dollinger (1992) using the typology of Defender, Prospector, Analyser and Reactor strategies, found that family businesses tend to adopt either the Defender strategy ("We stick to what we know how to do, and do it as well as or better than anyone else") or the Prospector

strategy ("We have a specific program to be innovators and are willing to take the necessary risks of promising new products and services") more often than non-family businesses. Greenwald and Associates (1993) found that the Prospector strategy is considered a growth strategy, although growth is not a highly ranked goal among family businesses.

Greenwald and Associates (1993), in a national survey of 614 family businesses, found that 56% of those businesses had no written business plan. In a survey of 303 family businesses, Andersen and Narus (1984) discovered that 69% had no strategic plan. On the other hand, Rue and Ibrahim (1996) noted that for family businesses in Georgia, half of their sample reported written long-range plans and 97% reported specific plans to grow. They found that family businesses that set goals, set goals for growth, plan for growth through equipment acquisition, through marketing, through hiring of key personnel or through new product expansion was likely to be more successful. Upton, Teal and Felan (2001) found that researchers surmise that fast growth businesses are more likely to engage in strategic planning than their slower growth counterparts.

It is therefore hypothesized that:

H6^a: There is a relationship between the *Strategic planning* of the Family business and the *Firm performance* of the family business.

H6^b: There is a relationship between the *Strategic planning* of the Family business and the *Perceived success* of the family business.

3.4 INDEPENDENT VARIABLES: FAMILY-BASED FACTORS INFLUENCING FAMILY BUSINESSES

Various factors influencing the success of a family business have been identified in the family business literature. Family-based factors can be described as the "soft" issues in business, influenced by personal feelings and the emotions of individuals involved. The various Family-based factors influencing women in family business, as identified in family business literature, will be discussed below. In addition, support for each of these factors as applicable to family businesses will be elaborated on. The family-based factors, which form the independent variables of this study, include: the *Trust and values*, *Family harmony*, *Open communication*, and *Commitment to the business*.

3.4.1 Trust and Values

Trust derives from a number of diverse areas including social exchange theory, contractual relationships (Macniel, 1980), trust theory (Gambetta, 1988), organizational theory, literature on moral development and literature on buyer- seller exchange relations (Tynan and O'Malley, 1997). Trust plays a crucial role in business survival and success. Mayer, Davis and Schoorman (1995) provide a useful working definition of trust: "the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustee, irrespective of the ability to monitor and control that other party".

Groebel (1991) define trust as a positive expectation that another will not, through words, actions or decisions, act opportunistically. The two most important elements of the definition imply familiarity and risk. The majority of definitions of trust focus on the ability to test the variations of trust in an exchange relationship, and rely on the notion of trust as a belief or expectation of relationships (Tynan and O'Malley, 1997).

A significant body of literature emphasizes the role of trust in organizational governance (Powell, 1987; Bradach and Eccles, 1989; Kramer and Tyler, 1996; Rosseau and Sitkjin). Steier (2001) states that, used effectively, trust represents a major source of competitive advantage for a business. Researchers recognize that trust potentially contributes to lower transaction costs, while contributing to more effective managerial co-ordination and collaboration within the business (Steier, 2001; Mayer, 1995). Wicks and Jones (1999) reinforce the notion that organizations sometimes over invest or under invest in trust and that what should be objective is striking a balance in which trust is at an optimal level.

According to Arrow (1974), as a governance mechanism, trust provides some clear advantages: "Trust is an important lubricant of a social system. It is extremely efficient; it saves people a lot of trouble to have a fair degree of reliance on other people's word".

In family business relationships where results depend on the behavioural intent of partners, trust is particularly crucial (Johnson and Cullen, 2002). Although family enterprises are challenged to develop governance mechanisms that permit building and sustaining of optimal trust, relatively little is known about the dynamics of trust within these unique organizational forms (Steier, 2001).

It is therefore hypothesized that:

H7a: There is a relationship between the *Trust and values* of the Family business and the *Firm performance* of the family business.

H7b: There is a relationship between the *Trust and values* of the Family business and the *Perceived success* of the family business.

3.4.2 Family Harmony

Scott and Perren (1994) observe that, "Family events were by far regarded as the most important aspects of people's lives". Bernadus (1997) indicate that most people consider family harmony as the most important aspect of their lives. The idea of "the family" is so powerful in the family business network that the family ideology will determine what is correct and proper in governing their business, and what is somewhat wrong. Research in the nature of family ideology has also failed to recognize a considerable number of practical and theoretical difficulties facing any who wish to study family harmony.

The most serious problem for anyone wishing to study family harmony is his or her proximity to the topic. Family harmony is not a matter of bias, but rather of the strength of beliefs about family lives. Venter (2002) indicates that various researchers have provided empirical support for the constructive relationship between harmonious family relationships and their influence of the succession process (Dumas, 1992; Malone, 1989; Santiago, 2000).

Positive relationships between perceived family harmony and continuity planning have been discovered in empirical results of Malone (1989). Therefore, there is a greater possibility that business continuity will be planned if the extent of family harmony is considerable. These results are consistent with the conclusions of Handler (1994), who examined the relationship between a positive succession process and the mutual respect and support achieved by the successor with the predecessor during succession (Venter, 2002).

Sharma (1997) finds that there is a negative correlation relationship between perceived family harmony and the satisfaction with the succession process as experienced by incumbents. However, for both the founders and successors in her study, (Venter, 2002) found that family

harmony has a positive relationship with the extent of mutual acceptance of individual relationship and the extent of mutual acceptance of individual roles among family members.

It is therefore hypothesized that:

H^{8a}: There is a relationship between the *Family harmony* of the Family business and the *Firm performance* of the family business.

H^{8b}: There is a relationship between the *Family harmony* of the Family business and the *Perceived success* of the family business.

3.4.3 Commitment

Literature distinguishes between three distinct types of commitment based on underlying motives: affective commitment; cost induced commitment and obligation-based commitment. Brenic and Zabkar's (1998) understanding of commitment is based upon affective motives such as emotional attachments, belonging and respect for a partner, which is in the form of a liking to develop and strengthen the relationship with another person or group (Hewett and O'Bearden, 2001). Affective commitment is explained by some in terms of congruence of valuing goals among participants. This means that relationship participants have common beliefs regarding behaviour, goals and policies (Buchanan, 1974).

The literature focusing on relationships, concentrates on the environment of a western-country and not on the international or cross-cultural scenario (Hewett and O'Bearden, 2001; Johnson and Cullen, 2002). The same is true when defining commitment and trust. Not a lot of researchers involve the cross- cultural components of trust and commitment in business relationships. Johnson and Cullen (2002), imply that the issue of commitment in cultural exchange has become compelling when expanding to foreign markets. Within the family business context, commitment is defined as "the desire to continue relationships at work to ensure its continuance" (Wilson, 1995) or as "an explicit or implicit pledge or relational continuity between partners" (Dwyer, Schurr and Oh,1987).

It is therefore hypothesized that:

H9a: There is a relationship between the *Commitment* of the Family business and the *Firm performance* of the family business.

H9b: There is a relationship between the *Commitment* of the Family business and the *Perceived success* of the family business.

3.4.4 Open Family Communication

Open family communication is closely linked to family trust. A culture of open family communication, reinforced by structured processes, is an integral precondition to creating a successful family business (Martin, 2001; Neubauer and Lank, 1998; Ward, 1997). According to Martin (2001), the place to start is with communication between family members themselves, regarding family matters. Martin (2001) indicates that a second area of open communication requires regular flow of information from the family company to family members.

Families that have grown to a multi-generational stage may require a formal structure, such as a family council. The family council meets several times a year to discuss family issues, including performance of the family company or investments. Such meetings provide an open forum for family members to discuss outstanding matters with each other. The council may have key functional responsibilities such as nomination of family directors to the company board. The family council can also serve as an educational and mentoring facility for the younger generation. Most importantly, it helps to create and sustain a culture of mutual trust within the family (Martin, 2001).

Martin (2001) indicates that the second area of open communication requires a regular flow of information from the family company to family members. The closed mode of keeping key financial data from all but a small circle of family members must be avoided. Why should shareholders of a family business receive less information than shareholders of a public company, who receive quarterly financial reports? In addition, how can a meaningful family business be put into place in a culture of secrecy?

According to Martin (2001), the maintenance of these two communication processes among the family members and between the family and its business or wealth structure creates the knowledge and competency required by family members who will have responsible roles in the

family governance model. Together with the accumulated experience of being exposed to financial results and discussing them with other family members, there develops some of the understanding required for good governance. Company and investment performance become more familiar subjects for family, rather than unknown distant, data. It is Martin's (2001) opinion that what is at the heart of this entire communication process is the creation of trust among family members. Openness and inclusion creates trust, and family trust creates family harmony.

It is therefore hypothesized that:

H^{10a}: There is a relationship between the *Open family communication* of the Family business and the *Firm performance* of the family business.

H^{10b}: There is a relationship between the *Open family communication* of the Family business and the *Perceived success* of the family business.

3.5 Research Hypotheses

The following directional hypotheses have been formulated to test the relationship proposed in the conceptual model, depicted in Table 3.2

Table 3.2: Research Hypotheses

Hypotheses
<i>H¹</i> : There is a relationship between the <i>Firm performance</i> and the <i>Perceived success</i> of the family business.
<i>H^{2a}</i> : There is a relationship between the <i>Succession planning</i> of the Family business and the <i>Firm performance</i> of the family business.
<i>H^{2b}</i> : There is a relationship between the <i>Succession planning</i> of the Family business and the <i>Perceived success</i> of the family business.
<i>H^{3a}</i> : There is a relationship between the <i>Professionally managed</i> family businesses and the

Firm performance of the family business.

H3b: There is a relationship between the *Professionally managed* family businesses and the *Perceived success* of the family business.

H4a: There is a relationship between the *Governance* of the family business and the *Firm performance* of the family business.

H4b: There is a relationship between the *Governance* of the family business and the *Perceived success* of the family business.

H5a: There is a relationship between the *Role conflict* of the Family business and the *Firm performance* of the family business.

H5b: There is a relationship between the *Role conflict* of the Family business and the *Perceived success* of the family business.

H6a: There is a relationship between the *Strategic planning* of the Family business and the *Firm performance* of the family business.

H6b: There is a relationship between the *Strategic planning* of the Family business and the *Perceived success* of the family business.

H7a: There is a relationship between the *Trust and values* of the Family business and the *Firm performance* of the family business.

H7b: There is a relationship between the *Trust and values* of the Family business and the *Perceived success* of the family business.

H8a: There is a relationship between the *Family harmony* of the Family business and the *Firm performance* of the family business.

H^{8b}: There is a relationship between the *Family harmony* of the Family business and the *Perceived success* of the family business.

H^{9a}: There is a relationship between the *Commitment* of the Family business and the *Firm performance* of the family business.

H^{9b}: There is a relationship between the *Commitment* of the Family business and the *Perceived success* of the family business.

H^{10a}: There is a relationship between the *Open family communication* of the Family business and the *Firm performance* of the family business.

H^{10b}: There is a relationship between the *Open family communication* of the Family business and the *Perceived success* of the family business.

3.6 SUMMARY

A proposed conceptual model of the different factors influencing the effective functioning of a family business has been presented in this chapter. From the literature, a number of factors influencing the effective functioning of women in the family business forms the foundation on which the conceptual model proposed in this study is built.

For the purpose of this study, two main categories of independent variables influencing the success of family business have been identified, namely the family – based and business – based factors. The family – based factors identified were *Trust*, *Family harmony*, *Commitment to the business*, *Open communication*. The business -based factors include: *Role conflict*, *Succession planning*, *Strategic planning*, *Governance structure*, *Planning and Professionally managed*. These two categories of factors which served as the independent variables were hypothesized as influencing the measure of success of family business. Editorial and empirical evidence from the family business and women in family business literature has been presented to support the relationships hypothesized between the 9 underlying independent variables and the dependent

variable (Perceived success). In total, 10 relationships were hypothesized from the aforementioned factors. The research methodology implemented for the purpose of this study will be presented in chapter 4.

CHAPTER 4

RESEARCH METHODOLOGY

4 INTRODUCTION

The primary objective of this study is to investigate the role of women in family business management. More specifically, the factors that influence the Perceived success of family business in the India context has been attempted at an exploratory level. The conditions required for the effective and harmonious functioning of the businesses are investigated. This chapter encompasses a description of the research methodology used to achieve the objectives set out for the study. This chapter will also highlights the methodology used for the study. More specifically, the research questions, the objectives of the study, the scope, the geographical coverage sample, method of data collection, instrument development and operationalisation, reliability and validity along with the data analysis has been included in the chapter.

4.1 Research Questions

The conceptual framework guided the development of some primary *research questions* for the study. They are

1. What are the factors that influence the Perceived success of women in family business in India?
2. What is the relationship between firm performance and perceived success?
3. What are the family based factors which influence firm performance?
4. What are family based factors which influence perceived success?
5. What are the business based factors which influence firm performance?
6. What are business based factors which influence perceived success?
7. What other factors influence family business management in Indian context?

8. What are the conditions required for the effective and harmonious functioning of family business?

All these questions have been brought together in a framework from studies conducted independently and in isolation to each other to address the questions and also objectives framed for the empirical study. As Storey (1994) puts it *the vast bulk of studies have been conducted independently of each other. Frequently they address issues of specific interest to the researcher, but do so in a way which was comparability with other studies difficult.* Nevertheless, the conceptual framework and the research questions provide a basis for the empirically investigate the factors influencing women in family business management in India.

4.2 Objectives

To help address the research questions of the study, the following objectives have been framed. They are:

- To examine the role of women in family business in India.
- The role of family based factors in family business management
- The role of business based factors in family business management
- To test the proposed conceptual model and to investigate the possible relationships between the Perceived success of family business, and the various factors influencing the Perceived success of a family business.
- To generate a conceptual model of the factors that affects the Perceived success of family business in Indian context.
- To elicit the opinions and perception of women on family managed businesses

4.3 Scope of the study

The scope of the study was determined based on the *geographical area, managed by women* along with the other members of the family in terms of decision making. Though no *sectors* specific limits have been identified, it was found through preliminary enquiry that most businesses were in the area of manufacturing, services and trade. Hence, all those industries

which are family owned and managed businesses in these sectors has been considered for the study. In way there was no upper limit for the number years, the enterprise age was determined with at least 10 years which was thought to be fit for the starting and establishment of the business. All the women spending time on the activities of the business and continuously invested time in the growth of a firm where other criteria followed in deciding the scope of the study.

4.4 Geographical Coverage

Keeping in view the cost, time, effort involved for the study, a few states have been chosen for the study. It was decided that the study be conducted in select locations in 6 states of India, which are follows:

- (i) Andhra Pradesh
- (ii) New Delhi
- (iii) Gujarat
- (iv) Maharashtra
- (v) Tamil Nadu
- (vi) Karnataka

These states have been chosen are because (1) many family businesses are situated in these states, (2) there is ample evidence of entrepreneurial climate in these states (3)the issue of the proximity of these states to the researcher in terms of time, access, and convenience was considered.

4.5 Sample Unit and Sampling Method

A *sample* can be defined as a subset of a population or group of participants who are carefully selected to represent a population (Collis & Hussey 2003; Cooper & Schindler 2007). According to Zikmund (2003), a sampling unit is a single element or group of elements that are subject to selection in the sample.

The process of defining a sampling unit takes place over two stages. The units selected in the first stage of sampling are referred to as *primary sampling units* (Zikmund 2003). Family businesses were initially identified and selected as the sampling unit for the present study, and are therefore the primary sampling units. If successive stages of sampling are carried out, the sampling units are referred to as *secondary sampling units* (Zikmund 2003). In the present study, the *women in family businesses* were later selected as the respondents, and are therefore the secondary sampling units.

When selecting a sampling method, there are two main categories to choose from, namely probability sampling and non-probability sampling. According to Zikmund (2003), probability sampling takes place when every member of the population has a known, non-zero chance of being selected, whereas non-probability sampling takes place when personal judgement or convenience forms the basis for selection. Convenience sampling refers to the process of acquiring sampling units or people who are most conveniently available. In contrast, snowball sampling refers to several processes through which initial respondents are selected using probability methods, and information provided by them is then used to acquire extra respondents (Katz 2006; Zikmund 2003). Snowball sampling is generally used when members of a rare population are sought, using referrals (Zikmund 2003). For the purpose of this study, convenience snowball (non-probability) sampling has been used.

The process began by contacting the family businesses comprising the sample group. They were selected based on a variety of sources. They are:

- (i) Confederation of Women Entrepreneurs (COWE)
- (ii) Association of Lady Entrepreneurs of Andhra Pradesh (ALEAP)
- (iii) Confederation of Indian Industry (CII)
- (iv) Association of Women Entrepreneurs of Bangalore (AWAKE)
- (v) The Indus Entrepreneurs (TiE)
- (vi) Self Employed Women Association , Gujarat

(vii) Other related associations of Indian Women Entrepreneurs of the states involved and some Local sources

Together with the respondents listed on the databases, research contacts, family members and friends across India were asked to identify any family business that they were aware of. After potential respondents were identified, they were contacted to confirm their suitability as well as to establish their willingness to participate in the study. As a result of the sampling technique and procedure implemented 323 family businesses which involved women that were either in business together at the time of conducting this investigation or were previously in business together, were identified as a result of the above, it was possible to minimize response error. The distribution of family businesses by geographical location is presented in table 4.1.

Table 4.1: Distribution of family businesses by geographical location

Andhra Pradesh	New Delhi	Maharashtra	Gujarat	Karnataka	Tamil Nadu
Hyderabad	Gurgaon	Mumbai	Ahmedabad	Bangalore	Coimbatore
Nalgonda	-	Thane	Surat	Mysore	Chennai
Vijayawada	Noida	Pune	Gandhinagar	-	Salem

Source: Field Survey, 2011

The next step is to identify the sectors in which family businesses are run. Enquires from a variety of sources – ALEAP, COWE, CII, AWAKE, TiE, SEVA and other associations revealed that businesses were majority in manufacturing, service and trade sectors. An attempt was thus made to contact family businesses in these sectors. In all, 323 family businesses spread over the three sectors have been selected for the study. The distribution of family businesses by sectors in these 6 states is given in Table: 3.2.

Table 4.2: Distribution of family businesses by Sectors and location

Sector	Manufacturing	Service	Trading	Total
State				
Andhra Pradesh	35	19	9	63
New Delhi	31	9	10	50
Maharashtra	15	23	12	50
Gujarat	38	14	7	59
Karnataka	11	16	23	50
Tamil Nadu	26	12	13	51
Total	156	93	74	323

Source: Field Survey, 2011

Table 4.3 provides the sectors wise distribution of family businesses. Businesses were some process of manufacturing went into the product were grouped under the manufacturing sector. The products like cookies, snacks, beauty products, food processing, jewelry, plastic items, card board items, chemical, medical equipments, textile packaging etc included in this sector. A total 156 family businesses across the 6 states constituted the sample in this sector. Similarly, trading of commodities and products like oil seed, grains, pulses, lentils, animal feeds, fish, spices, motor oil etc. were included in this sector. About 74 businesses formed the sample in the trading sector. Since the economy is categories majority by the service sector, a number of services are been offered by the family businesses. Services like advertising, retailing, tours and travels, employment services, software, education, real estate, construction, financial services, hotel, medical etc. were included in this category. 93 family businesses formed a sample in the services sector across the 6 sampled states. A total of 323 family managed businesses spread across these sectors and states formed the sample for the study (Table 4.3).

Table 4.3: Distribution of family businesses in sectors

Manufacturing	Trading	Service
Cookies and Snacks - 36	Oil Seeds- 12	Advertising – 5
Card Board Boxes – 15	Grains, Pulses, Lentils – 27	Retailing – 5
Beauty Products – 6	Animal Feeds – 6	Tour and Travels – 8
Food Processing – 28	Processing and Packaging Fish Products – 8	Employment Services -9
Plastic – 11	Spices - 17	Software Services – 7
Jewellery – 7	Motor Oil – 6	Educational Services – 8
Chemicals – 13		Real Estate – 14
Medical equipment – 6		Construction – 13
Coil/Wire – 9		Financial Services – 4
Textile – 21		Overseas Education Consulting – 6
Packaging – 4		Hotel – 7
		Medical– 5
Total : 156 Family Businesses	Total : 76 Family Businesses	Total :92 Family Business

Source: Field Survey, 2011

The final step is to select the sampling unit. A sampling unit is a single element or group of elements that are subject to selection in the sample (Zikmund 2003). For the purpose of this study, women in family businesses were considered as the sampling units. The following as defined by Vera and Dean (2005), was used to define the population of relevance:

- (i) The majority ownership is controlled by the family, decisions about management are influenced by the family, and two or more family members are employed and actively participate in management of the firm.
- (ii) The family business had to have female family members active in the business,
- (iii) The female family members had to be involved in the family business on a daily basis,
- (iv) Female family members can be: spouse, daughter, niece, in-laws, or siblings.
- (v) There is no age limit of the family business but businesses having at least up to ten employees

4.6 Method of Data Collection

According to Zikmund (2003), the technique that is most often used by researchers to produce primary data, is the use of surveys. A *survey* can be defined as a research technique where information is collected from a sample of people by means of a questionnaire. Surveys present researchers with a swift, cost-effective, efficient and accurate means of evaluating information regarding a population (Zikmund 2003). The survey technique was used in this study to gather raw data on the factors that influence the *Perceived success* of family business in India. The respondents were contacted personally with a structured, self-administered questionnaire.

The process of developing the measuring instrument will be described in the sections that follow. This description will include the questions used to determine if the respondents were suitable to participate in the study, as well as an operational definition for each of the variables. In addition, the process of developing valid and reliable measurement scales and the administration of the questionnaires is also discussed.

4.6.1 Instrument Development

In the present study, the measuring instrument employed consisted of a covering letter and two sections (See Annexure A). A detailed description of the purpose of the study and the type of information requested was provided in the cover letter. The cover letter also included a promise of confidentiality and instructions on how to complete the questionnaire. Some of the women entrepreneurs were also contacted telephonically to fill certain gaps and ascertain information from them. But a majority of the women entrepreneurs were personally visited and requested to provide the required information. Their hectic schedule also necessitated repeated visits either at their residence or at the enterprise location. In a majority of cases, the repeated visits varied between three and five at a convenient location. Since they personally supervised all the dimensions of business, taking time off to provide information was found very difficult. The questions were divided into three parts

Section 1 requested demographic information relating to the women in family business. The information requested concerning family business included the family background, age, marital status, education, work experience and business experience.

Section 2 related to enterprise - the organizational data, name of the organization, year of starting the business, nature of organization, type of ownership, activity of the business, current location, family business definition, generations in family business, number of family members involved in the business, number of women in the business, role of women in the business, status in the family business, reason to join the family business etc.

Section 3 consisted of statements (items) relating to the various *family and business-based factors* influencing a women in family business. A 4-point Likert-scale (Likert, 1961) which ranged from “strongly agree” to “strongly disagree” (4 = ‘Strongly Agree’, 3 = ‘Agree’, 2 = ‘Disagree’ and 1 = ‘Strongly Disagree’) was used to reflect the agreement of the respondents. Likert scales are widely used in most research in business and other related courses in social science literature (Garland, et al 1984). To elicit the cooperation of the respondents, the nature and purpose of the research were made known to the respondents and anonymity was assured. The respondents were promised access to the thesis if they so desired. Items were adapted and designed to measure the factors influencing the success of family business, as perceived by the respondents.

A pilot study was also conducted on fifty two women entrepreneurs selected from Andhra Pradesh. The pilot study was considered necessary (i) in order to determine the willingness of the respondents (ii) to have pre-knowledge of the reactions of the respondents and (iii) to know the responses of the respondents. The questions were tested on fifty two women who were employed in the family business from Andhra Pradesh from manufacturing, trade and service.

According to Czaja (1998) researchers optimized their research results by specifying clearly and precisely pre-testing objectives. After the pilot study, questions were constructed and clarified for the final survey instrument (0.731). The questions were prepared from previous researches (Brockhaus, 1986; Hisrich and Brush, 1986; Dubini, 1988; Otokiti, 1987; Soetan, 1991; Amit, Glostén and Muller, 1993; Orhan and Scolt, 2001; Olutunla, 2001; Ryan and Deci, 2002; Ogundele and Opeifa, 2003; Brunstein and Maier 2005; Gelin, 2005; GEM, 2005; Ojo, 2006; Minnit et al 2006). The survey was carried out between May 2010 and January 2011. This took about nine (9) months. In the process of collecting the data for this study, the researcher encountered a lot of challenges such as lack of cooperation, distrust and suspicion from the respondents.

4.6.2 The Process

Potential respondents were contacted telephonically to determine if they were willing to participate in the study. The respondents were contacted and an appointment was fixed for personal interview. A brief description of the study was made; and after confirming the appointment, a visit was made to the entrepreneur's office. The entrepreneur was given a short summary of the objectives of the study, and the subjects to be covered in the interview. The type and nature of questions included in the interview were explained briefly. The scaling pattern was also explained. The primary data was collected from with a specifically designed schedule, which was standardized after pre testing on a limited number of sampled respondents. The schedule was designed to elicit the following information.

- ❖ The socio-economic profile of the entrepreneur – age, educational qualifications, work experience, marital status, background, family, family occupation etc.
- ❖ Profile of the enterprise – year of establishment, location of starting business, form of organization, number of employees,
- ❖ Business related information – nature of the business, number of women employed in the business, generations of family business, capital invested, and profits
- ❖ *Family-* and *Business-based* factors influencing the success of family business have been identified.
- ❖ The *Family-based factors* included: *Trust and values, Family harmony, Open communication, and Commitment to the business.*
- ❖ The *Business-based factors* included: *Succession planning, Professionaly managed, Governance, Role Conflict and Strategic Planning*

4.6.3 Scale Development and Operationalization

According to Cooper and Schindler (2007), an operational definition is stated in terms of specific criteria for testing or measurement. The operational definition should state the particular features of the object being defined, as well as how these features are to be observed. Hair et al. (2006)

proposed that the process of operationalisation commences by defining the constructs concerned, thus providing a foundation for selecting the individual indicator items. The actual operationalisation of the construct then entails selecting suitable items for the measurement scale, as well as the type of measurement scale.

The measuring scale developed was used as the primary source to generate items to measure the constructs in the present study. The literature study revealed several factors not accounted for in Farrington's (2009) scales that could influence the success of family businesses. Additional items were therefore formulated to measure these factors from a rigorous analysis of secondary sources, as well as items that had proved valid and reliable in previous empirical studies.

The various operational definitions of the dependent variables used in this study are presented in Table 4.4. These definitions are based on an interpretation of secondary sources as well as existing empirical studies. In addition, the source of the items used to measure the selected variables will be provided.

Table 4.4 Operationalization of the dependent, intervening and independent variables influencing the perceived success of women in family business

Dependent variable: Perceived success	Items	Source
The degree to which the women find their ongoing involvement in the family business as both satisfying and beneficial to their family, business and personal development.	7	Farrington 2009
Intervening variable: Firm performance	Items	Source
Refers to positive trends of growth in the number of employees and profits, as well as increasing revenue experienced by the family business.	7	Adendorff 2004; Northouse 2004; Sharma 2004; Venter 2003; Ward 2004.
Independent variable : Business-based factors	Items	Source
Succession planning: Refers to the need for control,	9	Handler,1989; Handler and Kram ,1998;

power and meaning, person able to manage family conflicts and keep the family unit together.		Dyer ,1992, Sharma ,1997, Astrachan and Ward ,1998
Professionally managed: Refer to the structures and mechanisms, systems to coordinate their activities, moving away from a coordination system.	11	Liebttag,1984; Berenbeim, 1990; Francis, 1991, Berenbeim 1990, Francis, 1991
Governance: Refers to the overall existence of governance structures, policies and procedures in the family business.	8	Egan, 1998; Martin, 2001; Neubauer and Lank, 1998; Ward, 1997; Egan, 1998; Astrachan and Kolenko, 1994, p. 259; Tagiuri and Davis, 1996; Ward and Handy (1988).
Role conflict: Refers to the role overload, work and family roles, dealing with inter role conflict.	8	Foley and Powell, 1997, Isaac (1991) and Covin (1994), Hutcheson (1999)
Strategic planning:	8	McCann, 2003; Pozza 1989; Mintzberg 1994; Mead 1994; Daily and Dollinger 1992; Deloitte and Touche 1996; Ward, 1988; Harris, Martines and Ward, 1994.
Independent variable – Family – based factors	Items	Source
Trust and values: Refers to the trusting each other and each other's opinions, as well as values of each other's integrity, judgement and abilities.	11	Macniel, 1980, Gambetta, 1988; Mayer, Davis and Schoorman, 1995; Powell, 1987; Bradach and Eccles, 1989;
Family harmony: Refers to women being emotionally attached to one another, appreciative of each other, caring about one another's welfare, enjoying spending special time together, sharing common interests, and getting along well both inside and outside the working environment.	13	Astrachan & Kolenko 1994; Aronoff <u>et al.</u> 1997; Fahed-Sreih & Djoundourian 2006; Lansberg 1999; Maas <u>et al.</u> 2005; Malone 1989; Santiago 2000; Sharma 2001.

Commitment : Refers to the women being committed to their business, in that they really care about its fate and feel emotionally attached to the family and business	11	Brenic and Zabkar's ,1998, Hewett and O'Bearden, 2001; Johnson and Cullen, 2002
Open communication: Refers to the women being able to communicate openly as well as sharing all information with each other.	8	Martin, 2001, p. 92; Neubauer and Lank, 1998; Ward, 1997; Martin 2001; Poza et al. 1997; Gersick et al. 1997 Keen 2003.

4.6.4 Administration of Questionnaires

Potential family businesses were contacted telephonically between the months of April and September 2010, and asked to participate in this study. Those women who agreed to participate were contacted telephonically to fill certain gaps and ascertain information from them and were personally visited and requested to provide the required information. Their hectic schedule also necessitated repeated visits either at their residence or at the enterprise location. In a majority of cases, the repeated visits varied between three and five at a convenient location. Since they personally supervised all the dimensions of business, taking time off to provide information was found very difficult. In addition, electronic questionnaires were emailed to those respondents who requested them.

In order to improve the credibility of the study and increase the chances of the respondents actually completing and returning the questionnaires, all communication with the respondents was carried out. The questionnaire included a cover letter explaining the purpose of the study and the type of information being requested, as well as promising that all responses would be kept confidential.

The initial batch of questionnaires was administered at the end of July 2010, followed by several smaller batches, once additional respondents had been located, contacted, and added to the database. As a result, 1138 questionnaires were made available to potential respondents.

4.6.5 Response Rate

Hair *et al.* (2006) refer to five important considerations influencing the sample size required for Structural Equation Modelling (SEM), namely: the multivariate distribution of the data, the estimation technique, the model complexity, the amount of missing data, and the amount of average error variance among the reflective 2006). The sample size used should not be too small when performing Structural Equation analysis because SEM depends on tests that are sensitive to the sample size and the magnitude of differences in covariance matrices. Sample sizes usually vary from 200 to 400 for models with 10 to 15 indicators (Hair *et al.* 2006). In the present study, 348 completed questionnaires were returned by the respondents. About 25 questionnaires were incorrectly completed and could therefore not be used. The final sample size used for the purpose of this study was thus 323.

According to Zikmund (2003), the response rate is equal to the number of completed or returned questionnaires divided by the total number of suitable people contacted or asked to participate in a study. Therefore, the response rate for the present study was 30.58%. A more detailed breakdown of the response rate is provided in Table 4.5.

Table 4.5: Response rate

	Number of respondents
Number of questionnaires	1138
Total number of questionnaires returned	348
Usable questionnaires	323
Response rate	30.58%

4.7 Measurement

According to Zikmund (2003), there are three main criteria for assessing measurements, namely: reliability, validity and sensitivity. *Reliability* refers to the extent to which measures are error-free and therefore yield consistent results (Zikmund 2003), whereas *validity* is concerned with the ability of a scale or measuring instrument to measure that which it is intended to measure (Zikmund 2003). *Sensitivity* refers to the ability of the measuring instrument to accurately measure any variability in stimuli and responses (Zikmund 2003). Cooper and Schindler (2007) suggest an additional characteristic of good measurement tools, namely practicality. *Practicality* is concerned with issues such as convenience, economy and interpretability (Cooper & Schindler 2007).

The statistical techniques used to assess the reliability and validity of the results in the present study will be discussed in the sections to follow. In addition, the statistical techniques employed to establish the influence that the demographic factors had on the *Perceived success* of family business and the method used to verify the conceptual model, are briefly summarized.

4.7.1 Reliability of the Measuring Instrument

The primary concern of reliability is to determine the extent to which a measurement is free of random or unstable errors. A measure is therefore considered reliable if it generates consistent results. Researchers that use reliable instruments can be assured that temporary and situational factors will not get in the way of their research. As such, reliable instruments are strong and capable of working at divergent times, under divergent conditions (Cooper & Schindler 2007). In addition, reliability makes essential contributions to validity (Cooper & Schindler 2007).

Internal consistency is a popular measure of reliability. It is based on the assumption that the individual items or indicators of a measurement scale should all measure the same construct, and therefore be highly correlated (Cooper & Schindler 2007; Hair, Anderson, Tatham & Black 1998). According to Cooper and Schindler (2007), Cronbach's alpha is a type of reliability estimate that is concerned with internal consistency. Cronbach's alpha coefficients measure the extent to which the measuring instrument items are homogeneous and reflective of the same

underlying constructs (Cooper & Schindler 2007). A reliability estimate of 0.70 or above suggests good reliability, whereas reliability between 0.60 and 0.70 may be accepted if the other indicators of a model's construct validity are good (Hair *et al.* 2006). Although 0.70 is generally the lower limit for Cronbach-alpha coefficients, it may be reduced to 0.60 for exploratory research purposes (Garson 2006; Hair *et al.* 2006). Cronbach -alpha coefficients that are greater than 0.80 are considered good (Bernardi 1994).

The reliability of the measuring instrument employed in the present study was measured using Cronbach-alpha coefficients. Therefore, (table 4.6) reveals the Cronbach-alpha coefficients were used to decide which items would be integrated as measures of the specific constructs. The software programme SPSS 17 for Windows was utilized to establish these Cronbach-alpha coefficients.

Table 4.6: Reliability analysis for the variables

Dependent variable: Perceived success	Items	Cronbach's Alpha
The degree to which the women find their ongoing involvement in the family business as both satisfying and beneficial to their family, business and personal development.	7	0.610
Intervening variable: Firm performance	Items	
Refers to positive trends of growth in the number of employees and profits, as well as increasing revenue experienced by the family business.	7	0.872
Independent variable : Business-based factors	Items	
Succession planning: Refers to the need for control, power and meaning, person able to manage family conflicts and keep the family unit together.	9	0.798
Professionally managed: Refer to the structures and mechanisms, systems to coordinate their activities, moving away from a	11	0.855

coordination system.		
Governance: Refers to the overall existence of governance structures, policies and procedures in the family business.	8	0.787
Role conflict: Refers to the role overload, work and family roles, dealing with inter role conflict.	8	0.938
Strategic planning: Refers to the planning of the business privacy, business plan, growth.	8	0.882
Independent variable – Family – based factors	Items	
Trust and values: Refers to the trusting each other and each other's opinions, as well as values of each other's integrity, judgement and abilities.	11	0.941
Family harmony: Refers to women being emotionally attached to one another, appreciative of each other, caring about one another's welfare, enjoying spending special time together, sharing common interests, and getting along well both inside and outside the working environment.	13	0.874
Commitment : Refers to the women being committed to their business, in that they really care about its fate and feel emotionally attached to the family and business	11	0.671
Open communication: Refers to the women being able to communicate openly as well as sharing all information with each other.	8	0.684

4.7.2 Validity of the Measuring Instrument

Validity is a measurement characteristic that is concerned with the degree to which a test measures what a researcher actually intends it to measure. In addition, any differences emerging

from the measurement tool mirror the differences between respondents drawn from the population (Cooper & Schindler 2007).

The ability that a set of measured items has to reflect the theoretical latent construct it was intended to measure is referred to as *construct validity* (Hair *et al.* 2006). Thus, construct validity is a validity estimate (Cooper & Schindler 2007). Construct validity is determined by the extent to which a measure confirms various related hypotheses, generated from theory founded on the concepts (Zikmund 2003). As a result, when using construct validity, both the theory and the measuring instrument must be considered (Cooper & Schindler 2007). In the present study, construct validity was used to determine if the measuring instrument measured that for which it was designed.

According to Venter (2003), a measuring instrument is considered to display construct validity if the scale has both convergent and discriminant validity. The extent to which scores on one scale correlate with the scores on other scales, which are designed to measure the same construct, is referred to as *convergent validity* (Cooper & Schindler 2007; Hair *et al.* 2006). In contrast, the extent to which the scores on a scale do not correlate with the scores from scales designed to measure different constructs is referred to as *discriminant validity* (Cooper & Schindler 2007). In addition, discriminant validity is the degree to which a construct is unique and captures some phenomena that other measures do not (Hair *et al.* 2006).

Several researchers (e.g. Adendorff 2004; Farrington 2009; Venter 2003) have used the multivariate technique of factor analysis to measure discriminant validity. Therefore, exploratory factor analysis was performed to assess the discriminant validity of the research instrument in the present study. The software programme SPSS 17 was used for this purpose.

4.8 Data Analysis

Data was analyzed using different statistical techniques to analyze data collected in different sections. Descriptive statistic such as frequency and percentages were used for analyzing the factual information regarding the women and the enterprise related data, which was presented using graphs and tables where were found necessary. A four Likert scale (Likert 1961) was used to elicit their opinions and perceptions on the various family – based and business – based factors influencing the women in family business. The scale ranged between strongly agrees to strongly disagree with a score of 4, 3, 2, 1 respectively.

The frequencies and percentage was calculated to highlight the pattern that emerged. While there are no patterns in literature – both global and India, the criterion given in the literature is taken as the criteria to determine the real or perceptual problems as perceived by the women in family business after comparison with the results of the study. Thus, content analysis, interpretation of the various statistical tests is done to arrive at inferences and satisfy the objectives of the study.

The field of family business has invited interesting questions and these have been explored with increasing sophistication as times changed. However, the critics of scholarships in the field point out to a lack of central research paradigm thus forcing the scholars to devote inadequate attention to the issues of validity and reliability resulting in crude analytical methods. When there is no agreement on such issues it is difficult to bring in the rigor called for in the investigations in entrepreneurship (Cooper, 2005).

To understand the opinion of women on *issues* in family business a 4 point scale was used with a rating on a scale of 1-4 with 1 representing *strongly agree*, 2 representing *agree*, 3 representing *strongly disagree* and 4 representing *disagree*. The mean and standard deviation was calculated to check consistency in their perception. In addition, a factor analysis was done to resolve a large set of variables into factors. The data collected from the respondents was subjected to principal component, factor analysis by Varimax Rotation with Kaiser Normalization method by using the criterion that factors with Eigen value > 1.00 were retained. Loadings exceeding 0.5 were considered for determining factors. To avoid the crowding of factors, this measure was taken although the literature allows a loading of 0.33 to be the absolute minimum value to be interpreted. This criterion is being used more or less by way of convention (Vasanthi and Rayappan, 2006).

For the purpose of this study, Bartlett's Test of Sphericity and the Kaiser-Meyer- Olkin measure of sampling adequacy (KMO) to gauge the factor-analyzability of the data. According to Rennie (2002), the closer a KMO is to 1, the more factor- analyzable the data is more reliable. For the purpose of this study, data with KMO's of >0.7 ($p < 0.05$) is considered factor-analysable. In addition, Eigenvalues of greater than 1 are considered significant and are used to explain the variance captured by a factor. Eigenvalues of less than 1 are considered insignificant and therefore excluded (Hair et al. 1998).

The extraction and rotation method, as well as Bartlett's Test of Sphericity, will be reported for

each submodel in Section Chapter 6. In addition, the Eigenvalues, Percentage of Variance explained and the individual factor loadings for each construct in the various submodels, will be elaborated on.

To test the various dependent and independent variables, Structural Equation Modelling (SEM) has been used. There are various steps that are involved in using this techniques.

SEM presents a change from exploratory to confirmatory analysis because of its ability to comprehensively evaluate relationships (Hair *et al.* 1998). SEM is also more suited to theory testing than theory development, as it encourages confirmatory modeling instead of exploratory modelling (Garson 2006; Structural Equation Modeling). SEM is a better technique for empirically testing a theoretical model than Multiple Regression, as it entails having the measurement model and the structural model in a single analysis (Hair *et al.* 2006). Therefore, contrary to other multivariate techniques, SEM permits the evaluation of both measurement properties as well as testing for key theoretical relationships in a single technique (Hair *et al.* 2006). Consequently, SEM has been adopted to test the relationships between the various independent and dependent variables in this study.

(a) Steps/stages in Structural Equation Modelling

In Table 4.7, the steps or stages of SEM as recommended by Hair . (2006; 1998), are presented. In Table 4.7, a comparison is made of how the different stages of SEM, as proposed by Hair . (1998; 2006), have changed over the years.

Table 4.7 : Steps in Structural Equation Modelling

Stages	Hair <i>et al.</i> (2006)	Steps	Hair <i>et al.</i> (1998: 592-616)	Hair <i>et al.</i>
1	Defining individual constructs	1	Developing a theoretical model	Developing a theoretical model
2	Developing and specifying the measurement model	2	Constructing a path diagram of causal relationships	
3	Designing a study to produce empirical results	3	Converting the path diagram into a set of structural equations and measurement models	
4	Assessing the measurement model validity	4	Choosing the input matrix type (correlation matrix or covariance matrix) and estimating the proposed model	

5	Specifying the structural model	5	Assessing the identification of model equations
6	Assessing structural model validity	6	Evaluating the results for goodness-of-fit
7	——	7	Making the indicated modifications to the model, if theoretically justified

Farrington (2009) states that although the two proposed procedures for implementing SEM overlap, the six-stage decision process (Hair *et al.* 2006) includes broader aspects of research design (stage 3) and measurement development (stage 1) than the original seven-steps procedure (Hair *et al.* 1998). A clear overlap exists between the remaining stages in the six-stage decision process (stages 2, 4, 5 and 6) and the seven steps originally suggested by Hair *et al.* (1998). Farrington (2009) suggests that in their later writing, Hair *et al.* (2006) have just assumed a different approach for presenting their discussions on SEM.

As in Farrington's study, stage 1 and to a certain extent stage 3, of the six-stage decision process, have already been addressed in the present study (Chapter 5). Farrington (2009) argues that the remaining stages of the six-stage decision process are addressed in a more detailed and sequential manner in the seven-step process. Taking cognizance of Farrington's (2009) suggestions on implementing SEM, the discussions in the present study are based on the seven consecutive steps proposed by Hair *et al.* (1998) in their earlier writings. A brief summary of the seven steps of SEM is presented in the paragraphs to follow, as well as a description of how each step will be implemented in this study.

Step 1: Developing a theoretical model

The Structural Equation Modelling process begins with the specification of a model, based on theory. The theoretical justification or theoretical rationale of the model under investigation is the foundation that underpins the method of Structural Equation analysis (Hair *et al.* 1998). A model represents a theory, and a theory is considered to be a systematic set of relationships that consistently and comprehensively explain phenomena (Hair *et al.* 2006).

In the present study, a conceptual model of factors influencing the *Perceived success* of a family business was presented for empirical testing (see Chapter5). An in-depth study of the existing literature and empirical findings provided the foundation for this model. In addition, based on

theoretical support, hypotheses concerning the relationships between the numerous factors in the model and their potential influence on the *Perceived success* of a family business were formulated.

Step 2: Constructing a path diagram of dependence relationships

Hair et al. (2006) assert that a path diagram portrays a dependence relationship between two constructs, i.e. the impact of one construct on another construct. When constructing a path diagram of dependence relationships, the hypothesised relationships between the constructs incorporated in the theoretical models, are depicted. According to Hair et al. (2006), path diagrams provide a handy way of depicting models in a visual form. In SEM, constructs are referred to as *latent variables*, which are measured according to their individual indicators, and consist of independent, intervening, and dependent variables (Garson 2006). If a variable is not predicted or “caused” by another variable in the model, it is referred to as an *exogenous* construct. In contrast, if a variable is predicted or “caused” by any other construct in the model, it is referred to as an *endogenous* or *dependent* construct (Hair et al. 2006; Hair et al. 1998). Endogenous variables are both intervening variables and pure dependent variables (Garson 2006). In the present study, the path diagrams proposed will be presented in Chapter 5.

Step 3: Converting the path diagram into a set of structural equations and measurement models

According to Hair et al. (1998), this step involves formalizing the model using sets of equations. In addition, the structural equations linking the constructs, the measurement model, and a set of matrices are defined by means of these equations. The purpose for this is to link the operational definitions of constructs to theory, for suitable empirical testing.

In SEM terminology, a conventional model actually consists of two models, the measurement model and the structural model (Hair et al. 2006). Specifying the measurement model involves assigning indicator variables to the constructs that they represent. On the other hand, specifying the structural model involves assigning relationships between constructs founded on the proposed theoretical model (Hair et al. 2006). After a theory has been proposed, the SEM model is developed. To begin with, this entails specifying the measurement theory and validating it by

means of confirmatory factor analysis. The researcher can then test the structural model once the measurement model is deemed valid (Hair et al. 2006).

Step 4: Choosing the input matrix type (correlation matrix or covariance matrix) and estimating the proposed model

In this step, the input matrix type must be chosen, and the proposed model estimated. Either the variance-covariance or the correlation matrix is used as the input data type in Structural Equation analysis. For the purpose of the present study, a covariance matrix of all the indicators in the model is used as the data input type. According to Hair et al. (2006), covariance matrices include better information content and therefore provide the researcher with greater flexibility.

Following the specification of the structural and measurement models and the selection of the input data type, estimates of free parameters from the observed data must be obtained. In the present study, the software programme LISREL 8.8 (Jöreskog & Sörbom, 2006) was utilised for these estimations.

Step 5: Assessing the identification of model equations

In step five, the software programme must be assessed to determine if it has produced any insignificant or illogical results while trying to identify the structural model (Hair et al. 2006;; Hair et al. 1998). There is no single rule to establish the identification of a model (Hair et al. 1998), but guidelines are available. The most straightforward of these guidelines is the three-measure rule, which states that constructs with three or more indicators will always be identified. None of the constructs in the present study have less than three indicators, showing a low risk of model-identification problems arising.

Step 6: Evaluating the results for goodness-of-fit

When evaluating the Goodness-of-fit results, a researcher must consider the extent to which the data and the theoretical models meet the assumptions of SEM. Goodness-of-fit tests establish the extent to which the structural equation model fits the sample data (Hair et al. 1998; Structural Equation Modelling n.d; Venter 2003), or how well the theory fits reality as represented by the

data (Hair *et al.* 2006). The validity of the measurement model is dependent on the Goodness-of-fit for the measurement model, together with detailed proof of construct validity (Hair *et al.* 2006). The closer the structural model Goodness-of-fit is to the measurement model, the better the structural model fit will generally be (Hair *et al.* 2006).

Some of the most popular model-fit criteria employed by researchers are the Chi-square statistic (χ^2), the Goodness-of-fit index (GFI), the adjusted Goodness-of-fit index (AGFI), and the Root-Mean-Square residual (RMR) (Hair *et al.* 1998).

To determine whether the model should be rejected or not, Goodness-of-fit tests are used. However, these general fit tests do not determine if the specific paths in the model are significant. The path coefficients in the model can be examined and interpreted, if the model is not rejected. In poor-fitting models, “significant” path coefficients are not important (Cooper & Schindler 2007; Garson 2006). It is important to note that a “good fit” and relationship strength are two different issues. It is possible to have perfect fit, yet all variables in the model are completely uncorrelated. Researchers should therefore not only report the Goodness-of-fit measures but also the structural coefficients, in order to assess the strength of paths in the model. Readers should not automatically conclude that a model is strong just because the “fit” is good (Garson 2006).

In the present study, to ensure that the overall fit of the proposed model of factors influencing the *Perceived success* of a family business is satisfactory, the following measures will be employed:

Table 4. 8: Criteria for testing the Goodness-of-Fit

Goodness –of-fit criteria	
Goodness-of-Fit Index (GFI)	0 to 1
Adjusted Goodness-of-Fit Index (AGFI)	More than 0.80
Comparative Fit Index (CFI)	0 to 1
Bentler- Bonett Fit Index (NFI or TLI)	0.90
Root Mean Square Residual (RMSR)	Closer to 0

Root Mean Square Error of Approximation (RMSEA)	Less than 0.05
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Step 7: Making the indicated modifications to the model if theoretically justified, and interpreting the results

In the final step of the Structural Equation analysis, the proposed model must be modified in search of a better fit and an understanding of the outcomes. This model respecification will generally follow the estimation of a model with indications of poor fit. The process of respecifying the model necessitates that the researcher fix previously free parameters or free previously fixed parameters (Cooper & Schindler 2007, Structural Equation Modelling). The process of model respecification also involves adding or deleting estimated parameters from the original model. These modifications should be carefully carried out, once theoretical justification has been obtained for what is considered empirically significant (Hair *et al.* 1998).

A proposed structural model cannot only be supported by good model fit as the individual parameter estimates, representing each hypothesis, must also be examined. A conceptual model is supported and considered valid to the extent that the parameter estimates are statistically significant and in the forecast direction (Hair *et al.* 2006).

This study has proposed a model and interpreted the results which have been included in chapter 5.

4.9 LIMITATIONS OF THE STUDY AND RECOMMENDATIONS FOR FUTURE RESEARCH

Although the present study has endeavored to make a significant contribution to the body of research relating to women in family business, several limitations were encountered. When interpretations and conclusions about the findings of this study are made, these limitations should be taken into account. The study has not only investigated and developed a greater understanding of family business; it has also revealed opportunities for future research.

It is but natural for research studies to encounter limitations either in the field work or sample selection and other dimensions of the research work. In the present study, the sampling method proved to be a limitation. The convenience snowball sampling method has several disadvantages such as being less representative of the population, and providing a limited generalization of the results and potential sampling bias (Talbot 1995; Zikmund 2003). Snowball sampling is also likely to result in bias entering the study (Katz 2006; Zikmund 2003). Therefore, the findings of this study cannot be generalized to the general family business population. Despite this limitation, the findings of the study provide important insights into the conditions necessary for women's success in the family business.

The sample size (323) is a limitation of the present study as Structural Equation Modelling (SEM) is very sensitive to sample size. The time period allowed for the respondents to return the questionnaires was also limiting as only 323 usable questionnaires, out of 1138 questionnaires, after the nine-month period. In order to overcome this limitation in future studies, researchers should consider setting more time aside for the usable questionnaires, and employ other techniques to ensure a larger sample size. Studies of which are exploratory in nature find it difficult to arrive at a conceptual framework more so because new phenomena understand and in a developing context like India. This limits the factors that could be examined. As a result of the sample size and the statistical technique employed, this study could only focus on a specific number of family- and business-based factors influencing the success of family business. In addition, this study did not investigate potential environmental factors that may influence the success of family business. Future studies concerning family business should also investigate the influence that certain external market conditions will have on the success of family business. Moreover, this study is limited to the urban areas and large towns and covered 6 states in the country. Hence, suggestions have to be made with caution as they apply to those designated regions.

Future studies could endeavour to investigate the factors influencing the success of family business in countries other than India not only the metropolitan cities. The extent, to which the factors influencing the success of family business in India differ from those influencing the

same family businesses in overseas, could be established. The influence of culture on Indian family business as well as family business abroad is an additional avenue for future research.

Above all the absence of research culture among the subjects was a serious limitation. Repeated visits, calls, and meeting them for data and the time frame for data collection is evident enough for the absence of research culture in India. Nevertheless, the results of this study make a significant contribution to the existing body of research on women in family business, even though various limitations were encountered. As such, many opportunities for future investigation into family business exist.

4.10 SUMMARY

The purpose of this chapter has been to briefly describe the activities involved in the research design and methodology chosen for this study. A description of the sampling unit and sampling technique was presented. Each of the variables comprising the conceptual model was operationalised by means of clear and brief definitions, and the development and administration of the measuring instrument were explained. The methods of data collection and the statistical analysis along with the limitations of the study are included. Finally, the Structural Equation Modelling (SEM) technique used to confirm the proposed conceptual model was elaborated on. In Chapter 5, the results of the different statistical analyses performed will be presented and discussed.

CHAPTER 5

EMPIRICAL RESULTS

5 INTRODUCTION

The study was aimed at examining the factors and issues which influence of women in family business. An attempt was made to capture the socio economic profile of the entrepreneur, the family background, and the factors in the family business which influences the women in family business. Similarly, the enterprise, its profile is also collected along with the business related information. This chapter presents the data analysis based on the responses received from women in family business. The analysis has been carried out under different sections. *Section 1* highlights the socio economic profile of women, *Section 2* analyses the profile of the family business, and *Section 3* includes the opinions and perceptions of women in family business. While the profile of the entrepreneur and enterprise has been analyzed in a descriptive way, the opinion and perception of women on family issues, decision making, challenges faced, ownership/ governance, business values vs. family values, succession planning, image, communication, professionally managed, and other issues have been analyzed using the factor analysis to determine the factors that influence their opinions on these issues.

Data was analyzed using descriptive statistics such as frequencies and percentages for analyzing the factual information regarding the women and the enterprise and presented using graphs wherever found necessary. To understand the opinion of women on *issues* in family business a 4 point scale was used with a rating on a scale of 1-4 with 1 representing *strongly agree*, 2 representing *agree*, 3 representing *strongly disagree* and 4 representing *disagree*. In addition, a factor analysis was done to resolve a large set of variables into factors. The data collected from the respondents was subjected to principal component, factor analysis by Varimax Rotation with Kaiser Normalization method by using the criterion that factors with Eigen value > 1.00 were retained. Loadings exceeding 0.5 were considered for determining factors. To avoid the crowding of factors, this measure was taken although the literature allows a loading of 0.33 to be

the absolute minimum value to be interpreted. This criterion is being used more or less by way of convention (Vasanthi and Rayappan, 2006).

The frequencies and percentage was calculated to highlight the pattern that emerged. While there are no patterns in literature – both global and India, the criterion given in the literature is taken as the criteria to determine the real or perceptual problems as perceived by the women in family business after comparison with the results of the study. Thus, content analysis, interpretation of the various statistical tests is done to arrive at inferences and satisfy the objectives of the study.

For the purpose of this study, Exploratory Factor Analyses was conducted to determine the discriminant validity of the measuring instrument utilized to measure the constructs in the conceptual model. According to Hair et al. (1998), an exploratory factor analysis depicts data in fewer concepts than the original individual variables. It condenses the data by replacing the scores of each underlying dimension for the original variable. The software SPSS 17 was utilized to conduct the Exploratory Factor Analyses in this study.

Structural Equation Modeling was used to measure the indicator for each construct and assesses its validity. Even though SEM is similar to exploratory factor analysis, it varies because the numbers of factors and items loading onto each factor have to be known and specified before the analysis can be performed (Hair et al. 2006). SEM is therefore a form of confirmatory factor analysis. An exploratory factor analysis using SPSS 15 for Windows was therefore carried out before the implementation of SEM, in order to allow for the specification of the measures of the constructs in the measurement model.

Nine independent variables were identified in Chapter 4 as influencing the *Perceived success* of women in family business. To facilitate discussion, these variables were grouped into two main categories, namely *Family-based factors* and *Business-based factors*. Four variables were assigned to the *Family-based* category and the remaining five variables were assigned to the *Business-based* category. The dependent variables were categorized as *Outcomes*. By dividing the numerous variables amongst these three different categories, the model could be split into three submodels, on which the factor analysis could be performed. Therefore, three submodels materialized, and were named *Outcomes*, *Family-based factors* and *Business-based factors*.

According to Farrington (2009), the method of factor extraction depends on whether one expects the underlying constructs to be correlated or not. Principal Component Analysis with a Varimax Rotation is specified as the extraction and rotation method for the submodels where it is expected that the constructs will not be correlated, whereas Principal Axis Factoring with an Oblimin (Oblimin with Kaiser Normalization) Rotation is specified as the extraction and rotation method for those submodels where it is expected that the constructs are correlated. In order to assess the factor-analyzability of the data, Bartlett's Test of Sphericity was used. Eigenvalues, the Percentage of Variance explained and factor loadings were also measured to determine the number of factors (constructs) to extract for each submodel.

For the purpose of this study, Bartlett's Test of Sphericity and the Kaiser-Meyer- Olkin measure of sampling adequacy (KMO) to gauge the factor-analyzability of the data. According to Rennie (2002), the closer a KMO is to 1, the more factor- analyzable the data is more reliable. For the purpose of this study, data with KMO's of >0.7 ($p < 0.05$) is considered factor-analyzable. In addition, Eigenvalues of greater than 1 are considered significant and are used to explain the variance captured by a factor. Eigenvalues of less than 1 are considered insignificant and therefore excluded (Hair et al. 1998).

The extraction and rotation method, as well as Bartlett's Test of Sphericity, will be reported for each submodel in Section 5.4. In addition, the Eigenvalues, Percentage of Variance explained and the individual factor loadings for each construct in the various submodels, will be elaborated on. Thus, the analyses of demographic data, the enterprise data, and the opinions and the perception of the women in family business are explained in the following lines.

SECTION 1

5.1 DEMOGRAPHIC PROFILE OF WOMEN

Section 1 of the questionnaire comprised several questions concerning the demographic information of the respondents and the summary of all of the demographic information gathered from the 323 usable questionnaires is presented below (5.1).

Table 5.1: Demographic information pertaining to the respondents

Age of the Respondent	Frequency	Percentage
20-30	42	13.0
31-40	61	18.9
41-50	150	46.4
51 & Above	70	21.7
Total	323	100
Education of the Respondent	Frequency	Percentage
SSC	24	7.4
Intermediate	22	6.8
Graduation	114	35.3
Post Graduation	104	32.2
Others	59	18.3
Total	323	100
Marital Status	Frequency	Percentage
Single	66	20.4
Married	208	64.5
Divorced	38	11.8
Widow	11	3.4
Total	323	100
Work Experience	Frequency	Percentage
0-1 years	134	41.5

2-3 years	117	36.2
4-5 years	53	16.4
6 and Above	19	5.9
Total	323	100

It can be seen from the Table 5.1 above, that majority of the respondents were either between the age of 41 – 50 years (46.3%) or between the ages of 31- 40 years (19.1%). A few of them were quite young - 20 -30 years (13%). Interestingly 21.6 % of the respondents indicated that they were 51 years or older, thereby demonstrating their desire to remain involved and contribute to their business even at this age. A possible explanation for so many respondents being older in age is provided by Stewart-Gross and Gross (2007), who suggest that more and more individuals are now delaying retirement until much later in life, as they have become focused on “What’s next?” or “the next stage in life.” Self-employment in the form of entrepreneurship driven, providing them with the opportunity to transition to the so-called “second-half” of their lives.

Formal education is reflected in one’s career- entrepreneurs or any other profession. Education shapes and builds on one’s career in the acquisition of the required skills/competencies and the knowledge in sustaining any business. It all the more adds and improves the social status of a person including a woman. Table 5.1 highlights the educational profile of the sampled respondents. The study indicates that a majority of the respondents were either Graduates (35.5%) or Post Graduates (32.1%). A good number of the respondents completed technical/professional courses (18.2%). Very few were of SSC (7.4%) or Intermediate or + 12 (6.8%). The same trend of positive correlation between education and the business success remains but joining the family business as a professional choice for women with more technical professional qualification is yet to emerge. The changes economic scenario with plenty of employment opportunities for women in the sunrise sectors may possibly one of the reasons for getting into wage employment rather than exploring their entrepreneurial potential. In countries like India where women, of late, are being encouraged to take up professional courses by way of special reservation, should also be tapped towards their potential of job creators rather than job seekers. Good education is an enabler for entrepreneurial career; all the same it is not a deterrent

as knowledge as well as skills could be acquired through training in one's career. Out of the 323 respondents, it was observed that majority (64.5%) were married, while (20.4%) are still single, (11.7%) of them are divorced and widowed (3.4%).

Work experience provides exposure to an office/industry setting and also an idea about the nuances concerned with it. Table 5.1 – highlights the work experience of the sampled respondents. As can be seen from the figure, a majority of the respondents surveyed had prior experience in different fields of work. Out of the 323 respondents, 41.7% had 0-1 years of previous working experience before taking up the enterprise. This shows that more number of women who venture into challenging and demanding activities could prefer previous work experience before joining family business. The data also shows that a good number (36.1%) of the respondents had 2-3 years and the rest (16.4%) had 4-5 years of working experience. This category of women proved the fact that business acumen is innate and supplemented by their exposure to a work setting before joining the family business.

Thus, the demographic profile of women in family business suggests that women are involved in family business much later in life treating more so as a transition to contribute effectively towards the opportunity. In terms of education they were either graduates/post graduates but joining the family business as a professional choice for women with more technically qualified women are yet to emerge. In tune with the cultural norms, a majority of them married. A majority of women in family business preferred an exposure to an office/industry which they thought it supplemented their innate desire to contribute to their business managed by their family.

SECTION 2

5.2 PROFILE OF THE ENTERPRISE

Section 2 of the questionnaire comprised several questions concerning the family business profile. An attempt was made to collect information on the year of starting the family business, location of business, activity of the business, generations in the family business, number of family members involved in the family business, number of women involved in the family business, role of respondent in the family business, number of employees, and the reasons to join

the family business. The data that they have shared is taken to be the data pertaining to the family business and analyzed. Thus these occupational parameters were taken to be the criteria for evaluating the profile of the family business. Studies also pointed out that women are relatively concerned about personal and occupational aspects of success rather than financial rewards (Sturges, 1999). The analyses of the data in respect of these parameters have been highlighted (Table 5.2).

Table 5.2: Profile of the Enterprise

Year of Starting the Business	Frequency	Percentage
Below – 1970 years	11	3.4
1971-1980 years	24	7.4
1981-1990 years	84	26.0
1991-2000 years	138	42.7
2001& Above years	66	20.4
Total	323	100
Activity of the Family Business	Frequency	Percentage
Manufacturing Sector	149	46.1
Trade Sector	86	26.7
Service Sector	88	27.2
Total	323	100
Generations in the Family Business	Frequency	Percentage
First Generation	27	8.3
Second Generation	161	49.7
Third Generation	113	34.9
Fourth Generation	21	6.5
Fifth & Above Generation	1	0.3

Total	323	100
Number of Family Members involved in the Business	Frequency	Percentage
2-5 Members	196	60.6
6-10 Members	106	32.8
11-15 Members	4	1.2
16 & Above	17	5.3
Total	323	100
Number of Women Members involved in the Business	Frequency	Percentage
1-2 Members	192	59.4
3-4 Members	98	30.3
5-6 Members	15	4.6
7-8 Members	13	4.0
8 & Above Members	5	1.5
Total	323	100
Role of Respondent in the Family Business	Frequency	Percentage
Business Head	65	20.1
Financial Director	61	18.9
Accounts Manager	97	30.0
Human Resource	72	22.3
General Manager	28	8.7
Total		
Number of Employee	Frequency	Percentage
1-10	196	60.7
11-20	19	5.9
21-30	88	27.2

31 & Above	20	6.2
Total	323	100
Reasons to Join the Family Business	Frequency	Percentage
Loyalty	23	7.1
Obligation	34	10.5
Grow the business	97	30.0
Responsibility	112	34.7
Co-preneurship	57	17.7
Total	323	100

The year of starting the family business has been collected from the enterprises to see their survival and growth after initial problems in the business. As is evident from the Table 6.2, a majority of the enterprises were started between 1991 – 2000(42.6%) indicating that they were established leveraging the opportunities in the globalized era. There are also some family businesses which started between 1981-1990 (25.9%) or 2001 and above(20.4%) ,which shows that family business nurtured their businesses and sustained in the business environment for quite long, while the a few of them were between 1971-1980 (7.7%) or below 1970 (3.4%). This data leads us to the inference that family business successfully faced the initial teething problems and streamlined them and survived in different economic scenario in India. The 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 resources capabilities to respond to them (Ramchandran,2005).

Family business could be into manufacturing, trading or servicing activity of the business. The respondents were asked the activity of their business. Data reveals that a majority of the respondents started their unit in manufacturing (46.6%). Some of them were into service sector (29.3%) and while the remaining were into trade (24.1%). This could be explained in terms of the opportunities for manufacturing in place of trading goods/products. Even though women moved to manufacturing, they also sustained their trading activity alongside. Women are

believed to prefer the servicing activity. The data reveals that there was an increase in the servicing activity from the start to the current situation. This could be explained by the booming service sector and the opportunities for women in that sector. Overall, it could be said that while the trading and servicing activity of women entrepreneurs remained the same and moved around, it is indicative of the sustenance of women in business. The mobility towards manufacturing proves the challenge and risk that women are prepared to take in the business.

To survive as a family business, business families must produce heirs with appropriate values, skills and motivations and who view active participation in the business as a meaningful life's work (Ward, 2002). The data reveals that majority of the family business were second generation (49.7%) or third generation (35.2%) in running the family business. Only (8.3%) of the family business were first generation and fourth generation (6.5%) respectively. This could be explained with the dilemmas confronting the younger generation working and considering working in the family business. The decision to enter the business is a crucial one-both from the perspective of the younger generation's considerations and for the parents' who want to attract their children's real commitment to the business. Once the decision to join the business has been made, a strategy for gaining legitimacy and credibility still must be developed (Ward, 2002).

Family members play an important role in the family business. Most simply stated, a family firm is one that includes two or more members of a family that has control of the company (Ward, Aronoff, 2002). The study reveals that majority of the family members involved in the business were 2-5 members (60.5%) or 6-10 members (32.7%). While, the remaining respondents involvement in the business were 16 and more (5.2%) and 11-15 members (1.5%) respectively. It shows that the involvement of the family members in running the business successful depends on the sustenance, managing the responsibility that combine family and business is the key to family business survival and success. The involvement towards running the business proves the challenges and risk that these members are prepared to take in running the business successfully. This data evidences that more and more women are coming out to exploit the available opportunity to successfully run family businesses.

The study reveals the involvement of women in family business, as the majority of the respondents were between 1-2 members (59.3%) or 3-4 members (30.6%). The remaining

respondents indicated that 5-6 members (4.6%), 7-8 members (4%), and above 8 (1.5%) respectively. This indicates that family businesses have potentially significant contribution of women in managing the business.

As far as the role of the respondent was concerned, historically, family business commonly had “no women” and “no wives” rules (whether formal or informal). In today’s world of family ambition and increasing gender neutraling, women roles encompass higher achievement in organization hierarchies. Perhaps more importantly, women are more active in a wider range of roles. With this background, the research indicates that the respondents were account manager (29.9%), human resources (22.2%), business head (28.1%), financial director (18.8%) and general manager (9%) respectively. The data evidences that more and more women are coming out to exploit the available opportunity in the family and more so have a clear role to actively participate in the family business.

The study also showed that (60.8%) of the businesses had between one to ten employees in their business 27.2% had 21-30 employees, while some had 31 and more employees (6.2%) and 11-20 (5.9%) respectively.

There are many reasons for women eventually joining family businesses. An interesting study by Hollander and Burkowitz (1990), reveal the following reasons: wanting to help the family, filling a position that no other family member wanted, and being dissatisfied with another job. Dumas (1989) similarly concluded that, in general, women do not plan a career in their family business, do not aspire to ownership and see their work as a job rather than a career. In addition, some became interested because they saw the potential when the business began to grow, in the same study; it was found that some of the women came into the business to help the family in a time of crisis.

Interestingly, the research indicated that responsibility (34.6%) or business growth (30.2%) was the reason to join the family business. While copreneurship (17.6%), obligation (10.5%) and loyalty (7.1%) were the some other reasons to join the family business. This shows that the societal change acknowledge the contribution of women as equal partners in the developmental process and nurturing in a business environment which provides impetus to the women to

explore and nurture their entrepreneurial potential with a responsibility and the growth of the business which leads to the success of the family business.

In summary the enterprise related information indicates that families started their businesses taking mileage from globalization. In terms of activity they were either in manufacturing, trading or services and belong to the second or the third generation in running the family business. In general 2-5 members of the family were involved in business while 1-2 women actively participated in the family business. Majority of the businesses had 1-10 employees and the reasons for joining the business were more in the nature of responsibility and enterprise growth.

SECTION 3

FACTOR MEASUREMENTS

This section presents the results of the exploratory factor analyses. Exploratory factor analyses have been used to evaluate the discriminant validity of the constructs in the conceptual model. The Cronbach-alpha coefficients will then be presented, to verify the reliability of the constructs. A revision of the conceptual model proposed in Chapter 4 will then follow, depicting those constructs that demonstrated sufficient evidence of discriminant validity and reliability. Path diagrams will be used to display the relationships between the various constructs. The path diagrams will be converted into a measurement and structural model in order to estimate the path coefficients of the relations. The goodness-of-fit of the conceptual model to the empirical data will be analyzed, and the relationships between the various constructs will be considered.

5.3 FACTORS INFLUENCING THE PERCEIVED SUCCESS OF A FAMILY BUSINESS

The measures of factor-analyzability, discriminant validity and reliability for each of the three submodels identified in 5.3 are presented. Subsequently, factors will be identified, and the factor structure for each submodel highlighted.

SUBMODEL 1

5.3.1 SUBMODEL OUTCOMES

Submodel 1 is relates to *outcomes*

The relational nature of the outcome factors (*Firm performance* and *Perceived success*) suggests that the factors in the submodel *Outcomes* are correlated with each other. As a result, Principal Axis factoring with an Oblimin (Oblimin with Kaiser Normalization) Rotation was specified as the extraction and rotation method. Bartlett's Test of Sphericity reported a KMO of 0.846 ($p < 0.001$), which confirmed that the data was factor analyzable.

The *Outcomes* submodel is made up of two outcome-related constructs. One of these is the intervening variable, namely *Firm performance*, and the other the dependent variable, *Perceived success*. Exploratory factor analyses were conducted in order to assess the discriminant validity of the outcome-related constructs. The factor structure for this submodel is reported in Table 5.3. The initial measuring instrument included six items measuring *Firm performance*. These items loaded onto factors which were renamed *Firm performance*. It is not unusual for growth and profitability to be considered independent measures of business performance in the literature (Cubbin & Leech 1986). The items measuring *Perceived success* loaded as expected.

Table 5.3: Factor structure - Outcomes

	Factor 1	Factor 2
PS18.2	0.781	-0.449
PS18.7	0.764	-0.371
PS18.5	0.756	-0.417
FP19.1	0.502	0.800
FP19.7	0.523	0.758
FP19.4	0.416	0.734

5.3.1.1 Perceived Success

All three items (PS18.2, PS18.7, PS18.5) expected to measure the factor *Perceived success* loaded together on this factor. An Eigenvalue of 7.895 and factor loading of greater than 0.756

for all of the items are reported in Table 5.4. The factor Perceived success explains 17.943% of variance in the data. Therefore, sufficient evidence of discriminant validity is provided for this construct. The Cronbach-alpha coefficient for *Perceived success* is 0.610, suggesting that the measuring instrument used to measure this construct can be regarded as reliable.

Table 5.4: Factor 1 – Perceived success (PSUCCESS)

Eigen value : 7.895 % of Variance : 17.943		Cronbach- alpha : 0.610		
Item	Question	Factor Loading	Item-total Correlated	Cronbach – alpha after deletion
PS2	I experience my involvement in this business together with my family members as rewarding.	0.781	0.152	0.870
PS7	I enjoy working with my family members in our family business.	0.764	0.852	0.774
PS5	My involvement in our family business is beneficial.	0.756	0.848	0.777

For the purpose of this study, Perceived success is defined as the women experiencing their ongoing involvement in the family business as satisfying and rewarding, as well as beneficial to their family, marriage and personal development.

5.3.1.2 Firm Performance

Seven items were used to measure the construct Firm performance, but only three items (FP1,FP7 and FP4) loaded onto the construct as expected. The remaining three items (FP2, FP3, FP5 and FIN6) did not get loaded and were thus excluded from the study. Despite only three of the items originally expected to measure *Firm performance* loading onto this construct, the name for this factor remains unchanged. *Firm performance* reported an Eigenvalue of 2.62 and factor

loadings of greater than 0.734 (See Table 5.5). *Financial performance* explains 17.8% of the variance in the data. Satisfactory evidence of discriminant validity has thus been provided for this construct. The Cronbach-alpha coefficient for *Firm performance* is 0.872, suggesting that the measuring instrument used to measure this construct is reliable.

Table 5.5: Factor 2 – Firm performance (FIRMPERF)

Eigen value : 2.62 % of Variance : 17.8%		Cronbach- alpha : 0.872		
Item	Question	Factor Loading	Item-total Correlated	Cronbach – alpha after deletion
FP1	Our family business is profitable	0.800	0.179	0.857
FP7	Our family business is financially secure	0.758	0.172	0.865
FP4	The family business performance is outstanding	0.734	0.830	0.780

SUBMODEL 2

5.3.2 BUSINESS- BASED FACTORS

The business – based factors re included in submodel 2

For the submodel Business –based factors, Table 5.6, it was not expected that the factors within this model would be correlated. As a result, Principal Axis factoring with an Oblimin Rotation was specified as the extraction and rotation methods. Barlett’s Test of Sphericity reported a KOM of 0.758 ($p < 0.001$), confirming that the data is factor-analyzable.

The items expected to measure the business-based constructs were assessed for discriminant validity by means of an exploratory factor analysis. Six business-based factors were extracted from this submodel, namely *Succession Planning*, *Professionally Managed*, *Governance*, *Role Conflict*, and *Strategic Planning*. One new factor Equal status have been emerged from the study. They are discussed below.

Table 5.6 Factor structure – Business-based factors

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6
SP7	0.960					
PM2	0.939					
SP4	0.936					
SP6	0.935					
SP9	0.928					
PM1	0.927					
SP2	0.902					
RC1	0.880					
ST1	0.880					
GO1	0.877					
GO5	0.862					
GO8	0.708					
PM3		0.883				
RC2		0.872				
SP1		0.869				
PM6		0.869				
RC3		0.842				
PM11		0.772				

RC7		0.751				
PM10		0.730				
ST2			0.800			
GO6			0.781			
PM5			0.751			
PM9			0.718			
ST7				0.636		
GO2				0.615		
GO7				0.600		
ST4				0.550		
RC4					0.838	
RC8					0.818	
RC6					0.795	
ST5						0.655
ST6						0.627
ST3						0.616

5.3.2.1 Factor 1: Succession Planning

Of the nine items intended to measure Succession planning, only five items (SP2, SP4, SP6, SP7, and SP9) loaded together on this factor. The item SP1 loaded together onto another factor, whilst (SP3, SP5, and SP8) did not load as expected and was therefore not used in subsequent analyses. An Eigenvalue of 5.095 and factor loading of greater than 0.708 are reported in Table 5.7. The factor Succession planning explains 42.455 of the variance in the data. Sufficient evidence of discriminant validity is thus provided for this construct. Succession planning reports a Cronbach-Alpha coefficient of 0.798, suggesting that the measuring instrument used to measure the construct is reliable.

Table 5.7 Factor 1 Succession planning (SUCPLAN)

Eigen value : 5.095 % of Variance : 42.455		Cronbach- alpha : 0.798		
Item	Question	Factor Loading	Item-total Correlated	Cronbach – alpha after deletion
SP7	The identity of the successor to the current owner has been communicated to all concerned	0.960	0.718	0.758
PM2	I combine family, ownership and management for the betterment of the company	0.939	0.825	0.749
SP4	I have a plan or process in place to develop the next generation	0.936	0.705	0.758
SP6	Replacing the current owner with a successor will be done in good time	0.935	0.498	0.778
SP9	Family member has been identified as the next business leader	0.928	0.747	0.753
PM1	I consider a major influence on both the strategic orientation of the company and its operative business activities	0.927	0.671	0.761
SP2	The person who will take over this business when the current owner retires has already been identified	0.902	0.742	0.757

RC1	I wont spend time with my family as often as I would like to	0.880	0.517	0.776
ST1	The long term strategies of this business are planned long in advance	0.880	0.122	0.812
GO1	I trust my board of directors	0.877	0.049	0.820
GO5	Keep the board of directors informed about family views about the company and maintain a dialogue with the board about key business policies and plans	0.862	-0.016	0.825
GO8	I look for independent directors who are supportive in nature	0.708	0.032	0.826

For the purpose of this study, Succession planning refers to the proper planning, identification of the next leader, spending more time in the business, future direction that the business should take, and having an environment that enables their vision to prosper.

5.3.2.2 Factor 2- Professionally Managed

Only four items (PM3, PM6, PM10 and PM11) originally intended to measure the construct *Professionally managed* loaded together. The remaining (PM1, PM2, PM5 and PM9) loaded together onto another factor, whilst PM4, PM7 and PM8 did not load as expected and was therefore not used in subsequent analyses. In addition, four items (RC2, RC3 and RC4) originally intended to measure the construct Role conflict also loaded onto the construct Professionally managed together with the item SP1. An Eigenvalue of 4.903 and factor loading of greater than 0.730 are reported in Table 5.8. The factor Professionally managed explains 61.284% of the variance in the data. Sufficient evidence of discriminant validity is thus provided for this construct. Professionally managed reports a Cronbach-Alpha coefficient of 0.855, suggesting that the measuring instrument used to measure the construct is reliable.

Table 5.8: Factor 2 – Professionally managed (PROMAN)

Eigen value : 4.903 % of Variance : 61.284		Cronbach- alpha : 0.855		
Item	Question	Factor Loading	Item-total Correlated	Cronbach – alpha after deletion
PM3	It is more difficult to decide on how to expand, particularly in the field of globalization/ internationalization	0.883	0.878	0.804
RC2	Role conflict can be easily managed	0.872	0.874	0.803
SP1	I am willing to transfer control of the business to my children	0.869	0.879	0.801
PM6	My company has a written strategic plan	0.869	0.880	0.801
RC3	I receive incompatible request from my family members	0.842	-0.047	0.903
PM11	I regularly conduct market and customer analysis	0.772	0.734	0.822
RC7	The family spends lots of time with each other away from the business	0.751	0.045	0.898
PM10	I improve my business and management skills through regular training	0.730	0.709	0.825

For the study, Professionally managed family fears, managing role conflict, spending time with each other regarding the business, managing business through regular training.

5.3.2.3 Factor 3: Equal Status

As already mentioned, four of the items (ST2, GO6, PM5 and PM9) originally intended to measure the construct Strategic planning, Governance and Professionally managed loaded to form a new factor. Based on the nature of these items, this new factor was named Equal status. An Eigenvalue of 3.385 and factor loading of greater than 0.718 are reported in Table 5.9. The factor Equal status explains 84.62% of the variance in the data. Sufficient evidence of discriminant validity is thus provided for this construct. Equal status reports a Cronbach-Alpha coefficient of 0.939, suggesting that the measuring instrument used to measure the construct is reliable.

Table 5.9: Factor 3 – Equal status (EQUASTA)

Eigen value : 3.385 % of Variance : 84.62%		Cronbach- alpha : 0.939		
Item	Question	Factor Loading	Item-total Correlated	Cronbach – alpha after deletion
ST2	This business has a clear long term vision	0.800	0.888	0.909
GO6	Employees respect to my status like other family members	0.781	0.816	0.933
PM5	I am aware of the necessity and practical information on how to design and implements it	0.751	0.894	0.907
PM9	I have the same status as other members do (does) in the family business	0.718	0.824	0.930

For the study, Equal status, take lead role and very knowledgeable, equal status as the other family members and respecting the role and the vision of the family business.

5.3.2.4 Factor 4: Governance

From the eight items originally intended to measure the construct Governance, only two items (GO2 and GO7) loaded together on this factor. Three items (GO1,GO5,GO8) loaded together onto the construct Succession planning and one item (GO6) loaded onto the construct Equal status and two items (GO3 and GO4) did not load at all and was excluded from further studies In addition, the items (STP4 and STP7) also loaded onto the construct Governance. An Eigenvalue of 2.445 and factor loading of greater than 0.550 are reported in Table 5.10. The factor Governance explains 61.13% of the variance in the data. Sufficient evidence of discriminant validity is thus provided for this construct. Governance reports a Cronbach-Alpha coefficient of 0.787, suggesting that the measuring instrument used to measure the construct is reliable.

Table 5.10: Factor 4 – Governance (GOVERN)

Eigen value : 2.445 % of Variance : 61.137		Cronbach- alpha : 0.787		
Item	Question	Factor Loading	Item-total Correlated	Cronbach – alpha after deletion
ST7	This business has proper planning processes and procedures in place	0.636	0.601	0.733
GO2	Business partners and clients appreciate my family character and aspects such as high commitment and loyalty	0.615	0.647	0.707
GO7	I look for independent directors who are supportive in nature	0.600	0.617	0.723

ST7	This business has proper planning processes and procedures in place	0.550	0.520	0.771
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For the study, Governance refers to formal strategic planning process, independent directors who are supportive in nature , and implementing proper planning processes ahead to come.

5.3.2.5 Factor 5: Role Conflict

From the eight items originally intended to measure the construct Role conflict, three items (RC4, RC6 and RC8) loaded onto this factor. One of the items (RC1) loaded onto the construct Succession planning and three items (RC2, RC3 and RC7) loaded together onto the construct Professionally managed, whilst RC5 did not load as expected and was therefore not used in subsequent analyses. An Eigenvalue of 2.669 and factor loading of greater than 0.795 are reported in Table 5.11. The factor Role conflict explains 88.953 % of the variance in the data. Sufficient evidence of discriminant validity is thus provided for this construct. Role conflict reports a Cronbach-Alpha coefficient of 0.938, suggesting that the measuring instrument used to measure the construct is reliable.

Table 5.11: Factor 5 – Role conflict (ROLECON)

Eigen value : 2.669 % of Variance : 88.953		Cronbach- alpha : 0.938		
Item	Question	Factor Loading	Item-total Correlated	Cronbach– alpha after deletion
RC4	I do not have any family fears which I cannot understand	0.838	0.886	0.897
RC8	Managing conflict regarding ownership is easy	0.818	0.871	0.909
RC6	Dissent is accepted among family	0.795	0.856	0.922

	members so that people may express different views to management			
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For the study, Role conflict refers to due to family fears, managing the conflict in the business and accepting different views in the family business .

5.3.2.6 Factor 6: Strategic Planning

Eight items were expected to measure the construct Strategic planning in this study. Only three of these items (ST3, ST5 and ST6) loaded together onto the factor. One of the items (ST2) and (ST1) loaded onto the construct Equal status and Succession planning and two items (ST4 and ST7) loaded together onto the construct Governance, whilst ST8 did not load as expected and was therefore not used in the analyses. An Eigen value 2.427 and factor loading of greater than 0.616 are reported in Table 5.12. In addition Strategic planning explains 80.88 % of the variance in the data, providing sufficient evidence of discriminant validity for this construct. A Cronbach-alpha coefficient of 0.882 is reported, and as a result the measuring instrument used can be considered reliable.

Table 5.12: Factor 6 – Strategic planning (STRAPLAN)

Eigen value : 2.427 % of Variance : 80.88		Cronbach- alpha : 0.882		
Item	Question	Factor Loading	Item-total Correlated	Cronbach– alpha after deletion
ST5	This firm plans years ahead	0.655	0.780	0.824
ST6	This business has a formal business plan	0.627	0.766	0.837
ST3	This firm has a formal strategic planning process in place	0.616	0.766	0.836

For this study, Strategic planning to identify the plans years ahead, with a formal business plan and formal strategic planning process and operative business activities.

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6
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SUBMODEL 3

5.3.3 FAMILY-BASED FACTORS

From the table 6.13 the submodel *Family-based factors*, was subjected to Principal Axis factoring with an Oblimin Rotation was specified as the extraction and rotation method. Bartlett's Test of Sphericity reported a KMO of 0.889 ($p < 0.001$), confirming that the data is factor-analyzable.

The items expected to measure the family-based constructs were assessed for discriminant validity by means of an exploratory factor analysis. Four family-based factors were extracted from this submodel, namely *Trust and Values*, *Family Harmony*, *Commitment*, and *Open family communication*. **Two new factors *Loyalty* and *Self Identity*** were extracted from the study. The factor structure reported for this model is tabled below and discussed in the paragraphs to follow.

Table 5.13: Factor structure - Business-based factors

OP4	0.888					
FH2	0.882					
FH12	0.872					
OP2	0.871					
OP6	0.871					
TV6	0.869					
FH6	0.856					
FH1	0.484					
FH1		0.821				
TV9		0.783				
TV7		0.778				
TV4		0.777				
TV1		0.771				
TV11		0.751				
CO4			0.834			
CO10			0.805			
CO7			0.789			
CO2			0.760			
CO5			0.553			
OP3			0.507			
OP1				0.550		
TV10				0.548		
CO6				0.506		
CO9					0.781	
CO11					0.739	

CO6						0.593
CO3						0.540

5.3.3.1 Factor 1: Trust and Values

Only one of the items (TV6) originally intended to measure the construct Trust and Values. The remaining (TV1,TV2,TV3,TV4,TV5,TV7,TV8,TV9,TV10,TV11) did not load as expected and were thus excluded from further analysis. Three of the items (FH2,FH12,FH6) originally intended to measure the construct Family Harmony also loaded onto the construct Trust and Values, together with the items OC4,OC2,OC6. An Eigen Value of 7.58 and factor loadings of 0.484 are reported for this construct in Table 5.14 below. Trust and Values explains 18.5 % of the variance in the data, implying that the construct displays evidence of discriminant validity. A Cronbach-alpha co-efficient of 0.941 is reported, which indicates that the measuring instrument used to measure this construct is reliable.

Table 5.14: Factor 1 – Trust and Value (TRUVAL)

Eigen value : 7.581 % of Variance : 18.04		Cronbach- alpha : 0.941		
Item	Question	Factor Loading	Item-total Correlated	Cronbach – alpha after deletion
OPCO4	The family members are well informed of what happens in this business	0.888	0.951	0.919
FH2	I plan according to the requirement of my family's interest	0.882	0.943	0.919
FH12	I work hard for the reputation and image of the company	0.872	0.923	0.921

OPCO2	There is free and open communication between me, family members and Managers	0.871	0.939	0.920
OPCO6	The family attempt to be of one voice in communications to managers in the business	0.871	0.928	0.921
TV6	My decision are based heavily on family values	0.869	0.055	0.985
FH6	In this business we solve potential problems among family members before they occur	0.856	0.919	0.922

As a result of the factor analysis and for the purpose of this study, Trust and Values refers to a harmonious relationship among the women in family business characterized by open and two way communication, planning, working hard, understanding each other's needs and decision making process.

5.3.3.2 Factor 2: Family Harmony

Only one item (FH1) intended to measure Family Harmony as expected onto the construct Family Harmony. An Eigen value of 5.01 and with a factor loadings of greater than 0.75 are reported in Table 5.15. Family Harmony involvement explains 11.94 % of variance in the data, providing sufficient evidence of discriminant validity for this construct. A Cronbach-alpha coefficient of 0.874 is reported, and as a result the measuring instrument used can be considered reliable.

Table 5.15: Factor 2 – Family harmony (FAMHAR)

Eigen value : 5.013	
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% of Variance : 11.94		Cronbach- alpha : 0.874		
Item	Question	Factor Loading	Item-total Correlated	Cronbach– alpha after deletion
FH1	The family members in this business respect each other	0.821	0.890	0.816
TV9	Wealth preservation a key objective of owners	0.783	0.866	0.820
TV7	I am very much respectful of tradition	0.778	0.839	0.824
FH4	The family members have confidence in each other's decision making abilities	0.777	0.846	0.823
TV1	The family members in this business trust each other	0.771	0.043	0.962
FH11	My family is balanced with business values	0.751	0.823	0.826

For this purpose of this study, Family Harmony refers to the interacting, wealth preservation, following tradition, confidence and balancing life.

5.3.3.3 Factor 3: Commitment

Eleven items were expected to measure the construct commitment in this study. Only five of these items (CO4, CO10, CO7, CO2, and CO5) loaded as expected. An Eigen value 3.88 and factor loading of greater than 0.507 are reported in Table 5.16. Commitment explains 6.442 % of the variance in the data, providing sufficient evidence of discriminant validity for this construct. A Cronbach-alpha coefficient of 0.671 is reported, and as a result the measuring instrument used can be considered reliable.

Table 5.16: Factor 3 – Commitment (COMMT)

Eigen value : 3.884 % of Variance : 6.442		Cronbach- alpha : 0.671		
Item	Question	Factor Loading	Item-total Correlated	Cronbach– alpha after deletion
CO4	Even if I get the opportunity to leave, I would continue working for this business	0.834	0.641	0.548
CO10	I find that my values are compatible with the business’s values	0.805	-0.55	0.814
CO7	I am willing to put in a great deal of effort beyond that normally expected in order to help the family business be successful	0.789	0.624	0.553
CO2	I am committed to this business	0.760	0.578	0.585
CO5	I want to continue working for this business for some time still	0.553	0.512	0.598
OP3	Communication is much more complicated	0.507	0.381	0.636

For the purpose of the study, Commitment refers to continue working for the business, compatible, committed to the business, family values are compatible with the business’s values.

5.3.3.4 Factor 4 Open COMMUNICATION

Eight items were expected to measure the construct Open Communication in this study. Only one of these items (OC 1) loaded as expected and the remaining TV10 and CO 6. An Eigen value 2.113 and factor loading of greater than 0.506 are reported in Table 5.17. Open Communication explains 5.03 % of the variance in the data, providing sufficient evidence of discriminant validity for this construct. A Cronbach-alpha coefficient of 0.684 is reported, and as a result the measuring instrument used can be considered reliable.

Table 5.17: Factor 4 – Open communication (OPCOM)

Eigen value : 2.113 % of Variance : 5.03		Cronbach- alpha : 0.684		
Item	Question	Factor Loading	Item-total Correlated	Cronbach– alpha after deletion
OP1	There is adequate Communication in this business	0.550	0.778	0.940
TV10	Entrepreneurship more the focus for our company	0.548	0.764	0.958
TV6	I will not be looking for an alternative business soon	0.506	0.094	0.934

For this study, Open Communication refers to adequate interactions, entrepreneurial characters, skills.

5.3.3.5 Factor 5 Loyalty

A new factor with two items were expected the construct and was therefore named Loyalty. An Eigen value 1.996 and factor loading of greater than 0.739 are reported in Table 5.18. In addition Loyalty explains 4.75 % of the variance in the data, providing sufficient evidence of discriminant validity for this construct. A Cronbach-alpha coefficient of 0.973 is reported, and as a result the measuring instrument used can be considered reliable.

Table 5.18: Factor 5 – Loyalty (Loyal)

Eigen value : 1.996		Cronbach- alpha : 0.973		
% of Variance : 4.753				
Item	Question	Factor Loading	Item-total Correlated	Cronbach– alpha after deletion
CO9	I feel loyalty to the company	0.781	0.948	-
CO11	I am proud to tell others that I am part of the family business	0.739	0.948	-

For the study, Loyalty is refers being loyal in the family and to be a part of the family.

5.3.3.6 Factor 6 Self Identity

A new factor with two items were extracted from the construct and was therefore named Self Identity. An Eigen value 1.596 and factor loading of greater than 0.548 are reported in Table 5.19. In addition Self Identity explains 3.80 % of the variance in the data, providing sufficient evidence of discriminant validity for this construct. A Cronbach-alpha coefficient of 0.694 is reported, and as a result the measuring instrument used can be considered reliable.

Table 5.19: Factor 6 – Self Identity (Selfidn)

Eigen value : 1.596		Cronbach- alpha : 0.694		
% of Variance : 3.80				
Item	Question	Factor Loading	Item-total Correlated	Cronbach – alpha after deletion
CO1	I strongly identify with this business	0.550	0.536	-
CO3	I strongly associated with what this	0.548	0.536	-

	business stands for			
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For this study, Self Identity refers to an identification in the family, and to associate with the business activities.

5.4 REVISED CONCEPTUAL MODEL

The results of the exploratory factor analyses were unable to verify all the factors as originally intended in the conceptual model. Several changes emerged with regard to the family-based and business-based factors.

With regard to the business-based factor, the items originally intended to measure *Governance* loaded onto the factor *Succession planning*. One of the items originally intended to measure the factor *Role conflict and Strategic planning*, as well as three and two originally intended to measure the factors *Governance* and *Professionally managed* also loaded together onto the factor *Succession planning*. With regard to the factor *Professionally managed*, 8 items intended to measure this factor loaded together and only four items measured. Only two of the items originally intended to measure the factor *Governance* loaded together as expected, but despite this, the factor's name remains unchanged. The remaining items from the construct *strategic planning, governance, and professionally managed* loaded together to form a new factor which were then named *Equal status*. The factor *Role conflict and Strategic planning* was unchanged and of four of the items that loaded together onto this factors.

With regard to the family-based factors, seven of the items originally intended to measure the factor *Trust and values* loaded together onto this construct. In addition, three of the items intended to measure *Family harmony* and *Open communication* of the items intended to measure loaded onto the factor *Trust and values*. The factor *Trust and value* remains unchanged. The factor *Family harmony, Commitment and Open communication* was renamed *unchanged* because of the nature of the four items that loaded together onto this factor. Two items originally intended to measure the factor *Commitment* loaded together to form a new factor which was named *Loyalty*. Two of the items originally intended to measure *Commitment* loaded together

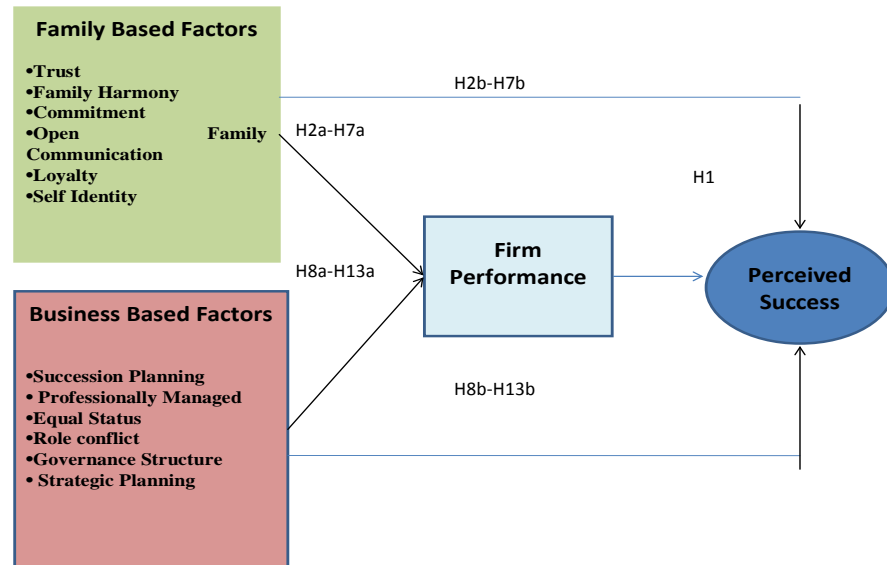
onto a new factor was named Self identity.

With regard to the outcomes-based factors, the original intervening variable *Firm performance* is not changed and remained the same. In addition, all three items originally intended to measure the factor *Perceived success* loaded together onto this factor.

As a result of the factor analyses, the original conceptual model illustrated in Figure 6.1 and the hypotheses defined in Chapter 3, were revised. The revised conceptual model, portrayed in Figure 6.1 and subsequent hypotheses (See Table 6.20) are subjected to further testing in the remainder of the study.

Figure 5.1: Revised conceptual model: Factors influencing the Perceived Success of the family business

Revised Conceptual Model



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Table 5.20: Summary of revised hypotheses to be tested in the structural model

Hypothesis
H1: There is a relationship between the <i>Firm performance</i> and the <i>Perceived success</i> of the family business.
H2a: There is a relationship between the <i>Succession planning</i> of the Family business and the <i>Firm performance</i> of the family business.

H ^{2b} : There is a relationship between the <i>Succession planning</i> of the Family business and the <i>Perceived success</i> of the family business.
H ^{3a} : There is a relationship between the <i>Professionally managed</i> family businesses and the <i>Firm performance</i> of the family business.
H ^{3b} : There is a relationship between the <i>Professionally managed</i> family businesses and the <i>Perceived success</i> of the family business.
H ^{4a} : There is a relationship between the <i>Equal status</i> family businesses and the <i>Perceived success</i> of the family business.
H ^{4b} : There is a relationship between the <i>Equal status</i> family businesses and the <i>Perceived success</i> of the family business.
H ^{5a} : There is a relationship between the <i>Governance</i> of the family business and the <i>Firm performance</i> of the family business.
H ^{5b} : There is a relationship between the <i>Governance</i> of the family business and the <i>Perceived success</i> of the family business.
H ^{6a} : There is a relationship between the <i>Role conflict</i> of the Family business and the <i>Firm performance</i> of the family business.
H ^{6b} : There is a relationship between the <i>Role conflict</i> of the Family business and the <i>Perceived success</i> of the family business.
H ^{7a} : There is a relationship between the <i>Strategic planning</i> of the Family business and the <i>Firm performance</i> of the family business.
H ^{7b} : There is a relationship between the <i>Strategic planning</i> of the Family business and the

<i>Perceived success</i> of the family business.
<i>H8^a</i> : There is a relationship between the <i>Trust and values</i> of the Family business and the <i>Firm performance</i> of the family business.
<i>H8^b</i> : There is a relationship between the <i>Trust and values</i> of the Family business and the <i>Perceived success</i> of the family business.
<i>H9^a</i> : There is a relationship between the <i>Family harmony</i> of the Family business and the <i>Firm performance</i> of the family business.
<i>H9^b</i> : There is a relationship between the <i>Family harmony</i> of the Family business and the <i>Perceived success</i> of the family business.
<i>H10^a</i> : There is a relationship between the <i>Commitment</i> of the Family business and the <i>Firm performance</i> of the family business.
<i>H10^b</i> : There is a relationship between the <i>Commitment</i> of the Family business and the <i>Perceived success</i> of the family business.
<i>H11^a</i> : There is a relationship between the <i>Open family communication</i> of the Family business and the <i>Firm performance</i> of the family business.
<i>H11^b</i> : There is a relationship between the <i>Open family communication</i> of the Family business and the <i>Perceived success</i> of the family business.
<i>H12^a</i> : There is a relationship between the <i>Loyalty</i> of the Family business and the <i>Perceived success</i> of the family business.
<i>H12^b</i> : There is a relationship between the <i>Loyalty</i> of the Family business and the <i>Perceived success</i> of the family business.
<i>H13^a</i> : There is a relationship between the <i>Self identity</i> of the Family business and the <i>Perceived</i>

success of the family business.

H^{13b}: There is a relationship between the *Self identity* of the Family business and the *Perceived success* of the family business.

The hypothesized relationships tabled above were tested by means of Structural Equation Model (SEM), the results of which are to be discussed in the sections to follow.

5.5 EMPIRICAL RESULTS OF STRUCTURAL EQUATION MODELLING ANALYSES

Structural Equation Modelling (SEM) is a general multivariate statistical analysis technique that includes specialised versions of other analysis techniques such as confirmatory factor analysis, path analysis, and Multiple Regression. SEM is used to simultaneously approximate a series of interrelated dependence relationships, and is therefore used to build and test statistical models (Hair et al. 1998; Structural Equation Modelling).

As already mentioned in Chapter 5, the sample size of the present study (323) is too small to allow for the testing of the model as a whole. However, simpler models can be tested with smaller samples (Hair et al. 2006). The original model of factors influencing the *Perceived success* of family business is divided into five submodels, and these submodels are then each subjected to SEM.

As mentioned in Chapter 3, the various factors identified as influencing the success of family business were divided into two groups, namely *family-based* and *business-based* factors. These two groups of factors are each individually combined with each one of the three outcome variables (namely *Firm performance* and *Perceived success*), resulting in six submodels that need to be tested by means of SEM. In addition, one intervening variables emerged from the factors analysis, namely *Firm performance e*, as well as one dependent variable, namely *Perceived success*. This submodel is to be tested using SEM, and is comprised of the two

outcome variables. Therefore, in total, five submodels were each subjected to SEM.

The software programme LISREL 8.8 (Jöreskog & Sörbom, 2006) has been utilized for the empirical assessment of the seven submodels identified. The steps of SEM as discussed in Chapter 5 are applied to each submodel. The first two steps of SEM are carried out by revising and redefining the theoretical submodels and the hypothesized relationships are exhibited in the path diagrams. Each hypothesis was reformulated (Table 6.20) after the exploratory factor analysis and is representative of a theoretically proposed relationship.

The third step of SEM involves indicating the structural and measurement models for each of the submodels. A covariance matrix has been utilized as the input matrix for each submodel in the present study. Estimates of the free parameters are obtained from the observed data, for both the measurement and structural model. The measurement model presents support of construct validity, and is used to consider the measurement properties of the scale.

In the final step, the relationships between the constructs in the structural model of each submodel are identified. The degree to which the proposed models are representative of an acceptable approximation of the data is also established. For the purpose of this study, the measurement model estimations have been portrayed together with the structural model. Hair et al. (2006) support this by stating that the estimation of the SEM model necessitates that the measurement specifications be included in the estimation of the structural model. The models portrayed therefore summarize the specifications for both the measurement and structural model.

5.5.1 Confirmatory Factor Analysis (CFA)

Confirmatory Factor Analysis which is part of the structural equation modeling techniques can be used to estimate measurement model that specifies the relationship between observed indicators and their underlying latent constructs. The measurement model specifies how latent constructs are measured by the observed variables and it assesses the construct validity and reliability of the observed variables (Joreskog and Sorbom, 1989). Estimation of the measurement model is used to assess the fit of the data to a hypothesized model. CFA is often

used when the number of factors is known before hand and each variable is allowed to associate with only one factor.

CFA was done on the final data to confirm the conceptual model developed in the study. The general paradigm suggested by Anderson and Gerbin(1988) was followed in the current research in order to test a model of Perceived success, Firm performance, and family based and business based factors. The measurement models of each of the selected submodel were first assessed and then a structural model linking Perceived success , Firm performance and family and business based factors outcomes were tested. Software package LISREL 8.8 was used to do the Confirmatory Factor Analysis. The following are the commonly used fit indices which help to assess the fit between a model and a data set which in turn proves its validity.

5.5.1.1 The Goodness-of-Fit Index (GFI)

This is one of the most commonly reported measures of model fit. The GFI is non-statistical measures that ranges in values from 0 (poor fit) to 1 (perfect fit). The higher the GFI, the better the model fit is considered to be. There is no definite value that indicates “good” model fit (Chin and Todd,1995). Although values above 0.90 are usually considered to be favorable to conclude that there is a good fit between the proposed model and observed data.

5.5.1.2 Adjusted Goodness-of-Fit Index (AGFI)

The AGFI is similar to the GFI, but is adjusted by the ratio of the degrees of freedom for the proposed model to the degrees of freedom for the null. Again, there is no set standard for an acceptable AGFI. In some instance , values of 0.80 or greater are often considered an indication of good fit model (Taylor and Todd,1995),although values as low as 0.70 have been acceptable.

5.5.1.3 The Comparative Fit Index (CFI)

This is another measure of overall goodness of fit that uses a Chi-square distribution. The CFI produces a value between 0 and 1, with 1 indicating a perfect fit. As a rule of thumb for this statistic, values of 0.90 or above are considered to indicate a good fit. This is one of the most used measures of unidimensionality of the scale.

5.5.1.4 Bentler- Bonett Fit Index (NFI or TLI)

NFI or TLI is a good indicator of the convergent validity of the questionnaire. The scale with TLI values of 0.90 or above is an indication of strong convergent validity. (Bentler- Bonett, 1990).

5.5.1.5 Root Mean Square Error of Approximation (RMSEA)

This is a popular measure of fit which is also called discrepancy per degree of freedom. By convention, there is good model fit if RMSEA is less than or equal to 0.05. There is adequate fit if RMSEA is less than or equal to 0.08. More recently, Hu and Bentler (1999) have suggested $RMSEA \leq 0.05$ as cutoff for a good model fit.

The goodness-of-fit indices for each of the sub models were examined to determine whether the measurement and structural models indicated an acceptable approximation of the data. The following hypotheses are therefore formulated for this purpose:

H^0I : The data fits the model perfectly.

H^aI : The data does not fit the model perfectly.

In the present study, the goodness-of-fit indices of the measurement and structural models are identical for all of the submodels subjected to SEM. Hair et al. (2006:847) attribute the occurrence of similar goodness-of-fit indices to the existence of a single direct relationship between the constructs. In order to avoid unnecessary repetition, only the goodness-of-fit indices for the structural models have been reported and interpreted in the present study.

Steps 5 and 7 of SEM (as described in Chapter 4) were not undertaken, as the focus of the present study is on testing relationships and possibly confirming theory, rather than on scale development. The outcomes of the steps summarised above, as pertaining to each submodel, will be offered in the sections to follow.

SUBMODEL 1

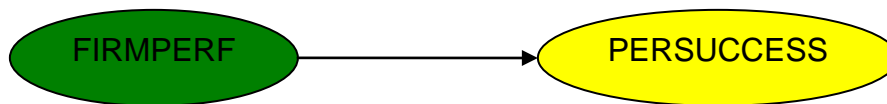
5.6 SUBMODEL 1: OUTCOMES

The various steps of SEM, as applied to the *Outcomes* submodel, are summarized in the following sections.

5.6.1 Revised conceptual model and path diagrams

Figure 5.2 depicts the revised conceptual model and path diagrams for the *Outcomes* model. It is hypothesized that both of the independent variable *Firm performance*, have a positive influence on the dependent variable *Perceived success*.

Figure 5.2: Path diagram of structural relationships: Revised model



5.6.2 Structural and measurement models

The structural and measurement models for the *Outcomes* model are defined in Table 5.21. The endogenous and exogenous variables, as well as the latent and manifest variables, are also presented in Table 5.21.

Table 5.21: Definition of structural and measurement model

Structural Model	
Endogenous variables	Exogenous variables
Perceived success	Firm performance
Measurement model	
Exogenous	Manifest variables

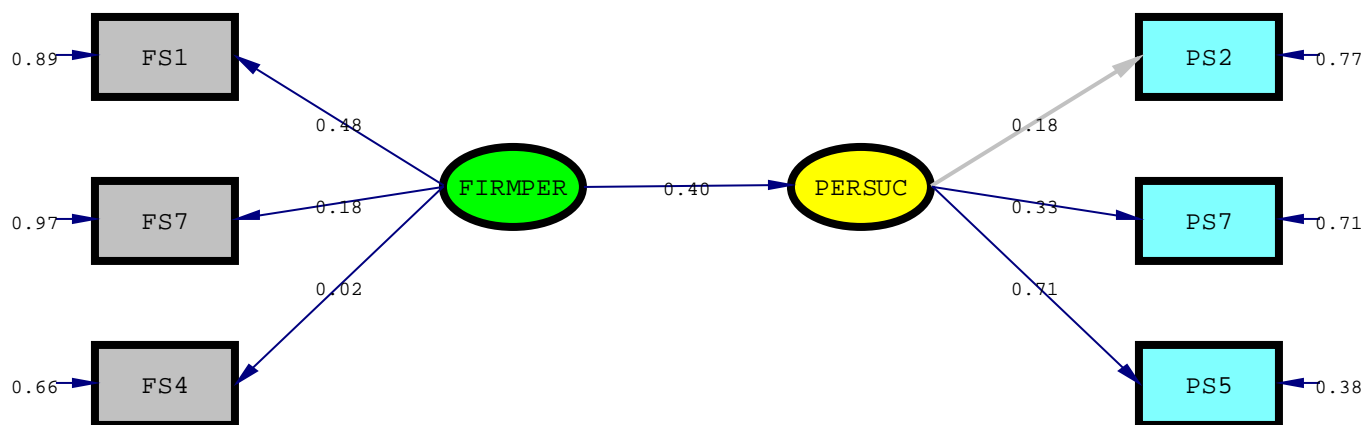
Perceived success	PS2,PS7,PS5
Firm performance	FP1,FP7,FP4

5.6.3 Measurement and structural model estimation

The p-values for the indicator loadings exceeded the minimum critical value of 1.96 ($p < 0.05$), providing evidence of their significance. The structural equation model was thus subjected to empirical testing.

The structural model depicted in Figure 5.3 to follow, illustrates that the independent variable *Firm performance* ($p < 0.01$), exerts a significant influence on the dependent variable, *Perceived success*. The path coefficient (0.16) for this relationship proved significant as its p-value exceeded the critical value of 2.58 ($p < 0.01$). Against this background, hypothesis H^1 is accepted.

Figure 5.3: Structural model estimation



5.6.4 Evaluating the goodness-of-fit indices for the structural model

The goodness-of-fit indices for the structural model portrayed in Figure 5.3 are reported in Table 5.22.

Table 5.22: Goodness-of-fit indices for the structural model

Goodness –of-fit criteria	
Sample size	323
Degrees of freedom	8
GFI	0.98
AGFI	0.95
CFI	0.98
TLI	0.97
RMSEA	0.067

The goodness-of-fit indices for the structural model illustrated in Figure 5.3 are detailed in Table 5.22. The values got from the Confirmatory Factor Analysis done on Firm performance and perceived success from the table 5.22 reveals that the model is acceptable as the values fall within the acceptable ranges.

5.7 SUBMODEL 2: FAMILY-BASED FACTORS AND FIRM PERFORMANCE

The steps of SEM have been applied to the submodel *Family -based factors and Firm performance*, the results of which will be discussed in the sections to follow.

5.7.1 Revised conceptual model and path diagrams

Figure 5.4: Path diagram of structural relationships: Revised model

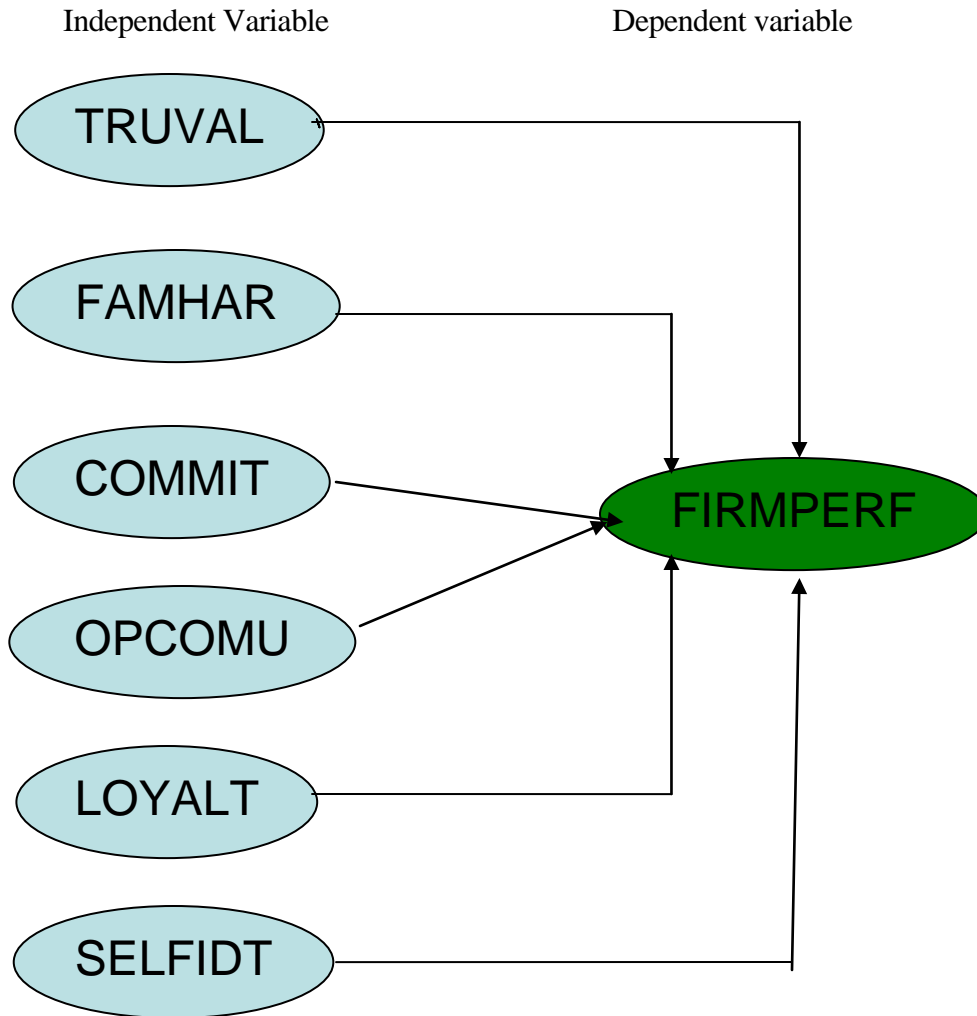


Figure 5.4 depicts the revised conceptual model and path diagrams for the submodel *Family-based factors and Firm performance*. It is hypothesized that the independent relational-based variables, namely *Trust and values*, *Family harmony*, *Commitment*, *Open family communication*, *Loyalty*, and *Self identity* all have a positive influence on the dependent variable, *Firm performance*.

5.7.2 Structural and measurement models

The structural and measurement models for the submodel family based factors and Firm performance are described in Table 5.23.

Table 5.23: Definition of structural and measurement model

Structural Model	
Endogenous variables	Exogenous variables
Firm performance	Trust and values, Family harmony, Commitment, Open family communication, Loyalty, Self identity
Measurement model	
Exogenous	Manifest variables
Firm performance	FP1,FP7,FP4
Trust and values	OP4, FH2,FH12,OP2,OP6,TV6,FH6
Family harmony	FH1,TV9,TV4,TV1,TV11
Commitment	CO4,CO10,CO7,CO2,CO5,OP3
Open family communication	OP1,TV10
Loyalty	CO9,CO11
Self identity	CO6,CO3,CO1

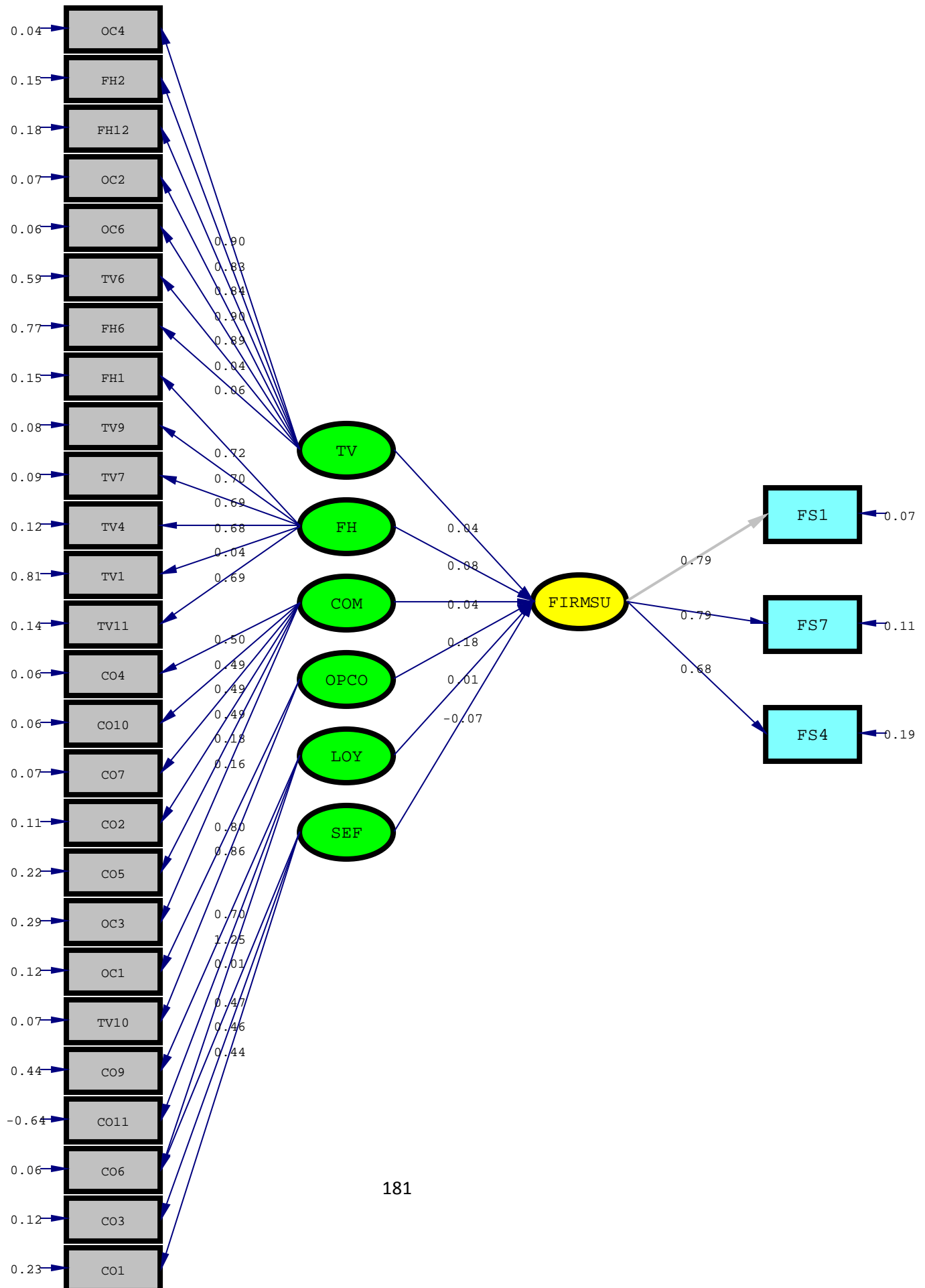
5.7.3 Measurement and structural model estimation

The p-values of the indicator loadings in the measurement model exceeded the minimum critical value of 1.96 ($p < 0.05$). The measurement model was also proved to have a reasonable fit owing to the goodness-of-fit indices reported. The structural equation model was therefore subjected to empirical testing.

The structural model depicted in Figure 5.5 illustrates that two independent variables significantly influence the dependent variable, *Firm performance*. The path coefficients of the relationships between the independent variables, *Open family communication* (0.18) and *Family harmony* (0.08) and the dependent variable, Firm performance, proved significant, as the p-value for these coefficients exceeded the critical values of 1.96 ($p < 0.05$). In contrast, the independent variable *Self Identity* (-0.07) has a negative influence on the Firm performance of family business. As a result, hypotheses H^{9a} and H^{11a} are accepted, whereas hypotheses H^{8a} ,

H^{10a} , H^{12a} and H^{13a} are rejected.

Figure 5.5 Structural model estimation



5.7.4 Evaluating the goodness-of-fit indices

The goodness-of-fit indices for the structural model illustrated in Figure 5.5 are detailed in Table 5.24. The values got from the Confirmatory Factor Analysis done on *family- based factors and firm performance* from the table 5.24 reveals that the model is acceptable as the values fall within the acceptable ranges.

Table 5.24 : Goodness-of-fit indices for the structural model

Goodness –of-fit criteria	
Sample size	323
Degrees of freedom	8
GFI	0.631
AGFI	0.610
CFI	0.674
TLI	0.676
RMSEA	0.057

5.8 SUBMODEL 3 : FAMILY-BASED FACTORS AND PERCEIVED SUCCESS

The submodel *Family-based factors and Perceived success* has been subjected to the different steps of SEM, the results of which are summarized in the paragraphs to follow.

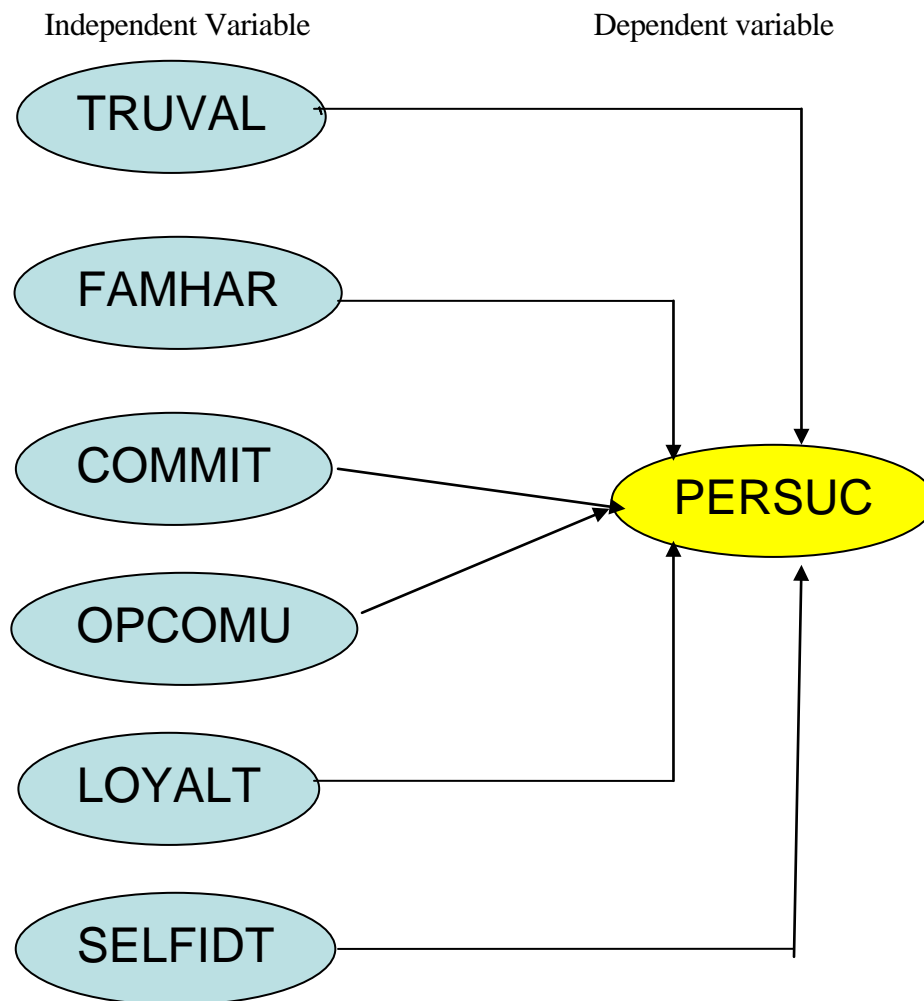
5.8.1 Revised conceptual model and path diagrams

The revised conceptual model and path diagrams for the submodel *Family-based factors and Perceived success* are depicted in Figure 5.6. It is hypothesized that the independent family-based variables, namely *Trust and values, Family harmony, Commitment, Open family communication, Loyalty, and Self identity* all have a positive influence on the dependent variable, *Perceived success*.

Figure 5.6 illustrates the revised conceptual model and the path diagrams for the submodel *Family-based factors and Perceived success*.

It is hypothesized that the independent family-based factors, namely *Trust and values*, *Family harmony*, *Commitment*, *Open family communication*, *Loyalty*, and *Self identity* all have a positive influence on the dependent variable, *Perceived success*.

Figure 5.6: Path diagram of structural relationships – Revised model



5.8.2 Structural and measurement models

The structural and measurement models for the submodel *Family-based factors and Perceived*

success are defined in Table 5.25 to follow.

Table 5.25: Definition of structural and measurement model

Structural Model	
Endogenous variables	Exogenous variables
Perceived success	Trust and values, Family harmony, Commitment, Open family communication, Loyalty, Self identity
Measurement model	
Exogenous	Manifest variables
Perceived success	PS2, PS7, PS5
Trust and values	OP4, FH2, FH12, OP2, OP6, TV6, FH6
Family harmony	FH1, TV9, TV4, TV1, TV11
Commitment	CO4, CO10, CO7, CO2, CO5, OP3
Open family communication	OP1, TV10
Loyalty	CO9, CO11
Self identity	CO6, CO3, CO1

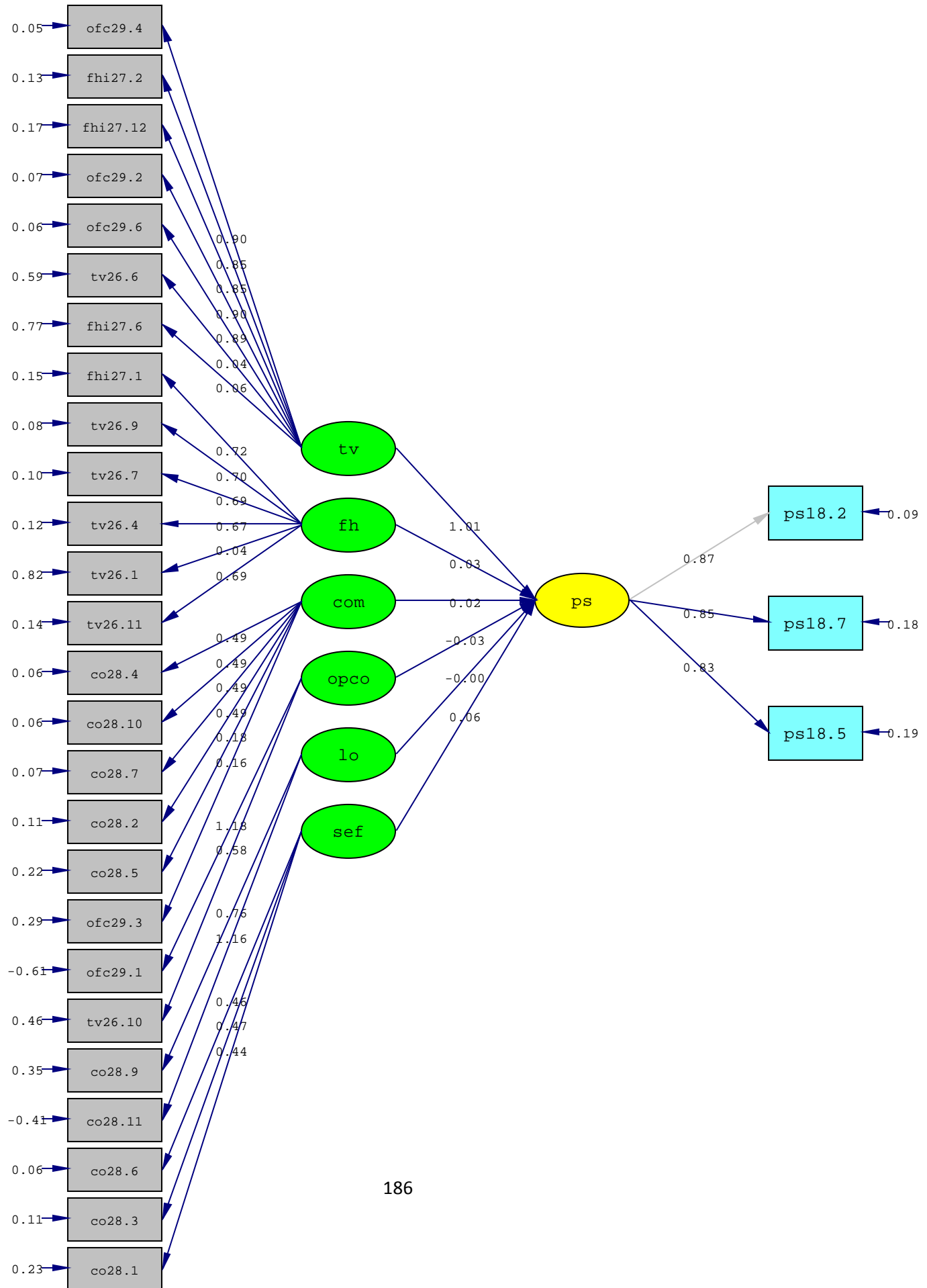
5.8.2 Measurement and structural model estimation

The p-values for the indicator loadings exceeded the minimum critical value of 1.96 ($p < 0.05$), providing evidence of their significance. The goodness-of-fit indices of the measurement model also prove that the measurement model has a good or very close fit. As a result, the structural equation model was subjected to empirical testing.

In the structural model illustrated in Figure 5.7, it can be seen that two independent variables significantly influence the dependent variable. These relationships proved significant as the p-values for their path coefficients exceeded the critical values of 1.96 ($p < 0.05$). The independent

variables *Family harmony* (0.08), and *Open communication* (0.18) positively influence the *Perceived success* of a family. The hypotheses H^{9b} and H^{10b} are therefore accepted, whereas H^{8b} , H^{10b} , H^{12b} and H^{13b} are rejected.

Figure 5.7: Structural model estimation



5.8.3 Evaluating the goodness-of-fit indices

The goodness-of-fit indices for the structural model illustrated in Figure 6.9 are reported in Table 5.26 below.

Table 5.26: Goodness-of-fit indices for the structural model

Goodness –of-fit criteria	
Sample size	323
Degrees of freedom	8
GFI	0.739
AGFI	0.711
CFI	0.834
TLI	0.806
RMSEA	0.067

The goodness-of-fit indices for the structural model illustrated in Figure 5.7 are detailed in Table 5.26. The values got from the Confirmatory Factor Analysis done on *family- based factors and perceived success* from the table 5.26 reveals that the model is acceptable as the values fall within the acceptable ranges.

5.9 SUBMODEL 4: BUSINESS-BASED FACTORS AND FIRM PERFORMANCE

The steps of SEM as they were applied to the submodel *Busineess- based factors and Perceived success* are discussed in the paragraphs below. The results of the empirical assessment of the adapted model are reported in the sections to follow.

5.9.1 Revised conceptual model and path diagrams

Figure 5.8: Path diagram of structural relationships: revised model

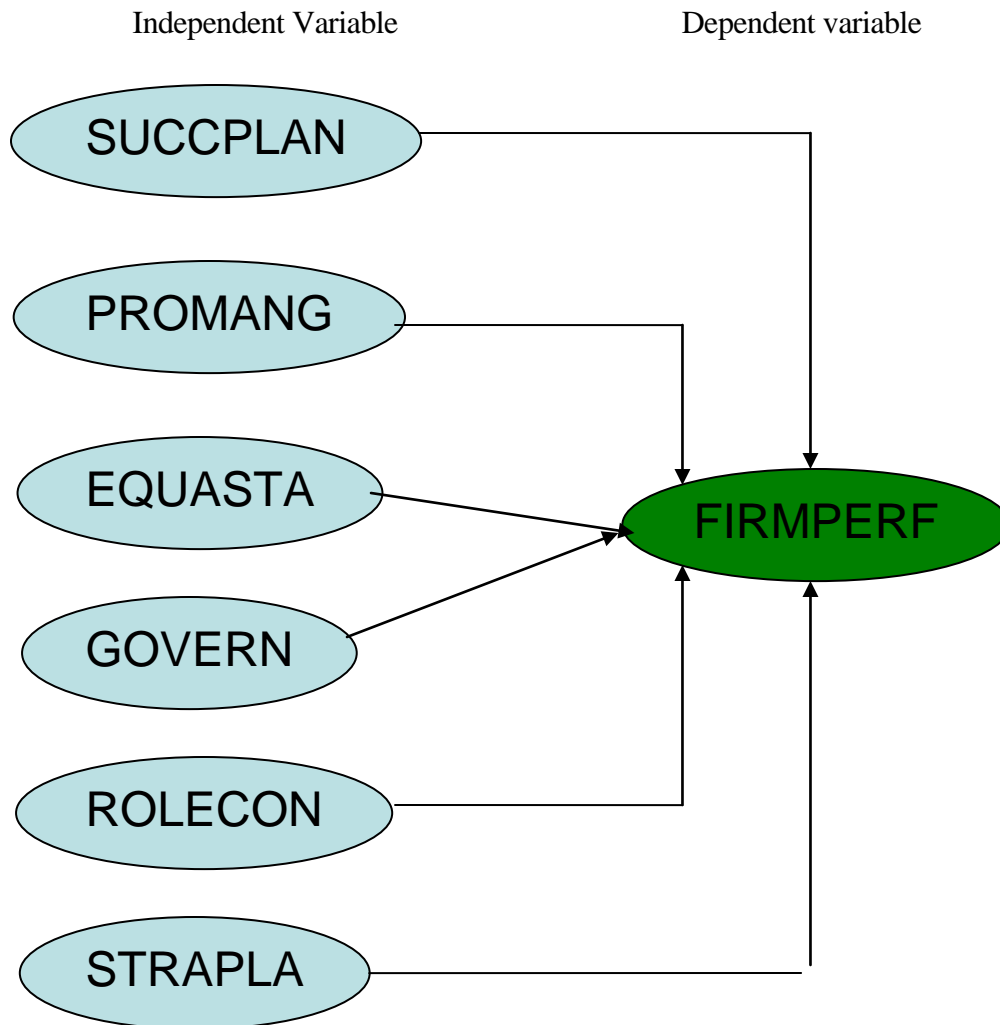


Figure 5.8 depicts the revised conceptual model and the path diagrams for the *Business -based factors and Firm performance* submodel. It is hypothesized that the independent *Business-based* variables *Succession planning*, *Professionally managed*, *Equal Status*, *Governance*, *Role conflict* and *Strategic planning* all have a positive influence on the dependent variable, *Firm performance*.

5.9.2 Structural and measurement models

Table 5.27 defines the structural and measurement models for the submodel *business-based*

factors and Firm performance.

Table 5.27: Definition of structural and measurement model

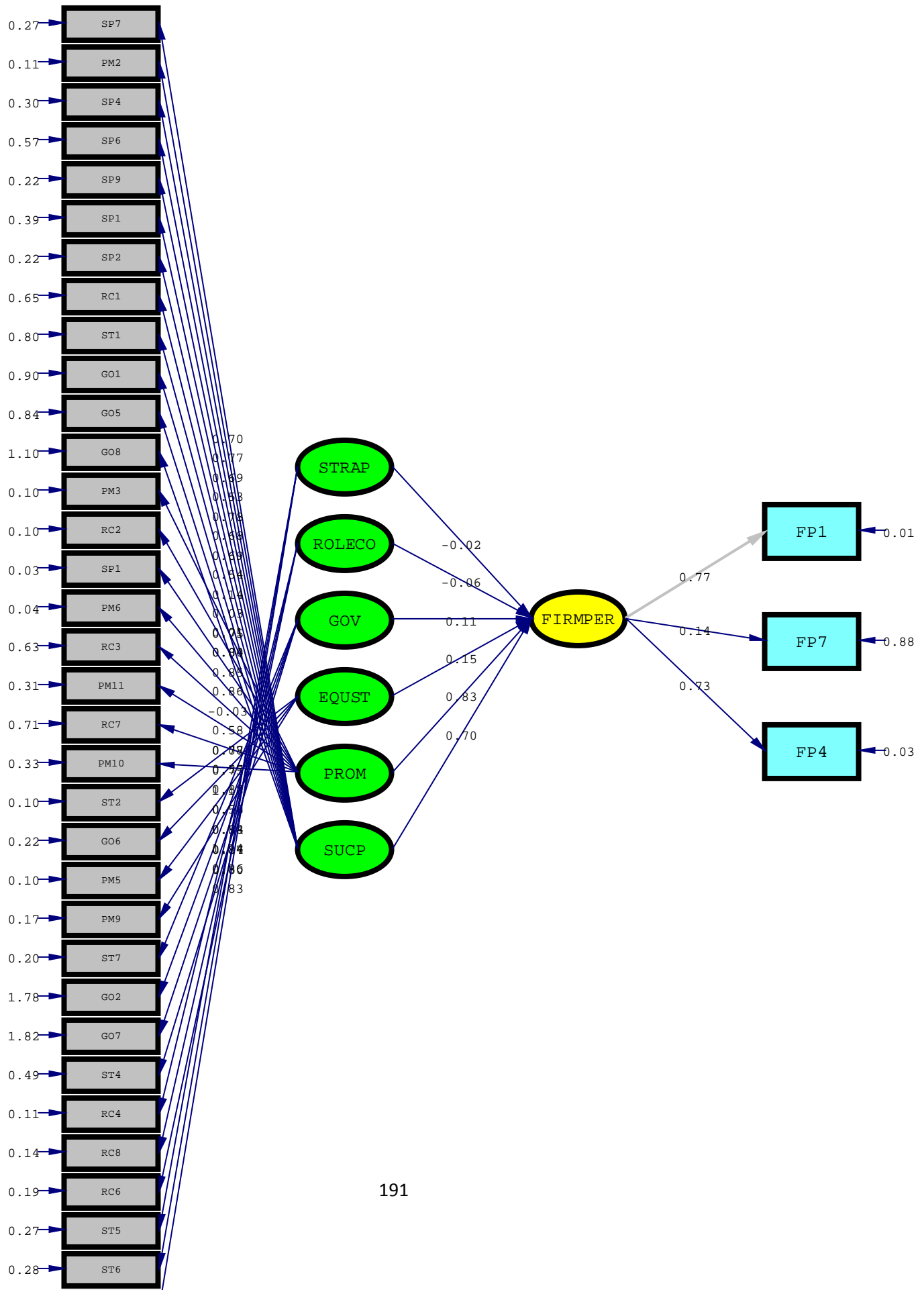
Structural Model	
Endogenous variables	Exogenous variables
Firm performance	Succession planning, Professionally managed, Equal Status, Governance, Role conflict and Strategic planning
Measurement model	
Exogenous	Manifest variables
Firm performance	FP1,FP7,FP4
Succession planning	SP7,PM2,SP4,SP6,SP9,PM1,SP2,RC1,ST1,GO1,GO5,GO8
Professionally managed	PM3,RC2,SP1,PM6,RC3,PM11,RC7,PM10
Equal Status	ST2,GO6,PM5,PM9
Governance	ST7,GO2,GO7,ST4
Role conflict	RC4,RC8,RC6
Strategic planning	ST5,ST6,ST3

5.9.3 Measurement and structural model estimation

The p-values of the indicator loadings in the measurement model exceeded the minimum critical value 1.96 ($p < 0.05$), and the goodness-of-fit indices provided evidence of a very good or close-fitting model. The structural model was therefore subjected to further analysis.

The structural model illustrated in Figure 5.9 shows that the independent variables *Succession planning* (0.70), *Professionally managed* (0.83), *Equal status* (0.15) and *Governance* (0.11) significantly influence the dependent variable *Firm performance*, as their p-values exceed the critical values of 2.58 ($p < 0.01$) and 1.96 ($p < 0.05$) respectively. As a result, the hypotheses H^{2a} , H^{3a} , H^{4a} and H^{5a} are accepted, whereas H^{6a} and H^{7a} are rejected.

Figure 5.9: Structural model estimation



5.9.4 Evaluating the goodness-of-fit indices

The goodness-of-fit indices for the structural model portrayed in Figure 5.9, are reported in Table 5.28 below.

Table 5.28: Goodness-of-fit indices for the structural model

Goodness –of-fit criteria	
Sample size	323
GFI	0.68
AGFI	0.63
CFI	0.78
TLI	0.75
RMSEA	0.11

The goodness-of-fit indices for the structural model illustrated in Figure 5.9 are detailed in Table 5.28. The values got from the Confirmatory Factor Analysis done on *business- based factors and firm performance* from the table 5.28 reveals that the model is acceptable as the values fall within the acceptable ranges.

5.10 SUBMODEL 5: BUSINESS -BASED FACTORS AND PERCEIVED SUCCESS

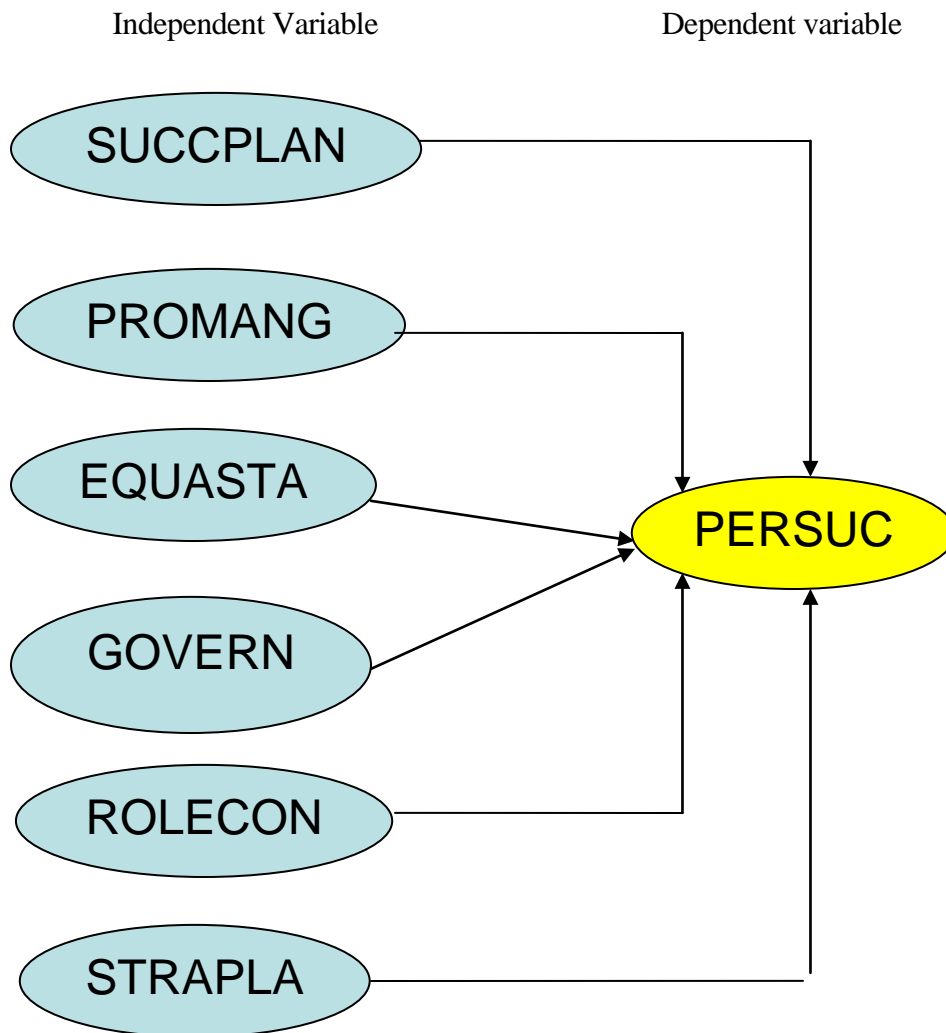
The various steps of SEM have been applied to the submodel *Business-based factors and Perceived success*, and will be discussed in the paragraphs to follow.

5.10.1 Revised conceptual model and path diagram

Figure illustrates the revised conceptual model and the path diagrams for the submodel Business-based factors and Perceived success.

It is hypothesised that the independent business-based variables *Role conflict*, *Succession planning*, *Strategic planning*, *Governance*, *Professionally managed*, *Decision making*, *Work life balance*, *Employee relations*, *Innovation and Equal Status*, all have a positive influence on the dependent variable, *Perceived success*.

Figure 5.10: Path diagram of structural relationships: Revised model



5.10.2 Structural and measurement models

Table 5.29 defines the structural and measurement models for the submodel *Business-based factors* and *Perceived success*.

Table 5.29 : Definition of structural and measurement model

Structural Model	
Endogenous variables	Exogenous variables
Perceived success	Succession planning, Professionally managed, Equal Status, Governance, Role conflict and Strategic planning
Measurement model	
Exogenous	Manifest variables
Perceived success	PS2, PS7, PS5
Succession planning	SP7, PM2, SP4, SP6, SP9, PM1, SP2, RC1, ST1, GO1, GO5, GO8
Professionally managed	PM3, RC2, SP1, PM6, RC3, PM11, RC7, PM10
Equal Status	ST2, GO6, PM5, PM9
Governance	ST7, GO2, GO7, ST4
Role conflict	RC4, RC8, RC6
Strategic planning	ST5, ST6, ST3

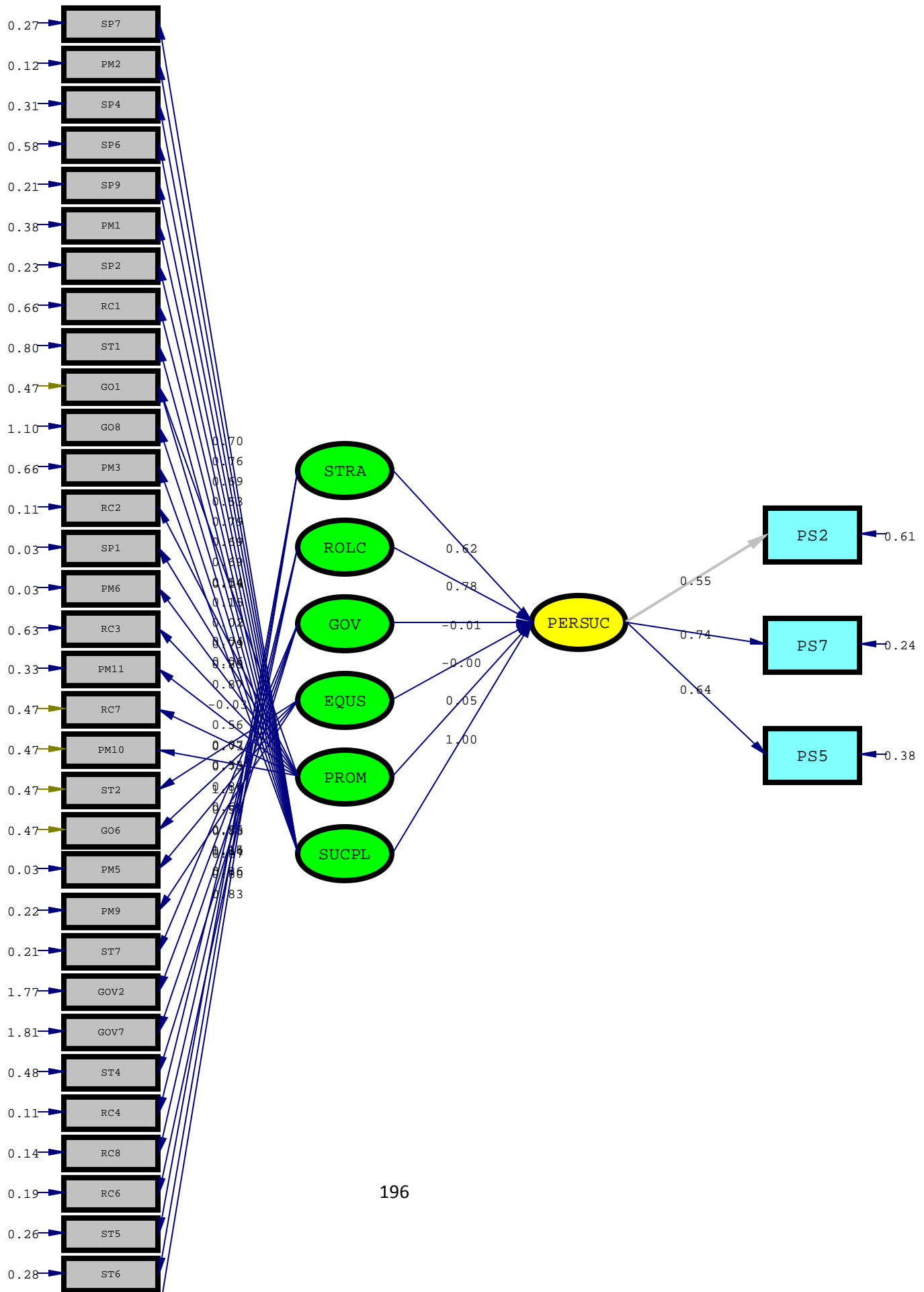
5.10.3 Measurement and structural estimation

The p-values for the indicator loadings exceeded the minimum critical value of 1.96 ($p < 0.05$), providing evidence of their significance. The goodness-of-fit indices of the measurement model also prove that the measurement model has a good or very close fit. As a result, the structural equation model was subjected to empirical testing.

In the structural model illustrated in Figure 5.11, it can be seen that two independent variables significantly influence the dependent variable. These relationships proved significant as the p-

values for their path coefficients exceeded the critical values of 1.96 ($p < 0.05$). The independent variables *Succession planning* (1.00), *Role conflict* (0.78) and *Strategic planning* (0.62) positively influence the *Perceived success* of a family. The hypotheses H^{2b} , H^{6b} and H^{7b} are therefore accepted, whereas H^{3b} , H^{4b} and H^{5b} are rejected.

Figure 5.11: Structural model estimation



5.10.4 Evaluating the goodness-of-fit indices

The goodness-of-fit indices for the structural model illustrated in Figure 5.11 are detailed in Table 5.30. The values got from the Confirmatory Factor Analysis done on business- based factors and perceived success from the table 5.30 reveals that the model is acceptable as the values fall within the acceptable ranges.

Table 5.30: Goodness-of-fit indices for the Structural Model

Goodness –of-fit criteria	
Sample size	323
GFI	0.70
AGFI	0.65
CFI	0.70
TLI	0.77
RMSEA	0.10

5.11 DISCUSSION OF SIGNIFICANT RELATIONSHIPS IDENTIFIED BY SEM

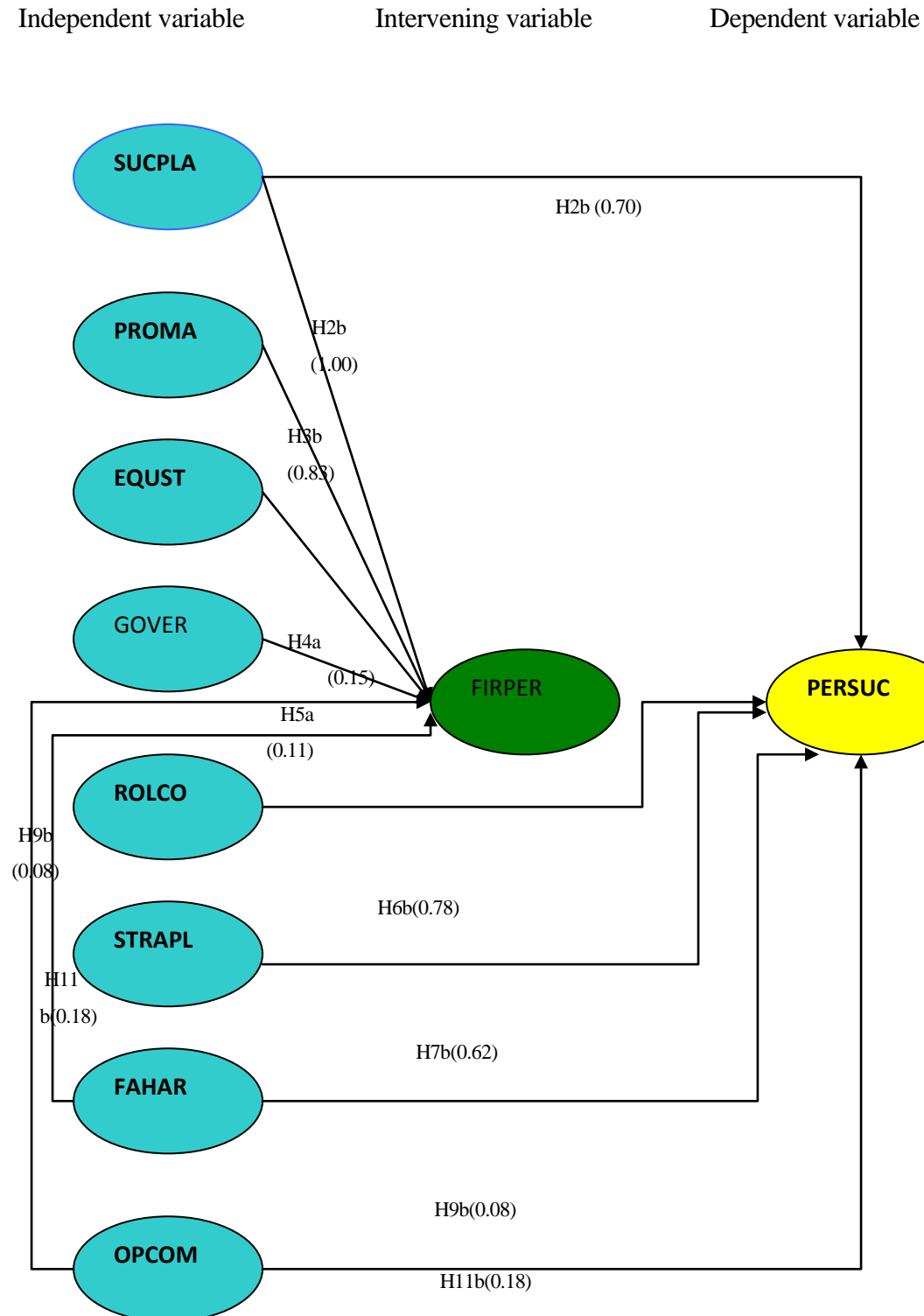
The discussions and models illustrated in Section 5.7 identified 11 significant relationships between the various independent and dependent variables. A summary of these significant relationships can be found in Figure 5.12.

In Figure 5.12, the 11 significant relationships identified represent those factors that have an influence on the *Firm performance* of the family business, as well as the *Perceived success* of the business. A detailed explanation of these significant relationships, as well as a comparison to existing empirical and anecdotal evidence, is provided in the paragraphs to follow.

It is important to note that Figure 5.12 is a summarized illustration of the significant

relationships identified in the seven submodels. It is not a model that has been subjected to SEM on its own.

Figure 5.12: Summary of significant relationships in the Structural Model



It is important to note that Figure 5.12 is a summarized illustration of the significant relationships identified in the five submodels. It is not a model that has been subjected to SEM on its own.

Table 31: Goodness-of-fit Index

Goodness –of-fit criteria	
Sample size	323
Normed Chi-Square	4.68
GFI	0.68
AGFI	0.63
CFI	0.78
RMSR	0.12
RMSEA	0.11

Table 32: Results of the Hypothesis Testing

Hypothesis	Results
H1: There is a relationship between the <i>Firm performance</i> and the <i>Perceived success</i> of the family business.	Accepted
H ^{2a} : There is a relationship between the <i>Succession planning</i> of the Family business and the <i>Firm performance</i> of the family business.	Accepted
H ^{2b} : There is a relationship between the <i>Succession planning</i> of the Family business and the <i>Perceived success</i> of the family business.	Accepted
H ^{3a} : There is a relationship between the <i>Professionally managed</i> family businesses and the <i>Firm performance</i> of the family business.	Accepted

<i>H3b</i> : There is a relationship between the <i>Professionally managed</i> family businesses and the <i>Perceived success</i> of the family business.	Rejected
<i>H4a</i> : There is a relationship between the <i>Equal status</i> family businesses and the <i>Perceived success</i> of the family business.	Accepted
<i>H4b</i> : There is a relationship between the <i>Equal status</i> family businesses and the <i>Perceived success</i> of the family business.	Rejected
<i>H5a</i> : There is a relationship between the <i>Governance</i> of the family business and the <i>Firm performance</i> of the family business.	Accepted
<i>H5b</i> : There is a relationship between the <i>Governance</i> of the family business and the <i>Perceived success</i> of the family business.	Rejected
<i>H6a</i> : There is a relationship between the <i>Role conflict</i> of the Family business and the <i>Firm performance</i> of the family business.	Rejected
<i>H6b</i> : There is a relationship between the <i>Role conflict</i> of the Family business and the <i>Perceived success</i> of the family business.	Accepted
<i>H7a</i> : There is a relationship between the <i>Strategic planning</i> of the Family business and the <i>Firm performance</i> of the family business.	Rejected
<i>H7b</i> : There is a relationship between the <i>Strategic planning</i> of the Family business and the <i>Perceived success</i> of the family business.	Accepted
<i>H8a</i> : There is a relationship between the <i>Trust and values</i> of the Family business and the <i>Firm performance</i> of the family business.	Rejected
<i>H8b</i> : There is a relationship between the <i>Trust and values</i> of the Family business and the <i>Perceived success</i> of the family business.	Rejected

business and the <i>Perceived success</i> of the family business.	
<i>H9a</i> : There is a relationship between the <i>Family harmony</i> of the Family business and the <i>Firm performance</i> of the family business.	Accepted
<i>H9b</i> : There is a relationship between the <i>Family harmony</i> of the Family business and the <i>Perceived success</i> of the family business.	Accepted
<i>H10a</i> : There is a relationship between the <i>Commitment</i> of the Family business and the <i>Firm performance</i> of the family business.	Rejected
<i>H10b</i> : There is a relationship between the <i>Commitment</i> of the Family business and the <i>Perceived success</i> of the family business.	Rejected
<i>H11a</i> : There is a relationship between the <i>Open family communication</i> of the Family business and the <i>Firm performance</i> of the family business.	Accepted
<i>H11b</i> : There is a relationship between the <i>Open family communication</i> of the Family business and the <i>Perceived success</i> of the family business.	Accepted
<i>H12a</i> : There is a relationship between the <i>Loyalty</i> of the Family business and the <i>Perceived success</i> of the family business.	Rejected
<i>H12b</i> : There is a relationship between the <i>Loyalty</i> of the Family business and the <i>Perceived success</i> of the family business.	Rejected
<i>H13a</i> : There is a relationship between the <i>Self identity</i> of the Family business and the <i>Perceived success</i> of the family business.	Rejected
<i>H13b</i> : There is a relationship between the <i>Self identity</i> of the Family business and the <i>Perceived success</i> of the family business.	Rejected

5.11.1 Firm Performance

Figure 5.12 illustrates a positive relationship between the *Firm performance* of the business and *Perceived success* (path coefficient = 0.16; $p < 0.01$). In other words, women in a family business that is profitable and financially secure, are more likely to experience their involvement as being satisfying and beneficial. Sufficient evidence has thus been found to support hypothesis H^1 . The relationship between *Firm performance* and *Perceived success* did prove to be significant and hence accepted.

5.11.2 Succession Planning

It can be seen in Figure 5.12 that the independent variable *Succession planning* has a positive influence on *Firm performance* (hypothesis H^{2a}), since a path coefficient of 0.70 ($p < 0.05$) has been reported. *Succession planning* was also found to have a positive influence on *Perceived success* (hypothesis H^{2b}), with a path coefficient of 1.00 ($p < 0.01$). This finding implies that succession planning is given importance in the family business to the better the *Firm* and *Perceived success* of the business is likely to be. Support has thus been found for hypotheses H^{2a} and H^{2b} and both are accepted.

5.11.3 Professionally Managed

The results of this study show that a significant positive relationship exists between *Professionally managed* and *Firm performance* (path-coefficient 0.83; $p < 0.05$). In other words, a women in family business that are well at managing and to which the members are business and management skills, is more likely to grow. Sufficient support has thus been provided for hypotheses H^{3a} and accepted.

No significant relationship was, however, reported between *Professionally managed* and the dependent variable *Perceived success*. Consequently, hypothesis H^{3b} is rejected.

5.11.4 Equal Status

In the present study show that the relationship between independent variable Equal status dependent variable *Firm performance* proved significant (path-coefficient 0.15; $p < 0.05$) This finding implies that the women are able to realize their personal goals and ambitions through their involvement in the family business, the more likely the business is to perform financially, and the more likely they are to experience their involvement as to grow the business, satisfying and beneficial. Support for the hypotheses H^{4a} has thus been provided and thus, accepted.

No significant relationship was, however, reported between *Equal status* and the dependent variable *Perceived success*. Consequently, hypothesis H^{4b} is rejected.

5.11.5 Governance

The empirical results of this study have identified a significant positive relationship between the independent variable *Governance* and *Firm performance* (hypothesis H^{5a}) as a path coefficient of 0.11 ($p < 0.001$) is reported. This result implies that the more non-family members are concerned about the fate of their business and are dedicated to ensuring its continued success, the more likely it is that the firm will perform well and will grow. Support has thus been provided for hypotheses H^{5a} and accepted.

The relationship between *Governance and Perceived success* (hypothesis H^{5b}) did not prove to be significant. This result suggests that whether non-family members are committed to their business or not has no influence on their experiencing their involvement in the business as both satisfying and beneficial. Thus, hypotheses H^{5b} is rejected, since satisfactory evidence was not found to support these hypotheses.

5.11.6 Role Conflict

The results of this study show that the relationship between *Role conflict* and the *Firm*

performance is insignificant of the family business (hypothesis H^{6a}). This result implies that family business that are not characterized by open and effective communication, managed conflict, planning process mutual support and an understanding of each other's needs, are more likely to perceive their involvement in the business as satisfying and beneficial. Of all of the factors examined in this study, *Role conflict* was revealed as not having the influence on *Firm performance*. No support was found for hypotheses H^{6a} and hence rejected.

In the present study, significant relationship was revealed between *Role conflict* and the dependent variables *Perceived success* (H^{6b}). This means that the relationship between the women in family business has influence on the business's ability to perform success and grow. Consequently, support was found for hypotheses H^{6b} and hence accepted.

5.11.7 Strategic Planning

The relationship between the independent variable *Strategic planning* and dependent variables, *Firm performance* (hypotheses H^{7a}) did not prove to be significant in the present study. In other words, strategic planning do not exists between the women in family business in terms of sharing responsibilities; knowledge concern has influence on the firm or growth performance of the business. Thus, hypotheses H^{7a} are rejected. On the other hand *Strategic planning* is significant with dependent variable *Perceived success*. Women experiencing their involvement are satisfying or beneficial. Hypotheses H^{7b} have thus been accepted.

5.11.8 Trust and Values

An insignificant relationship emerged between *Trust and values* and *Firm performance* (hypotheses H^{8a}) was reported in this study. In other words, women are more not likely to experience their involvement in the business through trust and the values they possess their confidence and hope and business ethics, moral experience to effectively manage their family business. Consequently, hypothesis H^{8a} has been rejected, as satisfactory evidence has been found to support this relationship.

The hypothesized relationships between the independent variable *Trust and values* and the dependent variables *Perceived success* (hypothesis H^{8b}) did not prove to be significant, and were subsequently rejected.

5.11.9 Family Harmony

The results of this study show significant positive relationships between the independent variable *Family harmony* and the dependent variable *Firm performance*, (path coefficient = 0.08; $p < 0.05$), as well as between *Family harmony* and *Perceived success* (path coefficient = 0.07 and 0.08; $p < 0.05$). This finding implies that the women are able to maintain the family harmony realize their personal goals and ambitions through their involvement in the family business, the more likely the business is to perform firm, and the more likely they are to experience their involvement as to grow the business, satisfying and beneficial. Support for the hypotheses H^{9a} and H^{9b} has thus been provided and thus, accepted.

5.11.10 Commitment

An insignificant positive relationship emerged between *Commitment* and *Firm performance*, was reported in this study. In other words, women are not commitment in the business lack of experiences, education, knowledge and confidence to effectively manage their family business. Consequently, hypothesis H^{10a} has been rejected, as satisfactory evidence has been found to support this relationship.

The hypothesized relationships between the independent variable *Commitment* and the dependent variables *Perceived success* (hypothesis H^{10b}) did not prove to be significant, and were subsequently rejected.

5.11.11 Open Family Communication

The results of this study show significant positive relationships between the independent variable *Open family communication* and the dependent variable *Firm performance*, (path coefficient = 0.18; $p < 0.05$), as well as between *Open family communication* and *Growth performance and Perceived success* (path coefficient = 0.05 and 0.18; $p < 0.05$). Support for the hypotheses *H11a* and *H11b* has thus been provided and thus, accepted.

5.11.12 Loyalty

None of the relationships hypothesized between the construct *Loyalty* and *Firm performance* (hypothesis *H12a*), and *Perceived success* (hypothesis *H12b*), proved to be significant. Loyalty among the women has no influence on the firm or growth performance of the business, or on whether the spouses perceive their involvement as satisfying and beneficial.

5.11.13 Self Identity

None of the relationships hypothesized between the construct *Self identity* and *Firm performance* (hypothesis *H13a*), or *Perceived success* (hypothesis *H13b*), proved to be significant. Consequently, whether or not clearly demarcated areas of authority and responsibility exist among the women, has no influence on the firm or growth performance of the business, nor on whether the others perceive their self identity as satisfying and beneficial.

CHAPTER 6

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6 INTRODUCTION

This chapter encompasses a summary of the study as well as the important findings. An interpretation of these findings and their implications of women in family business will be presented. Recommendations, based on the empirical findings of this study, will then be made. Lastly, the contributions and limitations of this study will be discussed and recommendations for future research suggested.

6.1 Overview of the Research

Family businesses have shown tremendous growth in recent years, both nationally and internationally. However, despite the increase in family business, the understanding and research attention given to these family businesses is still lacking. For this reason, the purpose of this study was firstly, to contribute to the more effective functioning of women in family businesses by identifying the factors that impact on their success; and secondly, to expand the existing body of knowledge on family businesses in India and abroad. -----

6.1.1 RESEARCH QUESTIONS

The conceptual framework guided the development of some primary *research questions* for the study. They are

- 1 What are the factors that influence the Perceived success of women in family business in India?
- 2 What is the relationship between firm performance and perceived success?
- 3 What are the family based factors which influence firm performance?
- 4 What are family based factors which influence perceived success?
- 5 What are the business based factors which influence firm performance?

- 6 What are business based factors which influence perceived success?
- 7 What other factors influence family business management in Indian context?
- 8 What are the conditions required for the effective and harmonious functioning of family business?

All these questions have been brought together in a framework from studies conducted independently and in isolation to each other to address the questions and also objectives framed for the empirical study. As Storey (1994) puts it *the vast bulk of studies have been conducted independently of each other. Frequently they address issues of specific interest to the researcher, but do so in a way which was comparability with other studies difficult.* Nevertheless, the conceptual framework and the research questions provide a basis for the empirically investigate the factors influencing women in family business management in India.

6.1.2 OBJECTIVES

To help address the research questions of the study, the following objectives have been framed. They are:

- To examine the role of women in family business in India.
- The role of family based factors in family business management
- The role of business based factors in family business management
- To test the proposed conceptual model and to investigate the possible relationships between the Perceived success of family business, and the various factors influencing the Perceived success of a family business.
- To generate a conceptual model of the factors that affects the Perceived success of family business in Indian context.
- To elicit the opinions and perception of women on family managed businesses

A comprehensive literature study was carried out, as outlined in Chapters 2, 3 and 4, in order to

identify as many factors as possible that could influence the *Perceived success* of family business. From the literature on it became clear that successful family business have validated their proficiency with regard to two types of factors, namely, *family-based* and *business-based* factors. Within these two categories of factors, 12 independent variables were identified and hypothesized to influence the measures of effectiveness of family business, namely the dependent variable *Perceived success*; and the intervening variable *Firm performance*. As a result, the first secondary objective of this study was achieved.

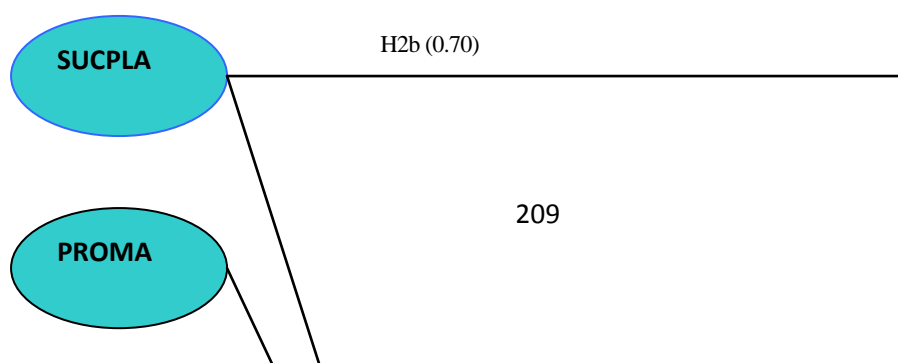
All of the factors in the study were clearly defined and operationalised. Reliable and valid items sourced from Farrington's (2009) measuring instrument, as well as several measuring instruments used in other similar studies, were used in the operationalisation of these factors. In addition, items were self-generated from secondary sources. The relationships illustrated in the conceptual model were then empirically tested using these items. The second secondary objective of this study was thus achieved.

Owing to the nature of the problem statement and research objectives proposed in this study, a positivistic research paradigm was implemented. The convenience snowball sampling technique was used to identify respondents for the investigation.

Questionnaires were then sent to those individuals who indicated a willingness to participate. In total, 323 usable questionnaires were returned. The data obtained from these questionnaires was subjected to a variety of statistical techniques and analyses. Thus the third secondary objective of this study was achieved.

The primary statistical procedure used to test the significance of the relationships hypothesized between the independent and dependent variables in this study, was Structural Equation Modelling. A summary of the significant relationships that were identified in this study is presented in figure 6.1

Figure 6.1: Summary of the significant relationships influencing the Firm performance and Perceived success of women in family businesses



	H2b	
	(1.00)	
	H3b	
	(0.83)	
	H4a	
	(0.15)	
	H5a	
	(0.11)	
H9b		
(0.08)		
	H6b(0.78)	
H11		
b(0.18)		
	H7b(0.62)	
	H9b(0.08)	
	H11b(0.18)	

6.2 INTERPRETATIONS OF THE EMPIRICAL RESULTS AND RECOMMENDATIONS

In Chapter 5, factors were reported as having a significant influence on the *Firm performance*, and Perceived success of *family business*. These relationships are summarized in Figure 6.12. In the sections to follow, the significant relationships were identified and interpreted, based on which recommendations for family business are made.

6.2.1 Succession Planning

The succession planning has a significant positive influence on the perceived success of a family business. In other words, succession planning that are characterized by open and effective communication, managed conflict, mutual support and an understanding of each other's needs, are more likely to be perceived by the women as satisfying and beneficial to their family, business and personal development. Of all the factors examined in this study, *succession planning* was perceived as having the greatest influence on the success of a family business.

Women can strengthen and protect their relationship if :

- Identifying of the successor to the current owner should be communicated to all concerned
- Combining family, ownership and management for the betterment of the company
- Planning or process in place to develop the next generation
- Replacing the current owner with a successor will be done in good time
- Family member has been identified as the next business leader
- Considering a major influence on both the strategic orientation of the company and its operative business activities
- The person who will take over this business when the current owner retires has already been identified
- Spending time with family as often as possible
- The long term strategies of this business are planned long in advance
- Trusting my board of directors
- Keep the board of directors informed about family views about the company and maintain a dialogue with the board about key business policies and plans
- Independent directors who are supportive in nature

6.2.2 Professionally Managed

Based on the responses of women who participated in this study, the extent to which they have *professionally managed* in their family business has a significant positive influence on the firm

performance of the business. Managing the family business and key issues concerning management accountability is important. Management decisions and fundamental values regarding matters of corporate governance, investment/divestment, and management of financial resources, employee relations and selection of top managers must be defined

- It is more difficult to decide on how to expand, particularly in the field of globalization/internationalization
- Role conflict can be easily managed
- Transfer control of the business to children
- Writing a strategic plan for the company
- Considering the request from family members
- Regularly conduct market and customer analysis
- The family spends lots of time with each other away from the business
- Improving the business and management skills through regular training

6.2.3 Equal Status

Based on the responses of women who participated in this study, the extent to which they have equal status in their family business has a significant positive influence on the firm performance of the business. In other words, people who have equal standing in their business or status in the eyes of stakeholders are less likely to have a family business that grows. This was the only significant negative relationship to emerge in this study.

A possible explanation for this result is that employees and stakeholders may become confused and frustrated in dealing with two bosses, especially if the information provided and decisions made by each spouse contradict those of their partner. This could negatively effect employee, supplier and customer relations and thereby inhibit business growth.

- This business has a clear long term vision
- Employees respect women's status like other family members
- Aware of the necessity and practical information on how to design and implements it
- Have the same status as other members do (does) in the family business

6.2.4 Governance

Governance in which family business operates has a significant positive influence on the firm performance of the family business. Adaptation of board practices has spread widely among family businesses and that, within the context of family businesses, boards offer an important mechanism to assure the accountability of managers to the shareholders, for its effective functioning, and employees with the necessary.

In order to build supportive Governance, family business must ensure that the following resources are obtained or provided for:

- Business partners and clients appreciate the family character and aspects such as high commitment and loyalty
- Specific governance instruments are required for complex interrelationships between the business and the family spheres and the potentially high number of stakeholders involved
- Satisfied with the internal and external stakeholders (mainly family, clients, employees, local community)
- Keep the board of directors informed about family views about the company and maintain a dialogue with the board about key business policies and plans
- Employees respect to women's status like other family members

6.2.5 Role Conflict

The extent to which family business possess the role conflict to perform their tasks has a significant negative influence on their involvement in the business as not satisfactory. Women have more difficulty managing work and family roles owing to the permeability of the boundaries between their work and family domains, and because they lack of experience and home stressors at the same time In family businesses, a variety of conflicts are expected to infiltrate the business over time (Harvey & Evans 1994). If the boundaries between the family and the business are blurred, conflict will be unavoidable (Danes, Reuter, Kwon & Doherty 2002).

In order to build a supportive Role conflict, family business must ensure that the following resources are obtained or provided for:

- Role conflict can be easily managed
- Receive incompatible request from the family members
- Not have any family fears which cannot understand
- Spend time with family as often as possible
- Dissent is accepted among family members so that people may express different views to management
- The family spends lots of time with each other away from the business
- Managing conflict regarding ownership is easy

6.2.6 Strategic Planning

The presence of strategic planning has a significant negative influence on the family business experiencing their involvement in the business as not satisfying and beneficial to their family, business and personal development. The family business managing the strategic positioning might be different due to its specific characteristics. Despite gaps in research, theorists have repeatedly asserted that strategic planning processes and the resulting strategies of family firms differ significantly from the processes and strategies of non-family firms (Ward, 1988; Harris, Martinez & Ward, 1994). These differences are argued to have a significant impact on the strategic decision-making and the outcomes of strategic decisions for these family businesses.

In order to build a supportive strategic planning, family business must ensure that the following resources are obtained or provided for:

- The long term strategies of this business are planned long in advance
- To have a clear long term vision
- Should have a formal strategic planning process in place
- There written strategic plan
- Business should have a formal business plan
- The family business should has proper planning processes and procedures in place
- Assessed the business's capacity to fulfill the business strategic plan

6.2.7 Trust and Values

Trust and values has a significant negative influence on the family business. Trust and values are vitally important to a family business as they provide the foundation for building all relationships.

In order to build trust in a family business, they can take the following steps:

- Respect each other not just for who each spouse is, but also for what each spouse can contribute to the business.
- Listen well and make a real effort to understand each other and build trust.
- Keep each other's best interests in mind at all times when making decisions.
- Recognize and respect each other's strengths, differences in style and perspectives.
- Trust and respect each others work ethic.
- Trust each other to perform and produce, whilst always appreciating each other's achievements and contributions to the business.
- Be affectionate towards each other.

6.2.8 Family Harmony

Family harmony in the family business has a significant positive influence on the firm performance of the business. Generating family harmony and the success of the family business, it is important to have a general understanding of the nature of the relationship between the family and the business.

In order to build a supportive family harmony, family business must ensure that the following resources are obtained or provided for:

- The family members in this business should respect each other
- Plan according to the requirement of family's interest
- All family members in this business are allowed to contribute to decision making
- Family members are concerned about the well being of other family members
- Solve potential problems among family members before they occur
- All family members support each other
- Company should maintain a good image in the market
- Practicing its value, image, practices and success
- Influenced by the family's image in ways that are good for the business, the family and society at large

6.2.9 Commitment

The extent to which the women are committed to their family business has a significant negative influence on the firm performance of the business. Commitment is also of particular importance in the early stages of a business, when the financial obstacles and possibilities of failure are the greatest (Van Auken & Werbel 2006). In addition, the eagerness and family bonds in a family business can develop additional commitment and loyalty (Leach 1994).

It is vitally important that family businesses are passionate about their business throughout the various stages of the business life-cycle. Women should be in agreement concerning the direction that the business should take, as this will ensure that they are both committed to the venture.

In order to build a supportive commitment, family business must ensure that the following resources are obtained or provided for:

- Committed to this business
- Strongly associated with what this business stands for
- Continue working for this business
- To continue working for this business for some time still
- Looking for an alternative business soon
- Willing to put in a great deal of effort beyond that normally expected in order to help the family business be successful
- Support the family business in discussions with friends, employees and other family members

6.2.10 Open Communication

The extent to which there is open communication between the family business has a significant positive influence on the firm performance of the business. A strong family business requires open communication concerning goals, and an aspiration to resolve misunderstandings about issues influencing the accomplishment of those goals (Danes et al.1999; Isaacs1991).

In order to build a supportive open communication, family business must ensure that the

following resources are obtained or provided for:

- There is adequate Communication in this business
- There is free and open communication between me, family members and managers
- Communication is much more complicated
- The family members are well informed of what happens in this business
- Listen to family and non-family employees alike, and to shareholding family members not involved in the day-to-day running of the business; my communication is two ways
- The family attempt to be of one voice in communications to managers in the business
- The family should discuss the issues that may arise between them
- Freely express our opinions about day-to-day decisions in the business with each other

6.2.11 Loyalty

Loyalty in the family business and has a significant negative influence on the firm performance of the business. The eagerness and family bonds in a family business can develop additional commitment and loyalty (Leach 1994).

In order to build a supportive Loyalty, family business must ensure that the following resources are obtained or provided for:

- Feel loyalty to the company
- Values are compatible with the business's values
- Proud to tell others that they are part of the family business

6.2.12 Self Identity

Self identity in the family business and has a significant negative influence on the firm performance of the business. Women should be able to live out their own self identity, dreams and achieve their personal ambitions through their involvement in the family business. Women can achieve this if they:

- Identify and develop the business vision and goals together. This vision should be clear and vivid, and should encompass not only what the couple wants to do but also how they plan to do it.
- Goals and ambitions into consideration when developing the family business

- The business vision and goals.
- Ensure that each other's goals are compatible.

6.3 CONCLUSION

The demographic profile of women in family business suggests that women are involved in family business much later in life treating more so as a transition to contribute effectively towards the opportunity. In terms of education they were either graduates/post graduates but joining the family business as a professional choice for women with more technically qualified women are yet to emerge. In tune with the cultural norms, a majority of them married. A majority of women in family business preferred an exposure to an office/industry which they thought it supplemented their innate desire to contribute to their business managed by their family

In summary the enterprise related information indicates that families started their businesses taking mileage from globalization. In terms of activity they were either in manufacturing, trading or services and belong to the second or the third generation in running the family business. In general 2-5 members of the family were involved in business while 1-2 women actively participated in the family business. Majority of the businesses had 1-10 employees and the reasons for joining the business where more in the nature of responsibility and enterprise growth.

A comprehensive literature study was carried out, as outlined in Chapters 2, 3 and 4, in order to identify as many factors as possible that could influence the *Perceived success* of family business. From the literature on family business and the models proposed, and it became clear that successful family business have validated their proficiency with regard to two types of factors, namely, *family-based* and *business-based* factors. Within these two categories of factors, 12 independent variables were identified and hypothesized to influence the measures of effectiveness of family business, namely the dependent variable *Perceived success*; and the intervening variable *Firm performance* and independent variables *Family based* and *Business based factors*. As a result, the first secondary objective of this study was achieved. In addition, items were self-generated from secondary sources. The relationships illustrated in the

conceptual model were then empirically tested using these items. The second secondary objective of this study was thus achieved.

Exploratory factor analysis was carried out to evaluate the constructs in the conceptual model that was arrived at through literature survey. The model had six factors in family based and five in business based factors as influencing the Perceived success of a family business. The relational nature of the *outcome* factors (Perceived success and Firm performance) suggests that the factors in the submodel outcomes are correlated with each other. Exploratory factor analysis on these constructs loaded as expected. The factor structure thus revealed that growth and profitability showing business performance leading to perceived success was observed in the study.

As far as perceived success is concerned all the three items loaded on this factor. Thus, perceived success was accepted by women in terms of their involvement, a satisfying and rewarding role as well as beneficial to their family, marriage and personal growth. The trend was not similar with regard to firm performance. Only three items out of seven got loaded into the construct. The rest were excluded from the study. Women felt that profitability, financial security and outstanding business performance as important facets of family business management.

The business based factors are included in submodel 2. Five business based factors – Succession planning, Professionally managed, Governance, Role conflict and Strategic planning were extracted from the submodel. One new factor Equal status has emerged from the study. Women felt that equal status with men in family business leads to successful family business management.

Family based factors were included in the submodel 3. Four family based factors were extracted from the submodel – Trust and values, Family harmony, Commitment and Open family communication. Two new factors *Loyalty* and *Self Identity* were added to the family based factors from the study. Women felt that their self identity in their role and family loyalty does go a long way in Perceived success and Firm performance.

A confirmatory factor analysis was done using the Structural Equational Modelling Technique as the exploratory factor analysis was unable to verify all the factors as originally intended in

the conceptual model. The revised conceptual mode, illustrated in the figure reveals that six business-based factors – succession planning, professionally managed, equal status, governance, role conflict and strategic planning and two family based-factors – family harmony and open communication as influencing the Firm performance and Perceived success.

Taken factor wise, the revised model reveals only one business based factor – succession planning and two family based factors- family harmony and open communication as influencing both the Perceived success and Firm performance in family business management.

Two factor which emerged from the exploratory factor analysis - Loyalty and Self identify from family based factors – did not have relationship with Firm performance and Perceived Success. However, the business based factor - Equal status which also emerged in the exploratory factor analysis found to have a relationship with the firm performance only. The hypotheses were tested by means of structural equation modeling technique. Thirteen hypotheses were tested for goodness-of-fit out of which twelve were accepted and one rejected.

6.4 CONTRIBUTION OF THE STUDY AND IMPLICATIONS

This research can be justified in theoretical and practical terms. The theoretical contribution includes a better understanding of the strategic importance of women in family business, as an area in which empirically tested studies are scarce. Moreover, the theoretical contribution helps researchers to advance knowledge in the areas of family businesses. The practical contributions are beneficial to practitioners and the policy-makers who wish to improve firms' competitiveness and a successful family business.

6.4.1 Researcher

This study aims to expand the theoretical and empirical body of family business literature by focusing specifically on women in family business, a largely neglected area. This is to be

achieved by means of a multifactor and multidimensional analysis, as well as building on the findings of previous research. The use of Structural Equation Modelling (SEM), an advanced statistical technique, and has further added to this field of family business research which has largely been characterized by studies conducted on small convenience samples and single case studies. This study endeavors to contribute to the body of knowledge on family businesses in India by identifying the most significant factors that influence the success of women in family business.

6.4.2 Family Business and Women in Family Business Fields

The findings of this research provide a valuable theoretical contribution to the fields of entrepreneurship, family businesses, women in family businesses, and women entrepreneurs. This research includes a comprehensive examination of the combination of family business and women in family business and the issues faced, which is an under-researched area, by integrating the literature. This integrated review of the relevant literature has the potential to be a significant contribution in itself.

6.4.3 Practitioners and Policy- Makers

The findings of this research provide a practical contribution to practitioners and policymakers. As discussed, a major issue of family firms, particularly women in family business, is maintaining long-term survival and success in a competitive environment (Zahra et al., 2008). The findings of this research support the proposition that the role of women improves the success of the family business, then practitioners of family businesses can use these findings to strengthen the competitive position of their firms and promoting economic development.

6.5 LIMITATIONS

Although the present study has endeavored to make a significant contribution to the body of research relating to women in family business, several limitations were encountered. When

interpretations and conclusions about the findings of this study are made, these limitations should be taken into account. The study has not only investigated and developed a greater understanding of family business; it has also revealed opportunities for future research.

The sample size (323) is a limitation of the present study as Structural Equation Modelling (SEM) is very sensitive to sample size. Owing to the large number of factors proposed in the conceptual model, the model could not be subjected as a whole to SEM. In order to overcome this limitation in future studies, researchers should consider increasing the sample size and/or lowering the number of factors under investigation.

The time period allowed for the respondents to return the questionnaires was also limiting as only 323 usable questionnaires, out of 1138 questionnaires, after the nine-month period. In order to overcome this limitation in future studies, researchers should consider setting more time aside for the usable questionnaires, and employ other techniques to ensure a larger sample size.

As a result of the sample size and the statistical technique employed, this study could only focus on a specific number of family- and business-based factors influencing the success of family business. In addition, this study did not investigate potential environmental factors that may influence the success of family business. Future studies concerning family business should also investigate the influence that certain external market conditions will have on the success of family business.

Future studies could endeavour to investigate the factors influencing the success of family business in countries other than India not only the metropolitan cities. The extent, to which the factors influencing the success of family business in India differ from those influencing the same family businesses in overseas, could be established. The influence of culture on Indian family business as well as family business abroad is an additional avenue for future research. The results of this study make a significant contribution to the existing body of research on women in family business, even though various limitations were encountered. As such, many opportunities for future investigation into family business exist.

6.6 CONCLUDING REMARKS

Family businesses are playing an increasingly important role in the economies of many countries; this is also true in India. The success of these family business is thus of paramount significance. To ensure their success, family business must cherish their relationships with each other and work together as a team. Numerous recommendations and suggestions have been presented in this study to aid women in family business in achieving this. Thus, the contribution of the family businesses is significant in the current context and hence, it is the responsibility of every country, every association both – trade and women- to encourage and support family businesses in general and women in particular for their contribution in the economy.

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Annexure 1

Family Business Questionnaire

The following is a family business questionnaire which provides an initial assessment of your situation and should only take a few moments to complete. The questionnaire will enable us, in the first instance, to understand family business better, and gives an opportunity to focus on the importance of a healthy family business as part of a research study that we are undertaking at the School of Management Studies, University of Hyderabad, Hyderabad.

Personal Data

1. Name (optional) :
2. Age : (1) 20-30 (2) 31-40 (3) 41-50 (4) 51 & Above
3. Marital Status: (1) Single (2) Married (3) Divorced (4) Widow
4. Education : (1) SSC and Below (2) Intermediate (3) Degree (4) PG (5) Technical/Professional
5. Work Experience : (1) 0-1yrs (2) 2-3yrs (3) 4-5yrs (4) 6 yrs & Above

Organizational Data

6. Name of the Organization :
7. Year of Starting the business : (1) below - 1970(2) 1971-1980 (3) 1981- 1990 (4) 1991-2000 (5) 2001-above
8. Activity of the Business : (please tick one or more businesses you are into)
(1) Manufacturing (2) Trade Sector (3) Service sectors
9. Current Location:
10. Generations in family business : (1) First (2) Second (3) Third (4) Fourth (5) Fifth and Later
11. Number of Family Members Involved in the Business : (1) 1 – 5 (2) 6 – 10 (3) 11 – 15 (4) 16 & above
12. Number of women in the business : (1) 1-2 (2) 3- 4 (3) 5-6 (4)7-8(5) 8 and above
13. Role of Respondent in the business : (1) Business Head (2) Financial Director (3) Accounts Manager (4) Human Resource (5)General Manager
14. Number of employees : (1) 1-10 (2) 10-20yrs (3) 20-30 (4) 30 & Above

15. Reason to Join the Family Business : (1) Loyalty (2) Obligation (3) Grow the business (4) Responsibility (5) Co-preneurship

Prioritize the following Business based and Family based factors as per their importance in Family Business Management. Please mark your preference on a 1-4 scale on each of the items given below.

(4. Strongly Agree, 3. Agree, 2. Strongly Disagree and 1. Disagree)

Perceived Success

- | | | | | |
|---|---|---|---|---|
| 4 | 3 | 2 | 1 | -----Our family business had experienced growth in the turnover over the past two years |
| 4 | 3 | 2 | 1 | ----- I experience my involvement in the family business as rewarding |
| 4 | 3 | 2 | 1 | ----- My involvement in the family business has contributed to my own professional growth and development |
| 4 | 3 | 2 | 1 | -----I am satisfied with the way that my family members and I work together |
| 4 | 3 | 2 | 1 | ----- My involvement in the family business has been beneficial |
| 4 | 3 | 2 | 1 | -----I am willing to transfer control of the business to my children |
| 4 | 3 | 2 | 1 | ----- I enjoy working with my family members in our family business |

Firm Performance

- | | | | | |
|---|---|---|---|---|
| 4 | 3 | 2 | 1 | -----Our family business is profitable |
| 4 | 3 | 2 | 1 | -----The financial well-being of our family business is secure |
| 4 | 3 | 2 | 1 | -----I regard our family business as being financially successful |
| 4 | 3 | 2 | 1 | -----The family business performance is outstanding |
| 4 | 3 | 2 | 1 | -----Our family business has experienced growth in employee numbers over the past two years |
| 4 | 3 | 2 | 1 | -----I am willing to transfer control of the business to my children |
| 4 | 3 | 2 | 1 | ----- Our family business is financially secure |

Business based factors

Succession Planning

- | | | | | |
|---|---|---|---|---|
| 4 | 3 | 2 | 1 | -----I am willing to transfer control of the business to my children |
| 4 | 3 | 2 | 1 | -----The person who will take over this business when the current owner retires has already been identified |
| 4 | 3 | 2 | 1 | -----The person who will take over this business when the current owner retires is being prepared for his/her future role |
| 4 | 3 | 2 | 1 | -----I have a plan or process in place to develop the next generation |
| 4 | 3 | 2 | 1 | -----There is a proper succession plan in place for this business |
| 4 | 3 | 2 | 1 | -----Replacing the current owner with a successor will be done in good time |
| 4 | 3 | 2 | 1 | -----The identity of the successor to the current owner has been communicated to all concerned |

- 4 3 2 1 -----There are efforts so that future generations will have more equal ownership (per capital) regardless of size of different branches
- 4 3 2 1 -----Family member has been identified as the next business leader

Professionally Managed

- 4 3 2 1 -----I consider a major influence on both the strategic orientation of the company and its operative business activities
- 4 3 2 1 -----I combine family, ownership and management for the betterment of the company
- 4 3 2 1 -----It is more difficult to decide on how to expand, particularly in the field of globalization/ internationalization
- 4 3 2 1 -----It is difficult when formulating business strategies and designing corporate structure
- 4 3 2 1 -----My company is aware of the necessity and practical information on how to design and implements it
- 4 3 2 1 -----My company has a written strategic plan
- 4 3 2 1 -----This strategic plan been communicated to family members, staff and advisers
- 4 3 2 1 -----I formally assessed the business's capacity to fulfill your strategic plan
- 4 3 2 1 ----- I have the same status as other members do (does) in the family business
- 4 3 2 1 -----I improve my business and management skills through regular training
- 4 3 2 1 -----I regularly conduct market and customer analysis

Governance

- 4 3 2 1 -----I trust my board of directors
- 4 3 2 1 -----Business partners and clients appreciate my family character and aspects such as high commitment and loyalty
- 4 3 2 1 -----Specific governance instruments are required for complex interrelationships between the business and the family spheres and the potentially high number of stakeholders involved
- 4 3 2 1 -----I am satisfied with the internal and external stakeholders (mainly family, clients, employees, local community)
- 4 3 2 1 -----Keep the board of directors informed about family views about the company and maintain a dialogue with the board about key business policies and plans
- 4 3 2 1 ----- Employees respect to my status like other family membes
- 4 3 2 1 -----I look for independent directors who are supportive in nature
- 4 3 2 1 ----- We trust the judgement of the directors in making decisions in the business
- 4 3 2 1 ----- the directors that take the lead in our business are very knowledgeable concerning our family business operation

Role Conflict

- 4 3 2 1 -----I wont spend time with my family as often as I would like to
- 4 3 2 1 -----Role conflict can be easily managed
- 4 3 2 1 -----I receive incompatible request from my family members

- | | | | | |
|---|---|---|---|--|
| 4 | 3 | 2 | 1 | -----I do not have any family fears which I cannot understand |
| 4 | 3 | 2 | 1 | -----I spend time with my family as often as I would like |
| 4 | 3 | 2 | 1 | -----Dissent is accepted among family members so that people may express different views to management |
| 4 | 3 | 2 | 1 | -----The family spends lots of time with each other away from the business |
| 4 | 3 | 2 | 1 | -----Managing conflict regarding ownership is easy |

Strategic Planning

- | | | | | |
|---|---|---|---|--|
| 4 | 3 | 2 | 1 | -----The long term strategies of this business are planned long in advance |
| 4 | 3 | 2 | 1 | -----This business has a clear long term vision |
| 4 | 3 | 2 | 1 | -----This firm has a formal strategic planning process in place |
| 4 | 3 | 2 | 1 | -----This firm has a written strategic plan |
| 4 | 3 | 2 | 1 | -----This firm plans years ahead |
| 4 | 3 | 2 | 1 | -----This business has a formal business plan |
| 4 | 3 | 2 | 1 | -----This business has proper planning processes and procedures in place |
| 4 | 3 | 2 | 1 | ----- we assessed the business's capacity to fulfill our business strategic plan |

Family based factors

Trust /Values

- | | | | | |
|---|---|---|---|---|
| 4 | 3 | 2 | 1 | -----The family members in this business trust each other |
| 4 | 3 | 2 | 1 | -----The family members have confidence in each other's business capabilities |
| 4 | 3 | 2 | 1 | -----The family members have a high regard for each other's integrity |
| 4 | 3 | 2 | 1 | -----The family members have confidence in each other's decision making abilities |
| 4 | 3 | 2 | 1 | -----All family members believe in each other |
| 4 | 3 | 2 | 1 | -----my decision are based heavily on family values |
| 4 | 3 | 2 | 1 | -----I am very much respectful of tradition |
| 4 | 3 | 2 | 1 | -----I am a promoter of change |
| 4 | 3 | 2 | 1 | -----Wealth preservation a key objective of owners |
| 4 | 3 | 2 | 1 | -----Entrepreneurship more the focus for our company |
| 4 | 3 | 2 | 1 | ----- My family is balanced with business values |

Family Harmony

- | | | | | |
|---|---|---|---|--|
| 4 | 3 | 2 | 1 | -----The family members in this business respect each other |
| 4 | 3 | 2 | 1 | -----I plan according to the requirement of my family's interest |
| 4 | 3 | 2 | 1 | -----All family members in this business are allowed to contribute to decision making |
| 4 | 3 | 2 | 1 | -----In this business, family members are concerned about the well being of other family members |

- 4 3 2 1 -----There is hardly ever any conflict among family members in this business
- 4 3 2 1 -----In this business we solve potential problems among family members before they occur
- 4 3 2 1 -----In this business, all family members support each other
- 4 3 2 1 -----My company does not have a good image in the market
- 4 3 2 1 -----As I look back on my life's work, I am proud of having helped to create a company of its value, image, practices and success
- 4 3 2 1 -----I am influenced by the family's image in ways that are good for the business, the family and society at large
- 4 3 2 1 -----My business is benefited by a good reputation in the market
- 4 3 2 1 -----I work hard for the reputation and image of the company
- 4 3 2 1 -----I think of globalization because of the image of the company and family

Commitment

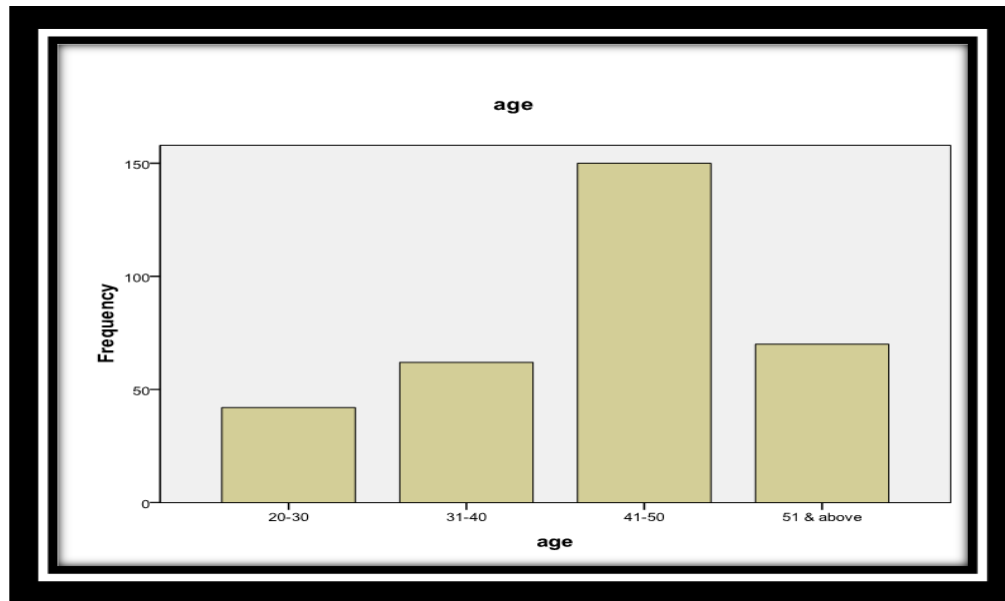
- 4 3 2 1 -----I strongly identify with this business
- 4 3 2 1 -----I am committed to this business
- 4 3 2 1 -----I strongly associated with what this business stands for
- 4 3 2 1 -----Even if I get the opportunity to leave, I would continue working for this business
- 4 3 2 1 -----I want to continue working for this business for some time still
- 4 3 2 1 -----I will not be looking for an alternative business soon
- 4 3 2 1 -----I am willing to put in a great deal of effort beyond that normally expected in order to help the family business be successful
- 4 3 2 1 -----I support the family business in discussions with friends, employees and other family members
- 4 3 2 1 -----I feel loyalty to the company
- 4 3 2 1 -----I find that my values are compatible with the business's values
- 4 3 2 1 -----I am proud to tell others that I am part of the family business

Open Family Communication

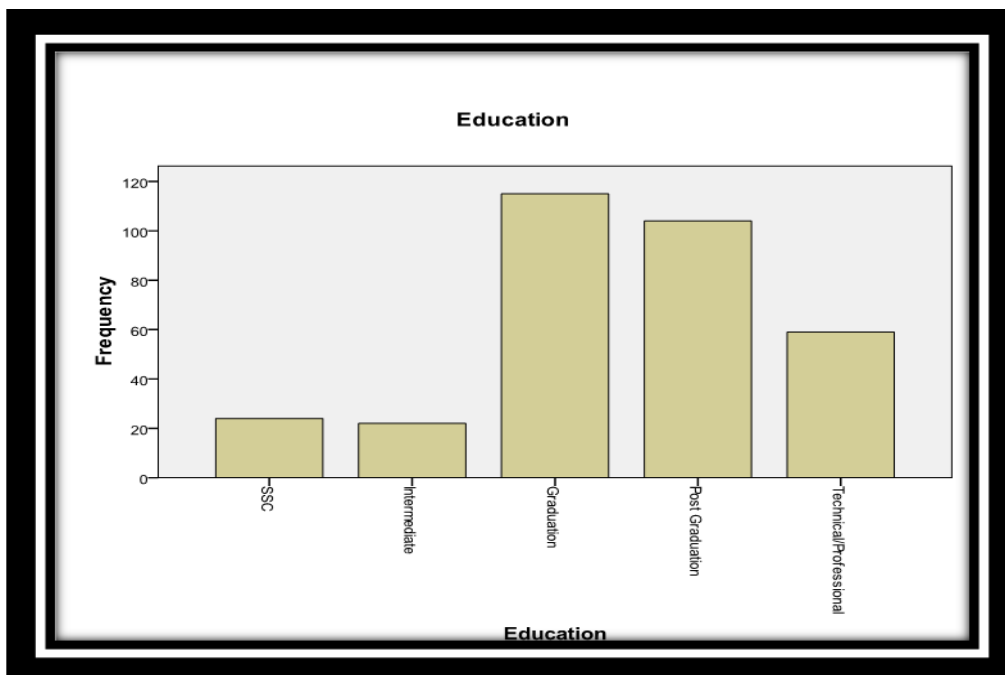
- 4 3 2 1 -----there is adequate Communication in this business
- 4 3 2 1 -----There is free and open communication between me, family members and Managers
- 4 3 2 1 -----Communication is much more complicated
- 4 3 2 1 -----The family members are well informed of what happens in this business
- 4 3 2 1 -----You listen to family and non-family employees alike, and to shareholding family members not involved in the day-to-day running of the business; my communication is two ways
- 4 3 2 1 -----The family attempt to be of one voice in communications to managers in the Business
- 4 3 2 1 -----in our family business we discuss the issues that may arise between us
- 4 3 2 1 ----- we freely express our opinions about day-to-day decisions in the business with each other

Annexure 2

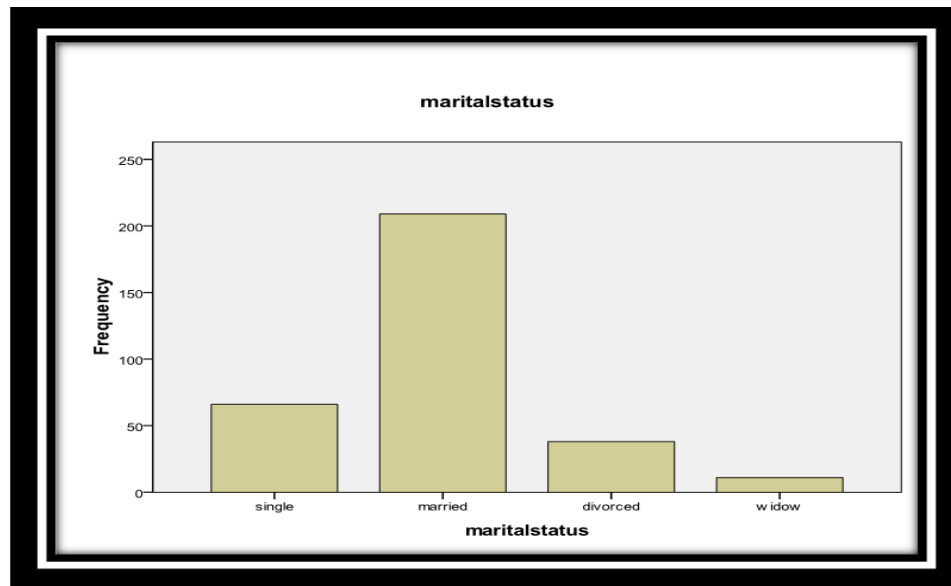
Age of the respondents



Education of the Respondents



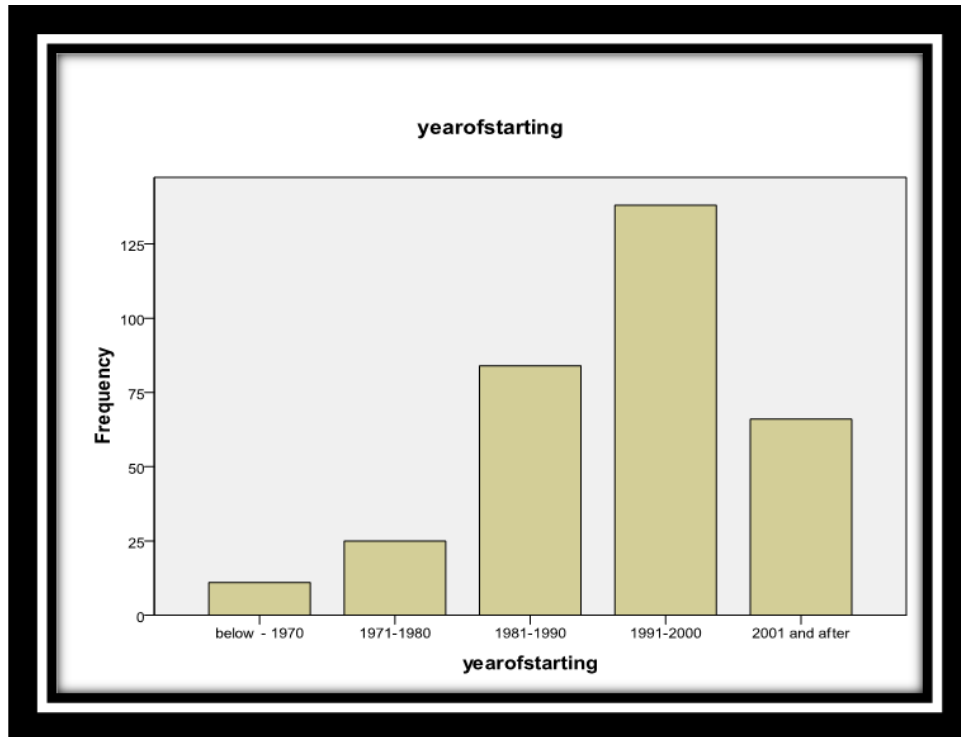
Marital Status



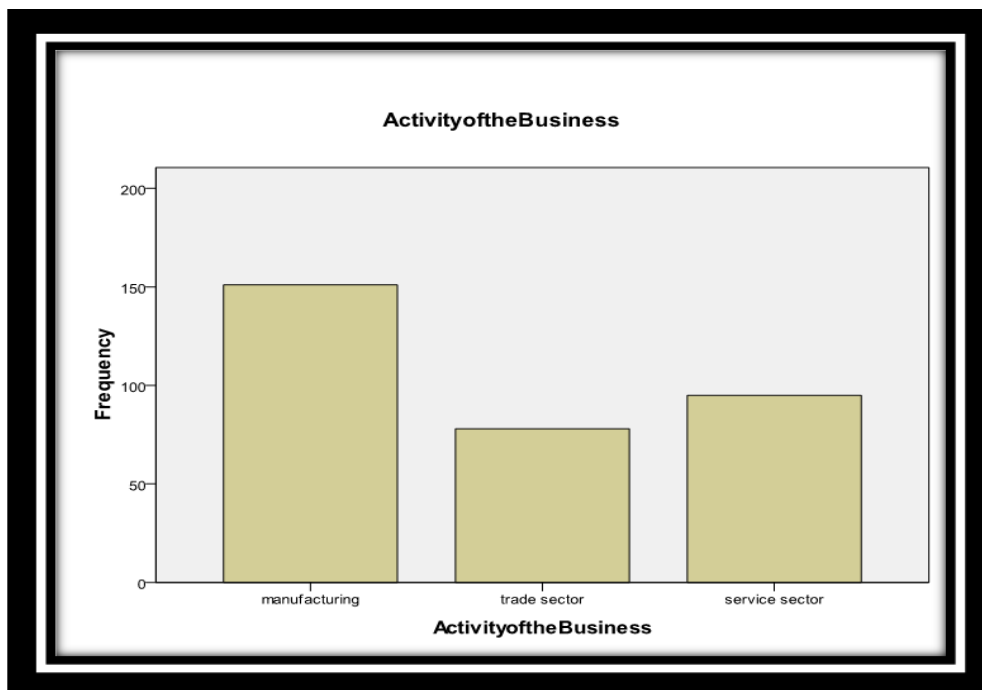
Work Experiences



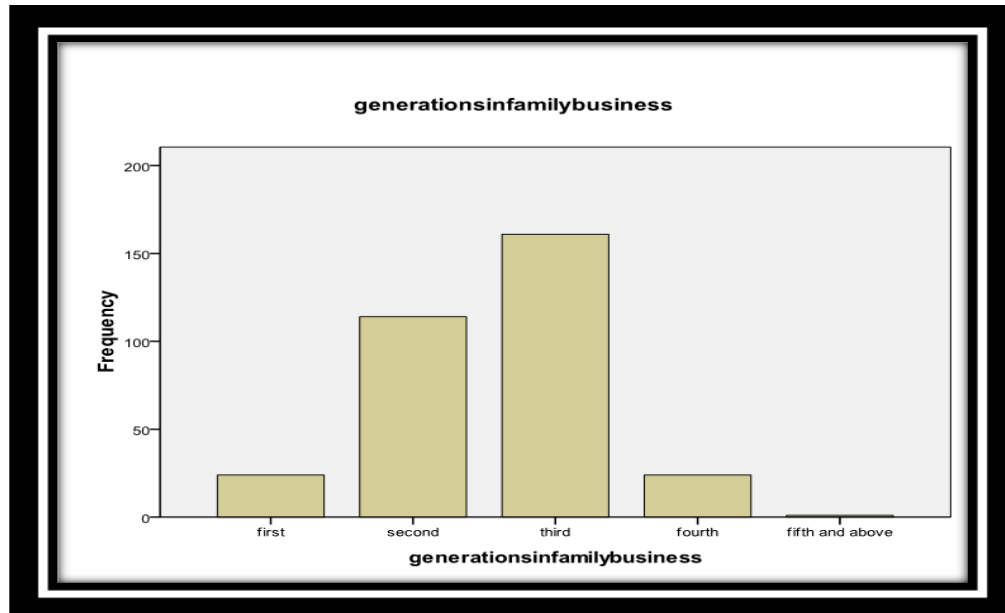
Year of joining the Business



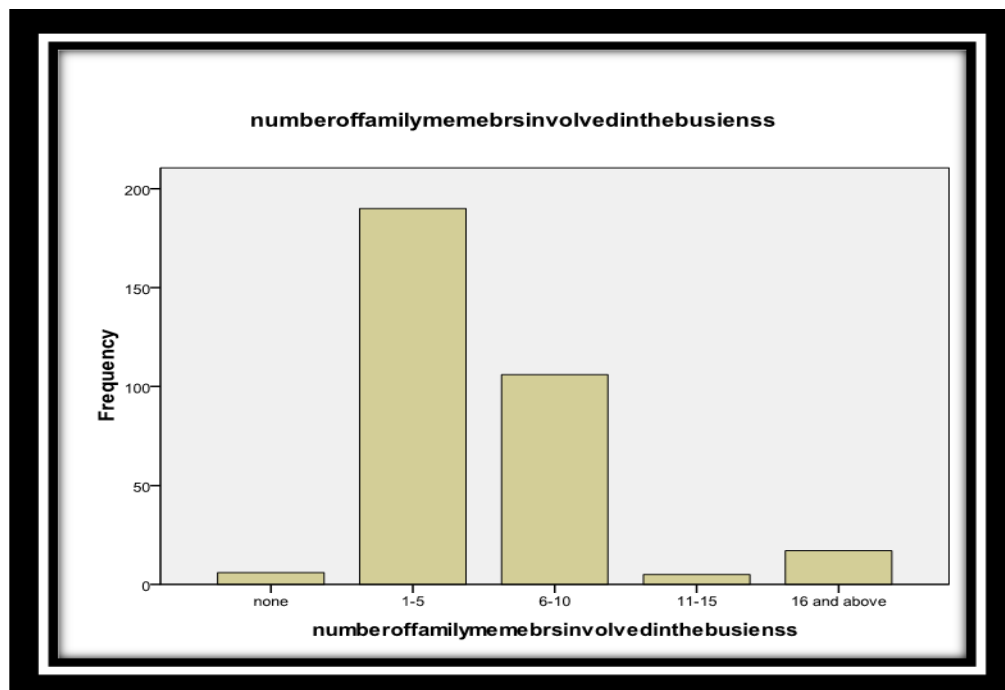
Activity of the Business



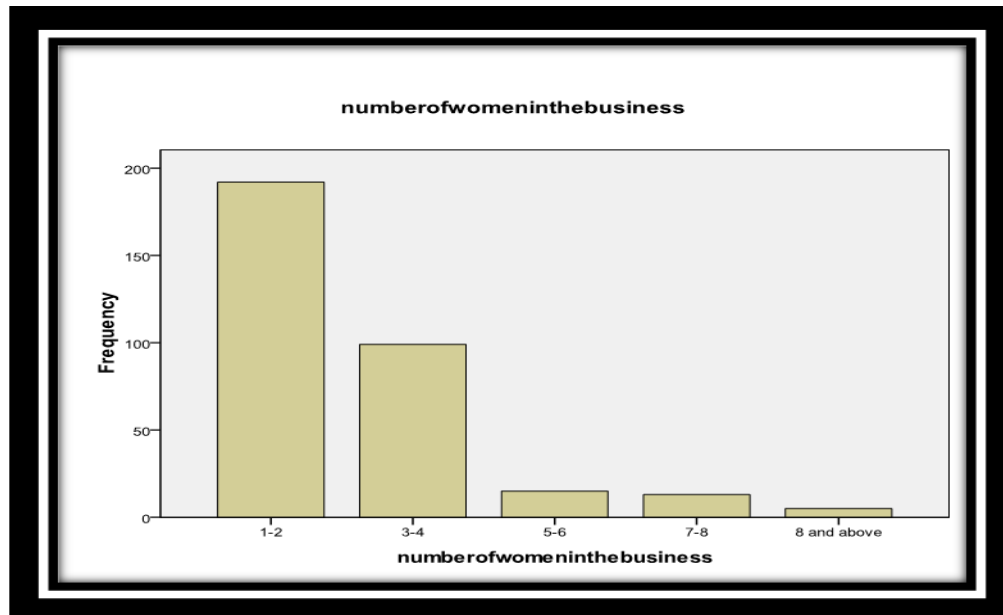
Generations in the family business



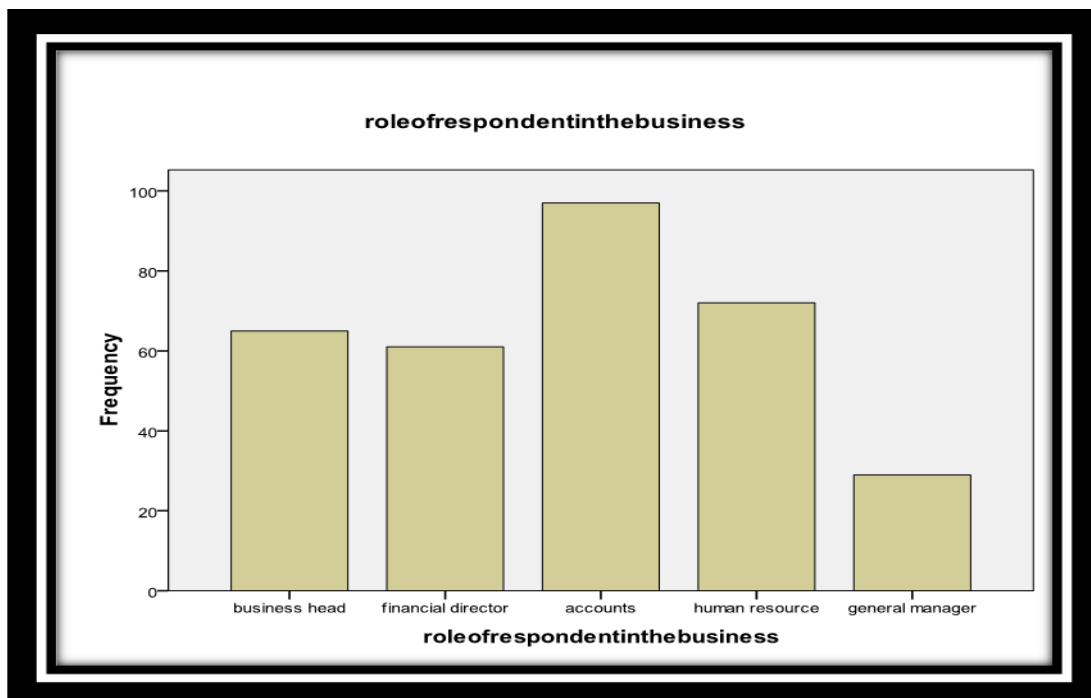
Number of family members involved in the business



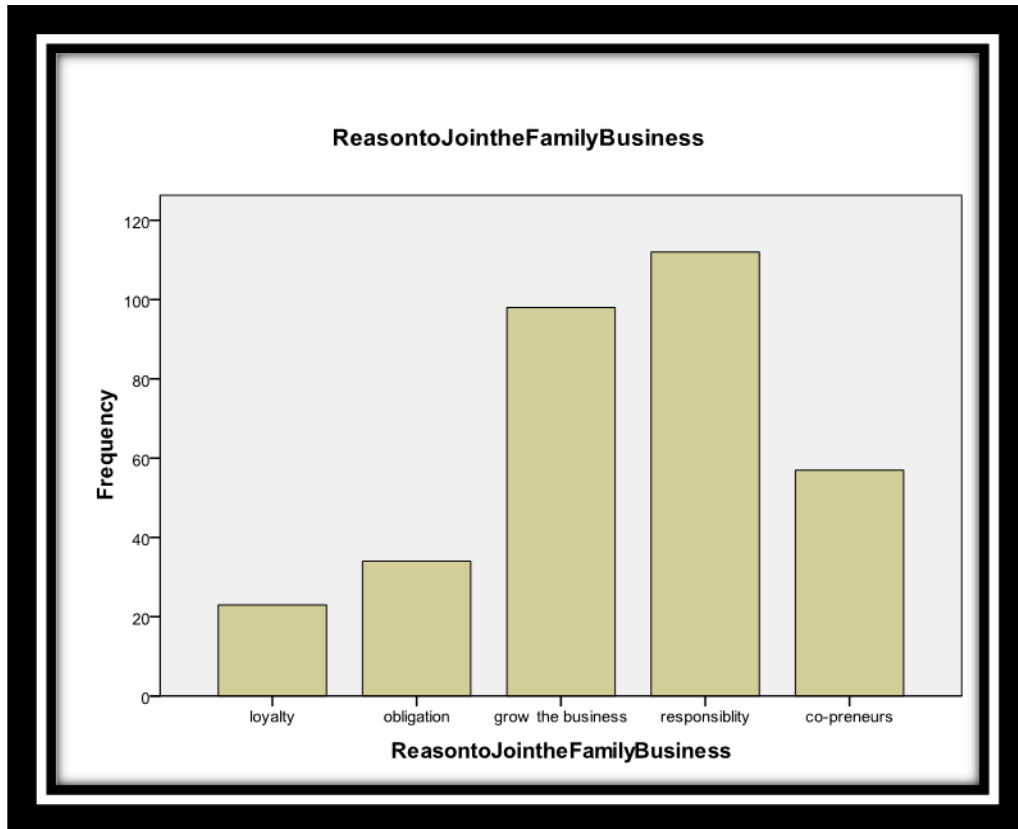
Number of women in the family business



Role of women in the family business



Reasons to join the family business



Annexure 3

List of Family Business

Andhra Pradesh	<p> Allernate Therapy , Cadvision Engineers Pvt Ltd, Sukaso Engineering Enterprises Pvt Ltd, Thermapads Pvt. Ltd, Expert insurance & INDL consi Pvt Ltd, Vision 2K+ Inc, Medical Transcription, Swetha Health Care, Products Pvt Ltd. ,Madhun Tallur. Consultant, Textiles, Construction Industries, Manufacturing Cement Bricks, Lee Champron Infotainment (P) Ltd, Sona International Marketing Agencies, VRS Apparels, Design/Studio Avon Technologies (1) Pvt Ltd, Clarion Enterprises, Sri Sai Madhav V&frTi Culture, Organic Farnn, Sri Murali krishna Enterprises, Software Development, Sona Industries, Mfg Electronic Components, Sri Sai Shanmukha Garments, Monica Agros, Food Industry, Atlanta Print Sytems Pvt Ltd, Computer Stationeries Srija Handicrafts, Toys, Priyanka Enterprises, Cement, Bricks/Tubes, Aditi Infotech, Information Technology, Madhura Entertainment, CD Mfg , Siree Srujans, Garments, Indecor Systems, Mfq of LDP Powders, Vishleshan Training Institute, Medical Transript, Aqua Minerals Pvt. Ltd., Disposable Syringes Pvt. Ltd, Computer Eng. Pvt Ltd, Frontiers Design Syndicate P Ltd Quest International India Ltd, Vivekananda Model School, Education and promotion, S R Constructions, Pvt. Ltd., Viiaya Krishna Industries, Steel Furniture Mfq, Bhudevi Biotech Pvt Ltd, Biotechnology, Cluster Dairy Pvt Ltd, Dairy Farming & Processing, Enertech Engg. Pvt Ltd, Manufacturing shelters, Phenol-Fab Products, Manufacturing Shuttle, Vital Technologies P.Ltd, Information Technology, S.V.S Wires P. Ltd, Engineering, Capintels Trans Solutions Pvt Ltd, RK Sweets, PD Label Makers, Printing of packaging Materials, VA Solutions Pvt Ltd, CPI Intelliskill, Alternate therapy, Meghana House Keeping Consultant, K.N.Biosciences (India) Pvt Ltd, Srinija Equipments, Bodhtree Consulting Pvt Ltd, Software Solutions, Sakhi Home Comforts , Oil Painting & Crafts, Pruvis international , Vignette food specialitites Pvt Ltd., Madhuha Designer wear, Dristi associates, S Mushroom agritech, Anshu institute, Coolex industries, Cherry Blossoms sarees and antique jewellery, Rongoli , Newell fashions, Alok packaging industries </p>
Karnataka	<p> Deepti controls, Zoom Technologies, Tupperware Pvt Ltd., Photonics Ltd, Virgo Ltd., Apollo packer and movers, A A Architect , Adarsh Marketing Services, Energy fitness Ltd., Affinity international, Euro kids , Little elly-pre concept school, Madhu industries, Venpack Thermals, Lead and logic pools and fitness, Irest technologies Pvt. Ltd., Sleek electro polymers Pvt. Ltd, Vimalla impressions, Tarish consultants, Srujana music school, Sharon food & Foto zone, Anand printing, Spoorthi ads, </p>

	Kruthi computer service, Akshara international school, Anju cooking , Kids campus international preschool, Amoha educational Pvt Ltd., Needgrub.com, Industrial chemicals and acids, Chemicals and associates, Princess renju electro chemicals, Sahyadri starch and chemicals, Pooja chemicals, Deepthy labs P Ltd., Super bright engineering , Techno park, Jaya sri plastic, Saroj colour solutions p Ltd, Dwarki and group, Sri lakshmi caterers, Serwel caterers and hirers, Samudra restaurant, Poornima pai, Avi associates, Brigade prints, Triphase technology, Instron electronics, SS engineers,
New Delhi	1 kosha seal-pack machines, Eagle manufacturing company, Perks eng, Poly grow, Print packaging com Pvt Ltd., Dalvi enterprises, SVM wrapping , Micron industries Pvt. Ltd., Sk polypack Lakshmans plastis Pvt. Ltd., Aadinath plastics, Bhagyashri corporation, Prince aqua pure water, Royal agro foods industries Valueinxs, Tit bit foods india Pvt. Ltd., Saf yeast compny Pvt. Ltd Smoking joes pvt ltd., Anvay pharma systems pvt. Ltd, Raj scientific industries, Ishita pharma, Supreme polypack, Pioneer pharma products, Triputi enterprises, Westwide FMCG distributions , Royal agro green foods industries, Makshi infotech Pvt Ltd, Designland –IT software services, Vtalent IT software services, Andromeda sales and distribution, Disha solutions, Eliya enterprises and finances, Apsara imitation bangles, Safety equipments corporations, Pack my bag, Pushti corporation training consultants, v.r resources consultancy, Cap care, Tilaknagar industries Ltd, The Godavari sugar mills Ltd, Medecure, Surya enterprises, Vedan corporation, Geeta va mahila udyog, Handcraft worldwide co., Divya enterprise, Shri venu exports, Vaz exports pvt ltd, Pearls metals, Lovely steel center
Maharashtra	Archies limited, m/s dhan laxmi india, Arts collection in, Bmpys marketing Pvt Ltd., Aks furnitures, Indotec chemicals and polymers Glory dragon enterprises, Balaji venture, Veetee fine foods ltd, Oriflamme india pvt ltd, Indo cosmesi pvt ltd, Rasoi vanaspati industries, Kundan edible products ltd, Kailash ribbon factory ltd Hello minerals water pvt ltd, Einheit attorney and solicitors, BM corporate solutions, Advance consultancy services, Mamta creations, Amita school project, Homemade help desk, Abc technocrats, Roma charts, G arts, ACE international, Adf foods ltd, AI wafer co., AK sales corporate, AG sons, AG beverages, Ac humidification engineers Pvt Ltd, ACE international, Varrenyam consultants pvt ltd, Saksham pharmaceuticals, Sg mediscience, Oriental edumed pvt ltd, Akriti softwares, Cpro it serices pvt ltd, Seed organization, Bag poly international p ltd, Bajaj packers, Zeenat packages, Bhikharam chandmal , Sofia raj chocolates, Victor foods indai pvt ltd, Whitefields international p ltd, Wintech taparia ltd, Amit fruit processing industries, Bhakra industries ltd, Bharat bio products

Tamil Nadu	Nizam food product, Sakthy farms and traders, Lakshimi spirulina farm, Marva enterprises, Aarbee enterprise, Veg india exports, Venkatesa refineries, Venus health care, Victor foods india Pvt. Ltd Wings enterprises pvt ltd. Bharathi impex, A alangaram, Abc plastic industries, Adr agencies, Agk plastic industries, Yem ess pee poly india ltd, Avanthi stores, B N sharma and company, Bafna industries, Bagavti industries, Bags India, Champion business associates pvt tld, S k enterprise, Sam turbo industry ltd, Spark health care, Venkata sai plastic, Nxg healthcare, Gel frost packs co., Mercury chemicals, Xuzhou lejin chemical technology co. ltd, Sahitya enterprises, Jaypranav ayurvedi pharmaceuticals, Jenson enterprises P Ltd, Jerpan Remedies, Jm herbal solution inc, Kalan herbal products, Urmali traders, Tmv group, Triumph formulations , Unichem trading company, Unique biotech indl. Corporation, Life care phyto remedies, Lotus farm products, MI oushadha sala, Mp krishana vaidyar memmoria, Madhur pharma and research laboratories, Maiam trading company, Aar industries, Baba Handloom textiles, Cc values manufacturing Pvt ltd, Can and able industries
Gujarat	ADF foods Ltd., Shri balaji oil industries, Urmi industries , Bhalala food pvt ltd, a-1 eggs center, Vadilal icecreams , Tulja bavani industries, Turnomatics foods pvt ltd, Unique dehydrates Ltd, Unique foods, The Milsan agro food Pvt Ltd., Syp agro food Ltd, Industrial chemicals and acids, Chemicals and associates, Supertech corporation, Supreme packaging firms Spark health care Venkata sai plastic, Nxg healthcare, Gel frost packs co., Mercury chemicals, Xuzhou lejin chemical technology co. ltd, Sahitya enterprises, Jaypranav ayurvedi pharmaceuticals, Jenson enterprises P Ltd, Jerpan Remedies, Jm herbal solution inc, Kalan herbal products, Urmali traders, Tmv group, Triumph formulations , Unichem trading company