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Common Issues of Family Business

**Introduction**

           Today, the family business is recognized as one major corporate phenomenon that can be observed in different parts of the world. It is noteworthy to mention that family business is one growing organizational trend that is associated with different aspects of consideration. The approach of the family business is characterized as the commercial entity in which decision-making is mainly influenced by multiple generations of a family. In other words, the overall vision of the business is greatly influenced by the business approach of family members. It is interesting to observe the perspective of the family business in the context of different countries. This prospect is significant to determine the impact of cultural influence on the overall paradigm of the family business. The factor of regional difference also linked with the prevalence of different issues in the case of family business around the globe. It is imperative to recognize common issues faced by leaders of family businesses in different countries. Here, the main focus is to critically compare and contrast common issues of the family business by reviewing several surveys from around the world.

**Discussion**

           The perspective of family business contains a complex organizational structure that requires the necessary attention. Decision-making responsibilities are associated with the corporate approach adopted by members of the family. The overall arrangement of business appeared in the forms of dynamics of family proprietorship and organizational management. The growing trend of the family business in various regions requires a critical evaluation of the overall business structure to identify common issues. This form of consideration is vital to determine the intensity of specific issues concerning the prospect of cultural differences. The emergence of the family business in different countries always come up with some forms of common organizational issues (ICFIB and Praxity). Identification of these common concerns is necessary to offer better managerial mechanisms for the family business in various countries. Varied surveys related to the family business in different countries are considered to identify and examine potential issues referring to the core idea of organizational management.

*Succession Planning*

Identification and analysis of multiple surveys in the case of different countries explicitly indicate the potential risk of succession planning. It is observed that an improper approach to succession planning can be a major issue for the family-owned business. The phenomenon of succession planning is recognized as a systematic procedure of exploring and developing new leaders for the organization that can successfully replace old leaders. This practical perspective is essential in the case of a family business to deliver successful deliverables from one generation to another. The comprehensive survey in the case of different countries indicates that many family owners are interested in transferring their business to the next generations, but few of them can successfully implement this objective. One of the central reasons for this failure is an inappropriate consideration of succession planning. There is a higher risk for the owners of the family business when it comes to the application of succession planning and prepares new leaders for the company according to business requirements (KPMG). The potential failure of succession planning is one common issue that prevails in different countries with diverse intensity. The application of formal succession planning is an essential step to meet the corporate objectives of the family business. The issue of succession planning can be better addressed by the current leadership by critically assessing the existing succession plan. Moreover, it is essential to create a collective vision and objectives for the family business and prepare next-generation accordingly. Giving the prior experience of leadership to the next business leader is important to step to eliminate the risk of improper succession planning.

*Conflict*

           The growing conflicts are another potential risk or issue involves in the case of family business operating in different parts of the world. It is established that the prevalence of conflicts is one common issue in a family business that can never be fully avoided. The leadership of the family business needs to take some proactive measures to minimize the potential risk of conflicts in the scenario of corporate management. The issue of conflict is mainly appeared due to the potential risks of unfairness and biasedness that is faced by non-family stakeholders. The specific survey conducted by CBIA and the UConn Family Business Program identified potential risks of conflicts that exist in the case of the family business. It is established that there were 24% of respondents believed that succession is a major aspect of the conflict that exists in the case of the family business (University of Connecticut). According to the results of the survey, the perceived competence of family members is another primary reason for conflict that persists in the case of the family business. Moreover, the risk of lack of communication between all the stakeholders of the family business can also never be ignored. Proper adoption of formal governance is one proposed solution to successfully handle the obstacle or conflict in the case of the family business. This specific solution is viable, considering the approach of the family business in different countries. It is essential for business owners to adopt different modes of communication according to cultural domains to increase the integration level between different shareholders.

*Governance (Both Family and Business)*

Examination of different surveys about the operating family businesses in different countries also indicates the potential issue of governance. The issue of governance prevails at the different business operating levels that eventually affect the overall business prospect managed by family members. The issue of governance can be observed in different forms concerning both the prospects of family and business. Power-sharing between different members of the family, according to the potential needs of the business, is one critical concern that eventually turned as an issue of governance for the organization. Conflicts between different authorities also appeared in the form of strategic planning to ensure proper operations of business functions. The challenge of power differentials in case of governance needs to be addressed by offering suitable practical measures (Addae-Boateng et al.). The application of a defined strategic plan is an essential condition to handle the risk of governance challenges that exist in the case of the family business.

*Need for Strategic Planning*

           Improper application of strategic planning further leads to different performance-based issues for the family business. It is essential for business leaders to consider the importance of strategic planning and provide better working conditions for all stakeholders. The failure of the organization in the form of an inadequate approach to defining business strategy or direction can ultimately cause the failure of the entire business. The information attained from surveys of different countries indicates that family-owned business organizations are critically dealing with the risk of improper strategic planning. The management of family businesses must initiate control mechanisms to ensure the application of significant strategic planning. It is important to share guiding principles to all the entities to avoid the risk of any performance ambiguity (PWC). The development of open business culture is an essential practical measure to meet the standards of business strategy.

**Conclusion**

           In concluding remarks, it is important to mention that timely identification of potential risks of the family business is essential for the corporate leadership to adopt necessary practical measures. It is crucial to modify the company’s policies according to the dynamic needs of the business environment to attain potential benefits from the family business. The prevalence of common issues in the case of the family business in different countries requires the adoption of suitable strategic planning and implementation.

**Works Cited**

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Appendix

Growth rate by generation running the family business.

