Unpacking Family Heterogeneity of Family Businesses in Emerging Economies

by <Student’s Name>

<Course Name>

<Professor’s Name>

<University>

<Location>

<Date>

Unpacking Family Heterogeneity of Family Businesses in Emerging Economies

Introduction

Most of the research examining family business has been focused on economies that are developed, such as those in the United States and in Europe (Welter et al., 2016). While there is not much knowledge concerning the family businesses in economies that are emerging, it is known that "family firms are ubiquitous and yet unique" (Welter et al., 2016, p. 1). Family firms must focus on internationalization if they are going to survive in the long-term (Dou et al., 2018). According to Patel, Pieper, and Hair (2012), family businesses, which are generally small and medium enterprises (SMEs) must necessarily give consideration to expanding globally unless they want to "face decline or failure" (p. 231). Family businesses are reported to be "defined as those firms in which a family has effective control over the strategic direction of the business and the business, in turn, contribute to the family's wealth, income or identity" (Patel, Pieper, & Hair, 2012, p. 232). Family firms are also defined as organizations in which the control for making decisions is "held within a family, and at least one family member is actively involved in the governance of the organization (Maloni, Hiatt, & Astrachan, 2017, p. 123). However, Ray, Mondal, and Ramachandran (2017) reported a study that found that there is less likelihood of the family internationalizing when the family does not have professional managers and instead possesses the strategic control of the firm.

Aims of Research

The research in this study seeks to conduct an examination of the complex nature of family businesses that are situated in countries and economies that are emerging by looking at family heterogeneity. Family-owned businesses comprise businesses in large numbers in countries with economies that are emerging. Yet, the research on family-owned businesses in emerging economies is not well-formed. Previous research has instead focused on providing a definition for family-owned businesses and reported on the differentiation of family firms from those that are not owned by a family; there is increasingly an acknowledgment of family-owned businesses in terms of their heterogeneity. The purpose of the research in the present study is to conduct an examination of family-owned businesses in economies that are emerging, including entrepreneurial families. The research in this study will build upon the science concerning family businesses and research on family entrepreneurship and conduct an examination of studies that have focused on heterogeneity in terms of the family structure in the areas of marriage, functions of family members in the business, the family's interactions and patterns of communications, and other life events, such as the death of a family member or divorce in the family.

Literature Review

According to Maloni, Hiatt, and Astrachan (2017), the research is clear that the behavior of family businesses is quite different from those which are not run by families. For example, businesses owned by families are more future-focused, more conservative with their finances, and have more in the way to an aversion to risk. Family management of businesses is reported to be heterogeneous in relation to the business goals (Sciascia, Mazzola, & Kellermanns, 2014). However, according to Memili and Dibrell (2018), family businesses in developing economies are more likely than those in developed economies to focus on the exploitation of opportunities for growth. As well, it is likely that the cultural aspects of the country in which the family business is located will impact the manner in which the family-owned business displays a willingness to take risk. When the family's income and wealth are based on the business, the family is less likely to take risk (Memili and Dibrell, 2018). Therefore, any research on family businesses must necessarily look closely at the family in relation to which of the family members are actively involved in the family business, what the goals are of each family member and the various types of conflict that may exist between the individuals, and collective goals of the family members (Memili and Dibrell, 2018). When there is a high level of harmony among the various members of the family, the firm is more likely to internationalize (Alpay et al., 2008). Additionally, reported is that family businesses that have political connections have a higher likelihood of transforming their businesses (Wang et al., 2015). However, it is certain that despite any other factors that are considered, the family-owned business is focused on wealth generation that transcends generations (Wang et al., 2015). It is critical to consider the family's narratives because of the impact that those narratives will most certainly have not only on the family business, but also on the family businesses' associated organizational culture (Hamilton, Cruz, & Jack, 2016). There is reported to be a lack of entrepreneurship in the family-owned business once the family member that founded the business is no longer involved (Jaskiewicz, Combs, & Rau, 2014).

The role of the family in its development, or otherwise the lack of entrepreneurial behaviors was examined by Randerson, Bettinelli, Fayolle, and Anderson (2015), and reported is that information sharing, and communication can enable those behaviors. Copreneurs is a term used to identify couples who live together and who run a business jointly. It is held that those couples have a large amount of flexibility in relation to their structures and roles, and ultimately that results in a high level of business and home-life satisfaction (Randerson et al., 2015). Family businesses may be viewed as organizations with a hybrid identity because, in essence, there are two forms of organizations represented or that of family and work life. However, it has been noted that the family-owned business identity many times extends from the individual who founded the business (Randerson et al., 2015).

Research Methods

The research methods used in the proposed study will be qualitative in nature. Individuals in family-owned businesses in emerging countries and economies will be interviewed. The research will focus on examining the differences in family structures in businesses that are owned by families and identifying the strengths and weaknesses that exist in family-owned businesses, as well as their business goals, business processes, and their decision-making processes. The different family structures will also be of interest in the study, specifically, whether the family members that comprise the family-owned businesses in the emerging economies. The interviews will contain open-ended questions that will enable the participants in the study to elaborate on their responses to the questions, and ultimately to reveal information that the researcher may not have specifically included in the questions (Hyman & Sierra, 2016).

Timescale

The timescale for this study is approximately three months. The research will begin with writing up the introduction, literature review, and methodology of the study. The research will move on to conduct the interviews. Following the conduction of the interviews, qualitative analysis will be used to analyze the information obtained in the interviews. Finally, the last two chapters of the research in the study will present the data analysis, findings, conclusion, and recommendation of the study.

Expected Outcomes

The research in the study will reveal the findings of the family structure of family-owned businesses in emerging countries and economies. The decision-making structure, the chain of command, the goals and objectives among family-owned businesses, and the future focus of those businesses will be presented in the findings.

References

Alpay, G., Bodur, M., Yilmaz, C., Cetinkaya, S., & Arikan, L. (2008). Performance implications of institutionalization process in family-owned businesses: Evidence from an emerging economy. *Journal of World Business, 43*. Pp. 435-448. doi:10.1016/j.jwb.2008.03.006

Dou, J., Jacoby, G., Li, J., Su, Y., & Wu, Z. (2018). Family involvement and family firm internationalization: The moderating effects of board experience and geographical distance. *Journal of International Financial Markets, Institutions & Money, 59*. Pp. 250-261.

Hamilton, E., Cruz, A.D., & Jack, S. (2016). Reframing the status of a narrative in family business research: Towards an understanding of families in business. *Journal of Family Business Strategy*, *8*. Pp. 3-12. doi: http://dx.doi.org/10.1016/j.jfbs.2016.11.001

Hyman, M.R. & Sierra, J.J. (2016). Open-versus close-ended survey questions. *Business Outlook*, *14*(2). Pp. 1-5. Available from: https://www.researchgate.net/publication /282249876_Open-_versus_close-ended_survey_questions

Jaskiewicz, P., Combs, J.G., & Rau, S.B. (2014). Entrepreneurial legacy: Toward a theory of how some family firms nurture transgenerational entrepreneurship. *Journal of Business Venturing*, *30.* Pp. 29-39. doi: http://dx.doi.org/10.1016/j.jbusvent.2014.07.001

Maloni, M.J., Hiatt, M.S., & Astrachan, J.H. (2017). Supply management and family business: A review and call for research. *Journal of Purchasing & Supply Management 23*. Pp. 123-136. doi: http://dx.doi.org/10.1016/j.pursup.2016.12.002

Mermili, E. & Dibrell, C. (2018). *The Palgrave handbook of heterogeneity among family firms*. Springer. Pp. 1-1023. Available from: https://books.google.nl/books?id=ajBtDwAAQBAJ&dq=Family+Heterogeneity+of+Family+Businesses+in+Emerging+Economies&redir_esc=

Patel, V.K., Pieper, T.M., & Hair, J.F. (2012). *The global family business: Challenges and drivers for cross-border growth*. Bloomington, Indiana: University of Indiana. Pp. 231-239. doi:10.1016/j.bushor.2012.01.002

Randerson, K., Bettinelli, C., Fayolle, A., & Anderson, A. 2015. Family entrepreneurship as a field of research: Exploring its contours and contents. *Journal of Family Business Strategy, 6*. Pp. 143-154. doi: http://dx.doi.org/10.1016/j.jfbs.2015.08.002

Ray, S., Mondal, A., & Ramachandran. (2017). How does family involvement affect a firm's internationalization? An investigation of Indian family firms. *Global Strategy Journal, 8*(1), pp. 74-105. Available from: https://onlinelibrary.wiley.com/doi/10.1002/gsj.1196

Sciascia, S., Mazzola, P., & Kellermanns, F.W. (2014). Family management and profitability in private family-owned firms: Introducing generational stage and the socioemotional wealth perspective. *Journal of Family Business Strategy, 4*. Pp. 11-137. doi: http://dx.doi.org/10.1016/j.jfbs.2014.03.001

Wang, D., Ma, G., Song, X., & Liu, Y. (2015). Political connection and business transformation in family firms: Evidence from China. *Journal of Family Business Strategy, 7*. Pp. 117-130. doi: http://dx.doi.org/10.1016/j.jfbs.2016.05.001

Welter, F., Ramachandran, K., Cruz, D.A., Fang, H., & Basco, R. (2016). Family business in emerging, developing, and transitional economies: The relevance of context. EURAM, June 1-4, London, Paris. Pp. 1-8. Available from: https:// pdfs.semanticscholar.org/