

## **STUDY ON RELATIONSHIP BETWEEN SKILLS REQUIRED IN PROPRIETORS AND PERFORMANCE OF FAMILY ENTERPRISES IN AHILYANAGAR**

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### **ABSTRACT**

Family business is a business venture owned, governed, controlled and managed on continuous, sustainable and cross-generational basis by members of one single family. Family members aim to establish and further achieve / attain the vision, mission and goals of business. This family business may be a company or a firm where family members possess major share of ownership and have complete control over entire activities and aspects of business. Family businesses help boosting healthy market competition, thereby offering quality products and services at reasonable prices. This subsequently improves standard of living of people by large. Research aimed to study the relationship between skills required in proprietors and performance of family enterprises in Ahilyanagar taluka. Descriptive research design was used. Primary data was gathered from proprietors of family enterprises having experience of atleast five years located in Ahilyanagar taluka. Pearson Chi-Square Test for independence was applied for statistical testing.

Keywords: Skills Required, Proprietors, Performance, Family Enterprises

### **I) INTRODUCTION**

Family business is a business venture owned, governed, controlled and managed on continuous, sustainable and cross-generational basis by members of one single family. Donnelly R. (1964) defined family firm as '*the one which has been narrowly recognized with at least two generations of a family and when this link has had a common effect on organization strategy and on the interests and objectives of the family.*'

Family members come together and collectively own and manage the business enterprise. They internal finance the business rather than searching and looking around for capitalist. At the time of exiting the business, owner prefers to transfer or hand over the running firm to family members rather than closing or winding up the business.

Qaiser Rafique Yasser (2011) mentioned '*Family Controlled Businesses included all enterprises that are owned, controlled or drastically influenced by a specific family or families and having a significant dominant position in firms' equity. These firms are founded by the current top executives or their fore fathers. This is the case when the family has the final say in whoever is responsible for managing it.*'

Family members aim to establish and further achieve / attain the vision, mission and goals of business. This family business may be a company or a firm where family members possess major share of ownership and have complete control over entire activities and aspects of business.

Family businesses have been contributing remarkably in the development and progress of nation. These businesses are prime source of employment, income and living to major part of population providing employment and sustenance to large number of people.

Family businesses help boosting healthy market competition, thereby offering quality products and services at reasonable prices. This subsequently improves standard of living of people by large.

## II) LITERATURE REVIEW

- Nor Fuad Bin Abdul Hamid (2013) explored influence of family business cultures through three circle model of family business by Gersick entrepreneurial orientation by Covin and Selvin and New Economic Policy (NEP) from 1971 to 1990 as Intervention and Affirmative Policy of Malaysian Government on Survival of Malay and Chinese family businesses of micro scale and small scale. Two empirical studies were conducted at Klang Valley that was fastest growing economic region. Study contributed to literature on effectiveness of Government regulation and intervention on micro and small-sized family businesses and entrepreneurship. Malays improved preparedness to set-up business networks with Chinese counterparts. Implementation NEP was widely regarded successful in area of education which improved significantly, mainly creating large number of middle-class Malays by empowering small groups with access to education during two decades of implementation.
- Dinesh S., et. al. (2019) investigated conditions of Indian family businesses. Study tried to identify reasons behind success of family owned businesses and also highlighted reasons for failure of family-owned firms. Empirical design was used covering sample of 450 respondents randomly selected from small business firms. Family businesses had strong traditional base comprising strong family cultures, own values and market goodwill. Women who were only passive family members should possess complete understanding of business. Younger generation should be aware about history of family business. Elder / senior family members were responsible to discuss preliminary days of struggle and journey to business success rather than getting involved into family politics.
- Takwi Francis, et. al. (2020) discussed how succession was managed in family owned businesses during transitional period of company. Objective of research was to provide guidelines for executing strategies for family business succession. Research was based on secondary data in which 198 articles, studies and literature published in 15 years were reviewed and analyzed. Family business experienced many challenges as well as rewards. These characteristics of family owned businesses offered special challenges and opportunities in operations. Study found family businesses distinguish between family issues and business matters that were required to be handled with utmost care as this resulted difference between success and failure. Family governance issues were aspects of poor management approach and outdated family culture. In order to succeed, family business were suggested to keep communication lines open, use of strategic planning tools and engage assistance of outside advisors as needed.
- Renuka V. and Maratha Bhasi (2021) discussed intervening role of management succession planning in India. Research analyzed impact of Governance Structure on success of succession process in Indian family businesses. Researcher developed mediation research framework to examine role of management succession planning as essential factor in attaining success of succession process. Although family owners recognized importance of management succession planning, they hardly planned and prepared for the same. Such owners were given tasks of preparing succession plans and implementing good Governance Structure. Successors were expected to be capable and well-trained to boost business to next level of growth.

### **III) RESEARCH DESIGN**

#### **a) Objective of study**

- To study the relationship between skills required in proprietors and performance of family enterprises in Ahilyanagar

#### **b) Methodology**

- Descriptive research design was used.
- Quantitative approach was adopted.

#### **c) Statement of Hypothesis**

$H_0$ : There is no relationship between skills required in proprietors and performance of family enterprises

$H_1$ : There is relationship between skills required in proprietors and performance of family enterprises

Proprietors of family enterprises are expected to acquire and possess numerous skills to managing activities and responsibilities of their respective business enterprises. For present study, skills required in proprietors were considered as independent factor.

Performance of family enterprises was dependent on and got influenced by numerous aspects. For present study, performance of family enterprises was considered as dependent factor.

#### **d) Scope of Research**

- Skills required in proprietors included:
  - 1) Understanding of business
  - 2) Monitoring and control over business
  - 3) Leadership and governance
  - 4) Integrity and reliability
  - 5) Honesty and trustworthiness
  - 6) Care and attention of family members
  - 7) Co-ordination with stakeholders
  - 8) Control and management of finance
  - 9) Substance and succession planning
  - 10) Administrative and managerial skills
- Performance of family enterprises evaluated based on:
  - 1) Increase in sales revenue
  - 2) Increase in profitability
  - 3) Reduce operational expenditure
  - 4) Optimum utilization of resources
  - 5) Satisfaction of customers

#### e) Sampling Plan

- Population: Proprietors (owners) of family enterprises located in Ahilyanagar taluka.
- Sampling Frame: Proprietors (owners) of family enterprises having experience of atleast five years were considered.
- Sample Size: 60 individual proprietors
- Sampling Method: Convenience sampling method

f) Data Analysis: Pearson Chi-Square Test for independence was applied and values were determined and calculated for testing the hypothesis using SPSS Software at 95% level of confidence.

#### IV) STATISTICAL ANALYSIS

Table 1: Case summary and chi-square test for relationship between skills required in proprietors and performance of family enterprises in Ahilyanagar taluka

Cases / Factors	Case Summary					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Skills required in proprietors x performance of family enterprises	60	100.0%	0	0.0%	60	100.0%
Independent Variable	Skills Required in Proprietors (10 skills considered)					
Dependent Variable	Performance of family enterprises (5 measures considered)					

Chi-Square Tests	Value	Df	Significance Level (2-sided)
Pearson Chi-Square	158.228 <sup>a</sup>	4	0.001
Likelihood Ratio	112.397	4	0.000
Linear-by-Linear Association	46.143	1	0.000
Standard Deviation	0.2948		
Mean Square	42.692		

Above table showed results of Pearson Chi-Square test: Chi square value = 158.228, Degree of freedom = 4, Mean Square = 42.692, p > 0.05.

Applying the chi-square test, it was inferred that there existed significant relationship between the selected two aspects. Thus, null hypothesis ( $H_0$ ) got rejected and alternate hypothesis ( $H_1$ ) got accepted.

#### V) CONCLUSION

- Research found there was significant relationship between skills required in proprietors and performance of family enterprises in Ahilyanagar taluka.

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