

A Literature Review Study of Leadership Behaviour and Styles in Family Run Business

Dr. Apoorva Prashant Hiray

Principal,
Panchavati College of Management &
Computer Science, Panchvati, Nashik India

ABSTRACT

Purpose: The topic of family run business has been a subject matter for many scientific studies. This topic is interested because of the fact that it has unique features as regard to dimensions related to its management, leadership and succession which are different from other types of firms. The family run businesses observe particular leadership behaviours and different leadership styles and it has become a topic of attention for researchers. We can say that this area of research is a complex one. **Methodology:** This research tries to study and review of the logical, theoretical and analytical knowledge and literature in the context of leadership behaviours and leadership styles present in family run business. **Findings:** Leadership patterns have distinct features in the leadership of family businesses as compare to other type of firms due to emotional attachment of members of family to the business. Emotional considerations of leaders impacts the business for longer times. **Implication:** Leadership styles and behaviours have manifold results like creation of knowledge, innovation, sibling team leadership and cultural environment. **Originality:** this research work is original work of reviewing the literature related with the leadership behaviours and leadership styles present in family run business.

Keywords: Family business, Leadership behaviours, Leadership styles, Innovation, Succession.

INTRODUCTION:

Family run businesses play a vital role in the development of world economy, and function as growth engines for economy. Family running businesses are in significant numbers in small, medium and large enterprises. Family run businesses help in approx. in 70 to 90 % GDP generation at global level, in turn helping in the generation of employment, creation of wealth and prosperity to many nations. About 85% of new start-up businesses are found to be run as family business. Many researchers confirmed that family run business structures are very common structures of businesses globally. Many researchers are having keen interest in finding about the working of such businesses, particularly related with the management of businesses. Hence different approaches and theories have been used for studying family run businesses.

Origination of leadership styles relates to the leadership research field and in start coined in relation with the businesses which are not family run. Focus of the research related with leadership style is on the behaviours and characteristics of individuals. The leadership style concept is applied on family run businesses also by researchers doing research on topics relevant to family run businesses. Such researchers conclude that leaders of family run business not only possess dissimilar nature or characteristics in the development of some type of leadership styles but they exhibit distinctly.(Dyer, 1986)

Researchers of family run business research have explained specific habits of leaders of family run businesses. These are explained in the literature in diverse terms like, steward or entrepreneurial leadership behaviour. They have noted that the capability of family run business in order to reciprocating and finding the external environmental changes are vital source of benefit enabling the businesses to be successful and survivable. In contrast some researchers opined that family run businesses have orthodox nature and are unable to accept the occurring competitive environmental changes. (Zahra, S. A., Hayton, J. C., Neubaum, D. O., Dibrell, C., & Craig, J., 2008) .These are summarised and termed as leadership behaviours by (Alexander Fries, Nadine Kammerlander , & Max Leitterstorf, 2021)

LITERATURE REVIEW:

Research Scholars have associated leadership styles and behaviours with many consequences like creation of knowledge as stated by Cunningham and others. In their research they have investigated about the essence of sharing of knowledge in family run businesses and found the role of family impact on development of resource of knowledge and draws impacts for the way of viewing of family businesses about knowledge resource development. Sharing of knowledge is vital for the growth of the knowledge source in order to contributing for the firm's development. The study addressed the diversity issue of small family businesses regarding approach of sharing of knowledge. They identified leadership style as a vital factor for the determination of engagement of small family businesses with activity of sharing of knowledge. They explored the disparities in approaches of firms and assessed the impacts of the type of sharing of knowledge. (James Cunningham, Claire Seaman, & David McGuire, 2016)

Some scholars have linked leadership styles and behaviours with innovativeness. The study done by De Massi and others state that involvement of family in the business has a direct relationship and effect on the inputs related with innovation, such as expenditure in research and development activities, initiation in project development of new products with a more balanced approach related with the impact of these technological innovation initiatives. This research work used one of theories of family business research i.e. the agency theory, and discussed chances of extension of technological innovation structures in view of involvement of family. (De Massis, A., Frattini, F., & Lichtenthaler, U., 2013)

The study conducted by Hauck and Prugl, spoke about the factor of innovation. They investigated about the relationship of socioemotional factors with the perception of owner regarding the succession timing of in-family leadership as a chance for activities of innovation in family business. They believe that, succession timing of in-family leadership has definite features that provide a particular period for bringing innovation in business with preparedness of owner regarding supporting innovation at that time has a vital importance. They used quantitative data for research. In the research influence of family termed as management and ownership, innovative ability and other related variables were kept constant. They concluded that socioemotional factors have multiple means positive and negative sides in relation to innovation. Family versatility and intimacy of a family member with business have positive association with considering succession timing as chance of innovation, whereas generation command and family bond history have negative association. (Jana Hauck & Reinhard Prügl, 2015)

Some studies identified some specific family relationships that enhance or imbibe some leadership styles and behaviours in family run businesses. The study conducted by Farrington and others emphasised on the existence of basic components for effective functioning of teams. The extent of existence of such component enhances the opportunity of better result of team. They related family business as a team. The basic objective of the study was to identify the components of design of team in relevant with the literature of family business and to test their impact on the efficacy of sibling teams of family business of South Africa. They found that strategic leadership, diversity in skills and physical resources are vital elements of success of sibling team and competency and clarity of role are not elements of success of sibling team. (Farrington, S. M., Venter, E. , & Boshoff, C., 2012)

This research studied about the biases of changes in social network confuses decision making of leader. Decision making activity is a compound logical activity consisting bias. Decision making of leader is distinctive due to its happening in social circumstances. They focused one factor of nepotism in family business in relation to succession decision. Due to fact that often successors are selected from their family members by leaders, shows the nepotism observed by the leaders of family business. Leaders are affected by nepotism due to strong family relations concluding of better qualification family member possesses as compare to external person while selecting successor. They demonstrated the concept with the help of simulation modelling and explained elucidation for succession planning of family business. (Chengwei Liu, Dawn L. Eubanks, & Nick Chater, 2015)

This study was conducted in order to find out differences or similarities in the family forces and orientations of entrepreneurs between entrepreneurs of East Germany and West Germany. As family businesses of West Germany are giving response to change in generations and want for new entrepreneur leadership. Whereas, East Germany should rest on entrepreneurialism and generation of new ventures for building itself. The study explained three aspects like environmental concepts, personality features and socio-cultural forces for making of entrepreneurship features and orientations. (Pistrui, D., Welsch, H. P., Wintermantel, O., Liao, J., & Pohl, H. J., 2000)

Bass reviewed the research on transformational leadership. He narrowed down the gap of work done by organisational and social psychologists who focused on small groups and organisational set ups and political scientists who mostly studied leaders of world level. He showed that charisma is not a rare concept but we mostly have it with some variations. He also suggested methods to find out and enhance it in educational, military, governmental and corporate set ups. (Bass, B. M. & Bass Bernard, M., 1985)

This study derived five concepts of leadership; referent, expert, laissez fairemission, autocratic and participative. This study discussed that referent, expert and participative must generate positive result for the family and business and increased level of commitment and satisfaction of employees. This also discusses that laissez fairemission, autocratic leadership must be linked with negative result for the business and family and creates low level of commitment and satisfaction of employees. (Sorenson, R. L., 2000)

CONCLUSION:

Family run businesses have a major role to play in growth of global economy. Functioning as engines for GDP growth and earning as they are large in numbers in small medium and large business entities. Many theories were developed by researchers. Leadership patterns have distinct features in the leadership of family businesses as compare to other type of firms due to emotional attachment of members of family to the business. Emotional considerations of leaders impacts the business for longer times. Researchers have found some specific styles and behaviours in family business leadership. Leadership styles and behaviours have manifold results like creation of knowledge, innovation, sibling team leadership and cultural environment.

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