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; Rwigma & 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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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**

<table>
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<tr>
<th>Author (Year)</th>
<th>Definition</th>
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| 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’.
<p>| 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,’ |</p>
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<tr>
<th>Author(s)</th>
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<td>Carsud (1994:42)</td>
<td>‘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’.</td>
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<td>Churchill and Hatten (1987:52)</td>
<td>‘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’.</td>
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<td>Davis and Tagiuri (1985)</td>
<td>‘A business in which two or more extended family members influence the direction of the business’.</td>
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<td>Dyer (1986:xiv)</td>
<td>‘A business in which decisions regarding its ownership or management are influenced by a relationship to a family’.</td>
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<tr>
<td>Gallo and Sveen (1991:181)</td>
<td>‘A business where a single family owns the majority of stock and has total control’.</td>
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<tr>
<td>Handler (1989:262)</td>
<td>‘An organization whose major operating decisions and plans for leadership succession are influenced by family members serving in management or on the board’.</td>
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<tr>
<td>Holland and Oliver (1992:27)</td>
<td>‘Any business in which decisions regarding its ownership or management are influenced by a relationship to a family or families’.</td>
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<tr>
<td>Lansberg and Astrachan (1994:39)</td>
<td>‘A company that is owned or controlled by a family and in which one or more relatives is involved with management’.</td>
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<tr>
<td>Lansberg et al (1988:2)</td>
<td>‘Any business in which members of a family have legal control over ownership’.</td>
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<tr>
<td>Rosenblatt, et al (1985:4)</td>
<td>‘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’.</td>
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<td>Upton and Sexton (1987:316)</td>
<td>‘A business that includes two or more relatives and has at least two generations working together’.</td>
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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).


- 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 lacks 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 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 family businesses. 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 Tuckker, 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 counties. 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 (Mroczkowshi, 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, Martinew (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 100 years.

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 Banias, 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. 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.

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 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.

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 women 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 Bharthi 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 were courage moved the mountain of debris of beliefs and freed themselves from the chains and shacks 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 a 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 does 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 quiet 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 furry 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, McCollo 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 scare 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 woman 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 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 scare 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.