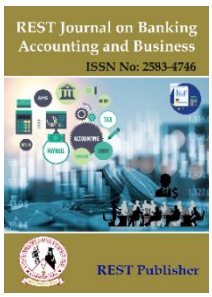
REST Journal on Banking, Accounting and Business
Vol: 3(3), September 2024
REST Publisher; ISSN: 2583 4746
Website: http://restpublisher.com/journals/jbab/
DOI: https://doi.org/10.46632/jbab/3/3/7



A Study About Family Businesses in Kanyakumari District

***C. S. Goldie Sheila Jesolit, Chithra James**
Women's Christian College, Nagercoil, Tamil Nadu, India.
**Corresponding author: goldiesheilajesolit@yahoo.com*

Abstract: *Family Businesses are the oldest form of commercial organization and plays a crucial role in the development of the economy. It is a distinctive organization form with concentrated ownership, deep-rooted tacit knowledge, and lengthy family tenures. These are commercial organizations which are passed on from generations to generations and hence, the members in the family tend to influence the business decision making process (Baltazar et al. 2023). Family business aids in the survival of an individual when there is high unemployment rate and it provides job opportunities as well. However, there are problems involved in family businesses such as inability to incorporate business knowledge to the other family members. This can cause hindrance in the development of the business and even lead to the closure of the business. (Amenah et al. 2023) The research objective of the study is to analyse the issues faced in family businesses and providing the required suggestions. The primary data collection is through convenience sampling, and the sample size is 120. The secondary data collection was through journals, books, websites and databases. The statistical analysis revealed significant differences between age groups and the advantages of family businesses, particularly in areas such as long-term vision, commitment, trust, and agility. Similarly, key challenges like family conflicts, lack of succession planning, and resistance to change were found to significantly impact family businesses, highlighting the need for targeted interventions.*

Keywords: *Customers, Family Businesses, Family Members, Generations, Traditional Stores.*

1. INTRODUCTION

A family business is a commercial institution in which controlling, directing, governing, managerial functions is influenced by multiform generations of a family, related by blood or marriage or adoption, who has both the aptitude to affect the insight vision of the enterprise and the eagerness to use this potentiality to continue discrete goals. There are two or more members in any business any business and the maximum partnership or controlling lies within a family. In recent years, financial modernization and fast improvement of the industrial ground have not only created growth probabilities for several, but have also checked their investment potential to respond to them; some have chosen to continue the position of a guardian or protector of their present resources and followed the conservation pathway, while others have dogged more of an enterprising road of manipulating their adversary. Their families are one of the main weapon for both of them, and the success and strength of their kith and kin is their essential interest. India has attained the third highest position in running family businesses as around ninety per cent of the businesses belong to family businesses. It aids in the prosperity and the development of the business as a whole (Prena, 2021) . However, there are various issues involved in family businesses as well such as jealousy and unfair decision making practices. This study aids in analysing the advantages and issues faced in family businesses.

2. OBJECTIVES

- To analyse the advantages of family businesses in Kanyakumari District.
- To examine the issues faced in family businesses in Kanyakumari District.
- To provide with suitable suggestion for solving the issues faced.

Hypothesis

- H01 - There is no significant difference between the age and the advantages involved in family businesses.
- H02 – There is no significant difference in the issues faced in family businesses.

- H03 - There is no significant mean difference among the suitable suggestions for solving the issues faced in family businesses.

3. RESEARCH METHODOLOGY

The researcher opts for a Convenience Sampling method to collect the data for the research among 120 family business owners in Kanyakumari District. The collection of primary data is through a well-structured questionnaire through Google Forms. In secondary data collection, journals, books, databases, and transcripts were the sources of information. The statistical tools used for the research are Percentage Analysis, One-Way ANOVA, One-Sample t-Test and Friedman Test with the aid of SPSS Software.

4. REVIEW OF LITERATURE

Kavediya (2017) analyses the "Challenges and Problems Faced by Family Businesses in India". The objective is to Suggest measures to overcome problems and challenges of family businesses in India. Family business members should learn that no generation is wrong but each generation has different skills and culture. Once families will understand about these changes and need to appreciate different perspectives whether young or old, they will be able to harmoniously work with professionals and across generations. Parent generation need to accept the involvement of new generation. The next generation has to learn to appreciate parents' wisdom and understand that there is no substitute for hard work

Hastenteufel and Staub (2019) studies about "Current and future challenges of family businesses". The aim is to describe and analyse the current challenges of family businesses. especially in times of globalization, digitization and increased innovation requirements, it is essential for companies to take on the tasks involved in order to be competitive in the long term and to be successful in the market. The specific challenges faced by family businesses are to position their business models in a field of conflict between a generally strong sense of tradition on the one hand and growing innovative developments on the other hand, so that their values are preserved and at the same time remain future oriented.

Prena (2021) examines the "Role of Family Business in India : Challenges & Suggestive Approaches". The study aims to study the Suggestive measures to overcome the challenges of Family businesses in India. The family business continues to be an essential component of the global financial aspects and a location for understanding arguments in family relationships internationally. For family business, it is not straightforward to involve some external expert as an advisory body. The issues like mistrust and conflicts arises when members of the family have fear in the mind to lose his authority that he has been maintained for several years

5. ANALYSIS AND INTERPRETATION

A demographic profile is a detailed description of a population based on specific characteristics such as age, gender, income, education, occupation, marital status, ethnicity, and geographic location. It is commonly used in marketing, sociology, and business to understand the composition of a target audience or group. The table below reveals the demographic profile of the respondents.

TABLE 1. Demographic Profile

Particulars		Frequency	Percent
Age	18-25	22	18.3
	26-33	6	5.0
	34-41	25	20.8
	42-49	41	34.2
	50 and Above	26	21.7
	Total	120	100.0
Gender	Male	83	69.2
	Female	37	30.8
	Total	120	100.0
Annual Income from Family Business	Rs. 3,00,000 and Below	16	13.3
	Rs. 3,00,001 to 6,00,000	21	17.5
	Rs. 6,00,001 to 9,00,000	20	16.7
	Rs. 9,00,001 to 12,00,000	43	35.8
	Above Rs. 12,00,000	20	16.7
	Total	120	100.0

Copyright@ REST Publisher

Nature of Family	Nuclear	24	20.0
	Joint	96	80.0
	Total	120	100.0
Number of Member	Less than 4	31	25.8
	4-8	64	53.3
	More than 8	25	20.8
	Total	120	100.0
Current Accommodation Status	Own House	52	43.3
	Rented House	48	40.0
	Leased House	20	16.7
	Total	120	100.0
Taluk	Agastheeswaram	30	25.0
	Thovalai	18	15.0
	Vilavancode	12	10.0
	Thiruvattar	24	20.0
	Kalkulam	6	5.0
	Killiyoor	30	25.0
	Total	120	100.0

Source: Primary Data: The above table depicts that 34.2 per cent (41) of the respondents belong to the age group of 42-49. It is followed by the respondents belonging to the age group of 50 and above, 34-41 and 18-25 with 21.7 per cent (26), 20.8 (25) and 18.3 (22), respectively. Only 5.0 per cent (6) of the respondents belong to the age group of 26-33. 69.2 per cent (83) of the respondents are male, while 30.8 per cent (37) of the respondents are female. Most of the respondents' annual income from the family businesses are Rs. 9,00,001 to 12,00,000 with 35.8 per cent (43). It is followed by those having an annual income from the family businesses of Rs. 3,00,001 to 6,00,000, Rs. 6,00,001 to 9,00,000, and Above Rs. 12,00,000 with 17.5 per cent (21), 16.7 per cent (20) and 16.7 per cent (20), respectively. The least number of respondents earn an annual income from the family businesses of Rs. 3,00,000 and Below with 13.3 per cent (16). Majority of the respondents, 80.0 (96) are from joint family, while 20.0 per cent (24) of the respondents are from nuclear family. Most respondents, 53.3 per cent (64), have four to eight members in their family. 25.8 per cent (31) of the respondents have less than four members in their family and only 20.8 per cent (25) of the respondents have more than eight members in their family. Around 43.3 per cent (52), are living in their own house. 40.0 per cent (48) of the respondents are living in a rented house and only 20.0 per cent (16.7) of the respondents reside in a leased house. Majority, 25.0 per cent (30) of the respondents belong to Agastheeswaram Taluk and another 25.0 per cent (30) belong to Killiyoor Taluk. The respondents belonging to Thiruvattar Taluk, Thovalai Taluk, and Vilavancode Taluk are 20.0 per cent (24), 15.0 per cent (18), and 10.0 per cent (18), respectively. The least number of respondents, 5.0 per cent (6), belongs to Kalkulam. 3.2 – Advantages of Family Businesses in Kanyakumari District Family businesses in Kanyakumari district offer several advantages due to their unique structure and the cultural, economic, and social environment of the region. Table 3.2 analyzes the age and the advantages of family businesses in Kanyakumari District with the use of One-Way ANOVA. H_{01} - There is no significant difference between the age and the advantages involved in family businesses.

TABLE 2. Advantages of Family Businesses in Kanyakumari District

Advantages		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Long-Term Vision and Stability	Between Groups	5.345	4	1.336	5.218	0.001**
	Within Groups	29.455	115	0.256		
	Total	34.800	119			
Strong Commitment and Loyalty	Between Groups	5.230	4	1.308	4.413	0.002**
	Within Groups	34.070	115	0.296		
	Total	39.300	119			
Enhanced Trust and Reputation	Between Groups	9.858	4	2.465	5.953	<0.001**
	Within Groups	47.608	115	0.414		
	Total	57.467	119			
Agility and Quick Decision-Making	Between Groups	47.791	4	11.948	14.049	<0.001**
	Within Groups	97.801	115	0.850		
	Total	145.592	119			
Cost Efficiency	Between Groups	33.374	4	8.343	15.232	<0.001**
	Within Groups	62.993	115	0.548		

	Total	96.367	119			
Strong Values and Culture	Between Groups	33.374	4	8.343	15.731	<0.001**
	Within Groups	60.993	115	0.530		
	Total	94.367	119			
Personalized Customer Service	Between Groups	37.192	4	9.298	9.580	<0.001**
	Within Groups	111.608	115	0.971		
	Total	148.800	119			
Stable Leadership and Continuity	Between Groups	52.187	4	13.047	0.628	0.644
	Within Groups	2390.180	115	20.784		
	Total	2442.367	119			
Strong Family Networks	Between Groups	26.435	4	6.609	5.967	<0.001**
	Within Groups	127.357	115	1.107		
	Total	153.792	119			
Adaptability Across Generations	Between Groups	12.334	4	3.084	2.899	0.025*
	Within Groups	122.333	115	1.064		
	Total	134.667	119			

Source: Primary Data ** denotes significant at 1%, * denotes significant at 5% Table 3.2 reveals that p-value is less than 0.01 at 99% confidence level and the null hypothesis is rejected for Long-Term Vision and Stability, Strong Commitment and Loyalty, Enhanced Trust and Reputation, Agility and Quick Decision-Making, Cost Efficiency, Strong Values and Culture, Personalized Customer Service and Strong Family Networks. Hence, the alternate hypothesis, 'There is a high significant difference between the age and the advantages involved in family businesses.', is accepted. As the p-value for 'Adaptability Across Generations' is 0.025, the null hypothesis is rejected at 5% significance level. Hence, the alternate hypothesis, 'There is a significant difference between the age and the advantages involved in family businesses', is accepted. As the p-value for 'Stable Leadership and Continuity' is 0.644, the null hypothesis, 'There is no significant difference between the age and the advantages involved in family businesses', is accepted at 5% significance level. 3.3 – Issues Faced in Family Businesses in Kanyakumari District Family businesses in Kanyakumari district, while offering numerous advantages, also face several challenges that can affect their sustainability and growth. It is understood through One-Sample t-Test.
H_{02} – There is no significant difference in the issues faced in family businesses

TABLE 3. Issues Faced in Family Businesses In Kanyakumari District

Issues	t	df	Sig. (2-tailed)	Mean Difference
Family Conflicts	22.485	119	<0.001**	1.750
Lack of Succession Planning	25.554	119	<0.001**	1.683
Resistance to Change	15.190	119	<0.001**	1.525
Nepotism and Favouritism	13.553	119	<0.001**	1.442
Difficulty in Attracting and Retaining Talent	17.948	119	<0.001**	1.517
Blurred Boundaries Between Family and Business	19.395	119	<0.001**	1.583
Limited Growth Potential	19.887	119	<0.001**	1.617
Generational Differences	15.674	119	<0.001**	1.600
Inflexibility in Leadership	5.360	119	<0.001**	2.217
Emotional Decision-Making	14.856	119	<0.001**	1.542
Financial Risks	2.864	119	0.005**	0.358
Limited Perspective	2.110	119	0.037*	0.250

Source: Primary Data ** denotes significant at 1%, * denotes significant at 5% Table 3.3 reveals that p-value is less than 0.01 at 99% confidence level and the null hypothesis is rejected for 'Family Conflicts', 'Lack of Succession Planning', 'Resistance to Change', 'Nepotism and Favouritism', 'Difficulty in Attracting and Retaining Talent', 'Blurred Boundaries Between Family and Business', 'Limited Growth Potential', 'Generational Differences', 'Inflexibility in Leadership', 'Emotional Decision-Making' and 'Financial Risks'. Hence, the alternate hypothesis, 'There is a high significant difference in the issues faced in family businesses', is accepted. As the p-value for 'Limited Perspective' is 0.037, the null hypothesis is rejected at 5% significance level. Hence, the alternate hypothesis, 'There is a significant difference in the issues faced in family businesses', is accepted. 3.4 – Suitable Suggestions for Solving the Issues Faced in Family Businesses There are several suggestions that are available for the family business owners to use while solving the issues faced. The most apt suitable suggestions is analysed with the aid of Friedman Test.

H03 - There is no significant mean difference among the suitable suggestions for solving the issues faced in family businesses.

TABLE 4. Suitable Suggestions for Solving the Issues Faced in Family Businesses

Suggestions	Mean Score	Rank
Establish Clear Succession Planning	4.750	I
Separate Family and Business Matters	4.683	II
Implement Professional Management Practices	3.535	VI
Foster Open Communication	4.442	IV
Encourage Innovation and Adaptation	3.517	VII
Develop a Family Business Constitution	4.583	III
Promote Merit-Based Employment	2.467	VIII
Explore External Financing Options	2.117	IX
Regularly Review and Modernize Business Practices	1.300	X
Strengthen Governance Structures	4.413	V
N	120	
Chi-Square	22.052	
df	9	
Asymp. Sig.	0.009**	

Source: Primary data ** denotes significant at 1%, Table 3.4 reveals that the most suitable suggestion is to 'Establish Clear Succession Planning' with a mean score of 4.750. It is followed by 'Separate Family and Business Matters', 'Develop a Family Business Constitution', 'Foster Open Communication', 'Strengthen Governance Structures', 'Implement Professional Management Practices', 'Encourage Innovation and Adaptation', 'Promote Merit-Based Employment', and 'Explore External Financing Options' and hence ranked in the second, third, fourth, fifth, sixth, seventh, eighth and ninth position. The least suitable suggestion is to 'Regularly Review and Modernize Business Practices' with a mean score of 1.300 and hence ranked in the tenth position. As the p-value is 0.009, the null hypothesis is rejected at 99% confidence. Hence, the alternate hypothesis, 'There is a high significant mean difference among the suitable suggestions for solving the issues faced in family businesses', is accepted

6. FINDINGS AND CONCLUSION

In conclusion, the study provides valuable insights into the advantages, challenges, and suitable solutions for family businesses. The statistical analysis revealed significant differences between age groups and the advantages of family businesses, particularly in areas such as long-term vision, commitment, trust, and agility. Similarly, key challenges like family conflicts, lack of succession planning, and resistance to change were found to significantly impact family businesses, highlighting the need for targeted interventions. The most suitable solution, as indicated by the analysis, is the establishment of clear succession planning, followed by separating family and business matters and fostering open communication. These strategies, along with professional management practices and governance structures, are crucial for addressing the complexities faced by family-owned enterprises. Overall, the findings emphasize the importance of a structured approach to family business management, ensuring both the preservation of family values and the pursuit of long-term success. In light of these findings, it is recommended that family businesses prioritize the development of a clear succession plan and adopt professional management practices to ensure longevity and growth. Encouraging open communication and separating family matters from business decisions will foster a more transparent and effective work environment. Additionally, regular reviews of business practices and a focus on innovation are essential for staying competitive in today's dynamic market. By addressing these issues proactively, family businesses can leverage their unique strengths while mitigating the challenges, ensuring long-term sustainability and success across generations.

REFERENCE

[1]. Baltazar, J. R., Fernandes, C. I., Ramadani, V., & Hughes, M. (2023). Family business succession and innovation: a systematic literature review. Review of Managerial Science, 1–24. Advance online publication. https://doi.org/10.1007/s11846-022-00607-8

[2]. Amenah, A, Maghfiroh, M, Wardana, L W, Indrawati, A & Setiawan, B (2023). Problems in Family Business : Systematic Literature Review

[3]. (SLR). Journal of Management and Social Sciences, 2(2), 174-188. Sekolah Tinggi Ilmu Administrasi (STIA) Yappi Makassar. https://doi.org/10.55606/jimas.v2i2.273.

[4]. Prena (2021). Role of Family Business in India : Challenges & Suggestive Approaches. Journal of Advances and Scholarly Researches in Allied Education. 18(7), 155-159. Ignited Mind Journals.

[5]. Kavediya, S (2017). Challenges and Problems Faced by Family Businesses in India. International Journal of Science and Technology Management. 6(4), 30-34. Science India Publication.
[6]. Hastenteufel, J & Staub, M (2019). Current and future challenges of family businesses. Managerial Economics. 20(2), 119-132. AGH University of Science and Technology Press. https://doi.org/10.7494/manage.2019.20.2.119
[7]. Prena (2021). Role of Family Business in India : Challenges & Suggestive Approaches. Journal of Advances and Scholarly Researches in Allied Education. 18(7), 155-159. Ignited Mind Journals..