

## **BAULKING OF THE RISING GENERATION FROM FAMILY BUSINESSES: AN EXPLORATORY STUDY**

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### **ABSTRACT**

Succession planning is the process of locating and grooming the rising generation leaders to important positions in a family business to take over the managerial responsibilities & ownership tasks from the existing leaders. The success of this process ensures the permanence of the family, aids in avoiding clash within the family and helps in safeguarding the family's legacy. In majority of the cases, the outcome of the transition is decided by how well the business, board of control, and family have prepared. Research studied and analyzed the factors which resulted in reluctance of younger generation towards choosing family businesses as careers. This reluctance poses a challenge to the proprietors during the succession of family businesses. Study was carried out with special reference to Ahmednagar city. Family owned businesses that were actively involved and concerned in the successful execution of succession process of family businesses were contacted. Primary data was gathered from 36 (thirty six) proprietors through in depth interviews.

**KEYWORDS:** Reluctance, Family Businesses, Succession.

### **INTRODUCTION**

Family business succession is the process of transitioning the management, leadership and ownership of a family-owned business from one generation to the next generation. The family owned businesses always expect smooth process of succession planning.

Succession planning is the process of identifying and developing next generation leaders to key positions in a family business to take over the managerial & ownership responsibilities from the current leaders. It ensures continuity of the business and helps to avoid conflict within the family and helps in preserving the family's legacy.

The owners of family owned businesses always have a question in their mind, how to make an effective succession plan? While most family business leaders have an informal succession plan, only a fraction of them have documented the plan and effectively communicated it to all parties involved. A smooth transition to the next generation requires planning far ahead of time to ensure you've selected the right candidates and can thoroughly prepare & mentor your successors. As per SPGC report, 70% of global family businesses do not have a formal succession plan and 50% of family business leaders do not have a formal retirement plan.

An effective succession plan for a family business includes the transition of management roles and responsibilities, as well as the transfer of family wealth from one generation to another. During the creation of a succession plan, we assist families in identifying their value system and developing a continuity plan that promotes transparency, regular communication, and a phased transfer. This preparation is aimed at ensuring the smooth transition for both the family and business stakeholders.

The important steps in the process of succession planning are readiness of the leader, clarity on transition process & framework, identifying potential successors, assessment & development of successors, aligning family & business stakeholders; identify new roles for senior generation.

For the purpose of present study, researcher has considered and analyzed following factors resulting in reluctance of younger generation towards choosing family businesses as careers:

- Father-son or brother-brother rivalry
- Family conflicts
- Looking for better/challenging option
- Want to prove them by establishing other enterprise
- Not agreeing with conventional approach of family business
- Not interested in entrepreneurial activity
- Interested in higher education

## **II) RESEARCH DESIGN**

### **A) Objective of Study**

To study and analyze the different factors resulting in reluctance of younger generation towards choosing family businesses as careers

### **B) Scope of Study**

- Exploratory Research was conducted that covered proprietors (owners) of family owned businesses located in Ahmednagar city in Maharashtra State.
- Proprietors actively involved and concerned in the execution of succession process of family businesses were contacted.
- Retail family businesses involved in business of trading of goods and commodities were considered for present study.

### **C) Data Collection**

Primary data was gathered from 36 (thirty six) individual proprietors by carrying out field survey. Data was collected through semi-structured interviews and one-to-one discussions with the proprietors of family owned businesses.

### **D) Sampling Plan**

- Population included proprietors (owners) of family businesses in Ahmednagar city.
- Sampling Frame included proprietors (owners) who were involved and concerned in the execution of succession process of family businesses.
- Sample Size was 36 (thirty six) individual proprietors.
- Judgmental sampling method was used to draw the sample.

## **III) ANALYSIS AND INFERENCES**

Table 1: Table showing respondent-wise factors resulting in reluctance of younger generation towards choosing family businesses as careers

Factors Resulting in Reluctance of Younger Generation	Degree of Importance					Total
	Very Important	Important	Less Important	Not Important	Neutral	
Father-son or brother-brother rivalry	16	10	2	3	5	36
Family conflicts	8	12	3	6	7	36
Looking for better/challenging option	4	6	10	10	6	36
Prove themselves by establishing other enterprise	5	4	8	10	9	36
Not agreeing with conventional approach of family business	3	4	5	9	15	36
Not interested in entrepreneurial activity	7	5	4	12	8	36
Interested in higher education	2	5	7	6	16	36

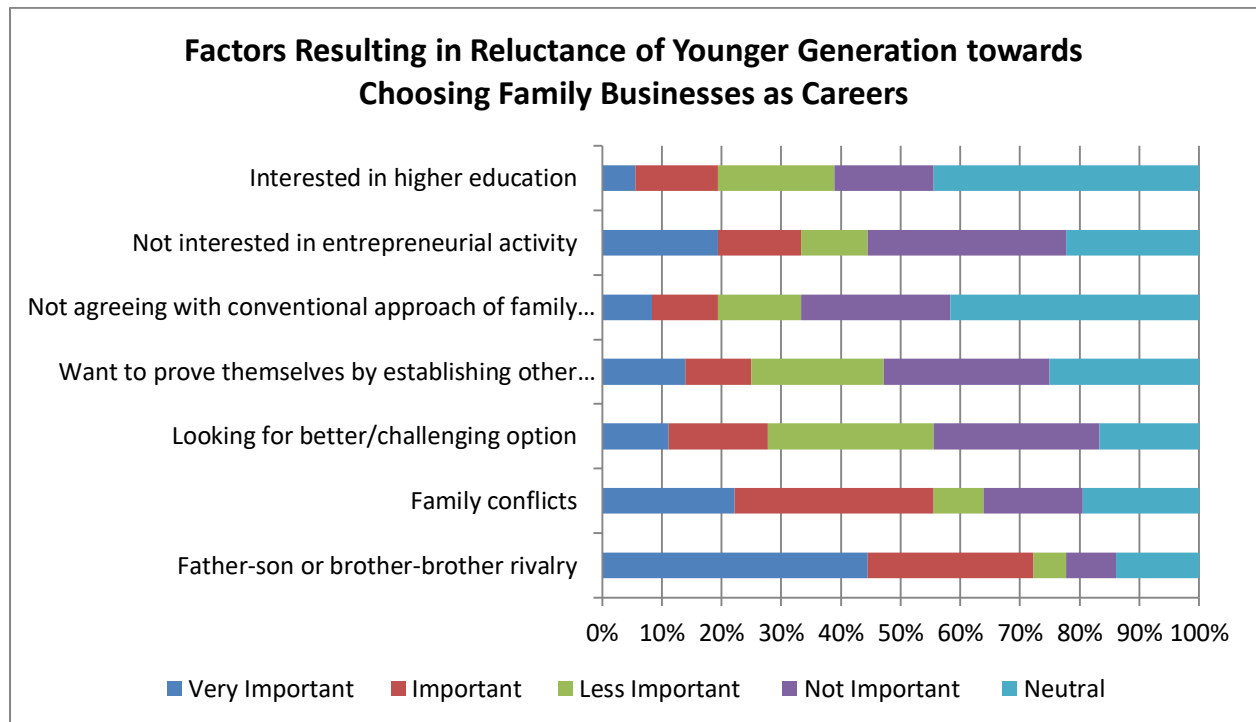
*Source: Compilation from primary data collected*

Table 2: Table showing proportion-wise factors resulting in reluctance of younger generation towards choosing family businesses as careers

Factors Resulting in Reluctance of Younger Generation	Very Important	Important	Less Important	Not Important	Neutral	Total Percentage
Father-son or brother-brother rivalry	44.44	27.78	5.56	8.33	13.89	100.00
Family conflicts	22.22	33.33	8.33	16.67	19.44	100.00
Looking for better/challenging option	11.11	16.67	27.78	27.78	16.67	100.00
Prove themselves by establishing other enterprise	13.89	11.11	22.22	27.78	25.00	100.00
Not agreeing with conventional approach of family business	8.33	11.11	13.89	25.00	41.67	100.00
Not interested in entrepreneurial activity	19.44	13.89	11.11	33.33	22.22	100.00
Interested in higher education	5.56	13.89	19.44	16.67	44.44	100.00

*Source: Compilation from primary data collected*

**Graph 1: Graph showing proportion-wise factors resulting in reluctance of younger generation towards choosing family businesses as careers**



Above tables and graph indicated respondents-wise and proportion-wise factors resulting in reluctance of younger generation towards choosing family businesses as careers in Ahmednagar city.

Following inferences were drawn based on above analysis:

- Factor of rivalry between father and son or between brother and brother was considered as very important (44.44%) or important (27.78%).
- Factor of conflicts and disputes among the family members was considered as important (33.33%) or very important (22.22%).
- Factor of looking / searching for better or challenging option was considered as less important (27.78%) or not important (27.78%).
- Factor of willingness to prove own-self by establishing and setting up another enterprise was considered as not important (27.78%) or less important (22.22%).
- Factor of not agreeing with the conventional (traditional) approach of family business was considered as not important (25%) or less important (13.89%).
- Factor of not interested in entrepreneurial or business activity was considered as not important (33%) or very important (19.44%).
- Factor of interested in higher education was considered as less important (19.44%) or not important (16.67%).

#### IV) CONCLUSION

Following factors were considered as very important or important in resulting in reluctance of younger generation towards choosing family businesses as careers:

- Rivalry and competition between father and son or between brother and brother

- Conflicts and disputes among the family members

Following factors were considered as less important in resulting in reluctance of younger generation towards choosing family businesses as careers:

- Looking / searching for better or challenging option
- Interested in higher education

Following factors were considered as not important in resulting in reluctance of younger generation towards choosing family businesses as careers:

- Willingness to prove own-self by establishing and setting up another enterprise
- Notagreeing with the conventional (traditional) approach of family business
- Notinterested in entrepreneurial or business activity

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