Name of the Student

Name of the Professor

Subject

Date

*Answer 1*

The family business plays a vital part in the development of any country. Ambani family is one of the biggest names in the family businesses not only in India bus also in the world (Conway). The parents played a dissatisfactory role in the Reliance industry. The owner and founder of the group did not make any will for the predecessors to follow. He also kept the control in his own hands and was the chairman of the group until he died. The mother also played a secondary role in the business affairs until the things reached the brink of a dispute between the brothers. The culture at the reliance corporation was focused more on keeping the corporation intact. The unity within the family was the sole power that drove the affairs smoothly. This is evident from the happening where the founder gave compensations to his brothers to stay out of the business. Under the laws followed under the Hindu religion, the eldest son becomes the predecessor of the father. The mindset of the founder and his eldest son Mukesh was focused on ownership which made it difficult for these two to share any kind of ownership with others. Company culture provided equal importance to the interests of all the stakeholders involved. This was not achieved by the company as the shareholders suffered as a result of ownership clashes between the brothers. The share price fell by 12.6% when the rumors about the clashes floated around. There was a clear impact of local culture on the organization as the case states that the brothers disliked ownership transferred to the females. The communication among the boss and subordinates was good but it was very poor among the top executives especially within the family. Even the founder chairman did not take his wife into confidence about the takeovers after his death. This lack of communication also hampered the relationship between the two brothers. The situation would have been much better if the brothers had communicated their problems to each other. As far as the relationships are concerned, the founder chairman and his eldest son did not believe in making any external relationships. One of the causes of conflicts was that the younger brother made relationships with politicians and film Stars. He also entered into politics practically by contesting the elections.

The family was able to retain control over the business because of the complex structure of operations. The head of the business traveled all across the country to open various franchise stores and provide advertising help to these stores. This strategy reinstated the concept that stakeholders were given due importance in the company establishment. A cornerstone of the success of the company was that there was continuous improvement in the operations of the company and it revised its vision with the passage of time but the Ambani brothers were busy in other affairs and certain stakeholders suffered due to their negligence and disputes. The basic philosophy of the company was growth that was shown in the establishment of a factory that could produce far more yarn than required in the whole Indian market but the anticipation was there that there will be an increase in the demand for yarn. Another step by the company was to sell their yarn to small looms, repurchase the fabric and sell it under the tag name of Vimal. There were a large number of industries in which the company entered over time. This also caused conflict between the brothers after the death of their father. The two brothers had different expertise and they controlled different segments of the corporation. The problem got serious when the board of directors and the elder brother started taking anonymous decisions and not taking the consent of the younger brother. One of the biggest challenges to family businesses in India is leadership and same applies to the Ambani case as the elder brother did not take the younger one into confidence before taking various decisions (Ramachandran and Bhatnagar). Another challenge to these family businesses is to manage family relationships. The brothers were not able to manage their relationship and conflicts arose.

Another challenge to the family businesses in India is professionalization but it was coped very well by the Ambani family. One example can be given regarding the Jamnagar refinery which was completed in record time and at the least cost in Asia. This was achieved by running three shifts during the construction of the plant and Dhirubhai initiated this extension of shifts. The financing challenge was resolved by the founder chairman by introducing the first IPO in the history of Indian business.

*Answer 2*

The ability to plan the succession of the family business to the next generation is one of the biggest challenges to the businesses (Duh). A failure to transfer the business to the next generation successfully will affect the family as well as the business itself. The Ambani family is no exception to this rule. There was no plan as to how will the business run after the death of the founder. To maintain the fluency of operations, it is better to keep the eldest member of the family as the final authority. In the case of the Ambani family, the younger brother did not accept this wholeheartedly. The younger brother was kept out of the decision making a process in certain scenarios. This inflated the conflict between the brothers. By bringing out a long white paper on governance issues, the younger brother questioned the various decisions taken by the elder brother and board of directors. From a family point of view, there was no problem in the transfer of business from one generation to the next. Further analysis shows that the mother of the two brothers had enough power to intervene in the conflict and help to resolve it. The two sons successfully took over the business (P.Steier, Chrisman, and Chua). From a business point of view, there were certain problems faced by these brothers. Dhirubhai will be proud of his boys as they continued his business despite certain conflicts between them. They also extended the business further and eventually acknowledged the solution proposed by their mother.

*Answer 3*

The analysis has suggested that the Ambani family was strong enough to go through the transition period when the powers were transferred from one generation to the other. There were conflicts on the business front but those were overcome by showing strong family relations between the various members. The leadership issue can be overcome by indulging all the siblings in decision making. This aspect is particularly important to the current scenario of the Ambani family. All the heads of the family businesses should have a will that shows the plan to run the business in case of his death. This will make it easier to transfer the authorities and obligations after the demise of the owner or founder. The key takes away is that the persons running the family business should not mess the family and business relations (Taylor and Tucker). If there are any issues or conflicts on the business front, they should not affect the relationship with the family members. Similarly, the issues should be kept away from the media and solved privately.

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