



## Saga of continuity & countenance – strategies for family business management with special reference to Marwari community

Venkatesh .N. Associate Professor, Department of Sociology, AV K First grade College for Women, Hassan District

**Abstract :** Indian economic scenario is almost ruled by the Marwari community. The Marwari business families have been holding the reins of Financial & banking sectors. The business families are under the youngest generation now & the economic liberalization policies have influenced their business acumen to branch out into newer & innovative ventures. The Marwari families business which was built on a solid foundation is now seen to disintegrate. Even though the disintegration is fanned by several factors the need to manage the family business has been in danger. This paper focuses on the need for maintaining the family links along with the business management. The new generation is showing interest to move out of their old traditional business, But there are several challenges to their business dealings & its continuity. Decentralization of family business, succession & continuity issues, family splits & its impact on business deals have necessitated Institutionalization.

**Key words:** Marwari community, family business management, strategies for continuity

**Introduction:-** The Marwari community has transformed their business into several branches & have emerged as successful Businessmen.

As family businesses expand from their entrepreneurial beginnings, they face unique performance and governance challenges. The generations that follow the founder, for example, may insist on running the company even though they are not suited for the job. And as the number of family shareholders increases exponentially generation by generation, with few actually working in the business, the commitment to carry on as owners can't be taken for granted. Indeed, less than 30 percent of family businesses survive into the third generation of family ownership. Those that do, however, tend to perform well over time compared with their corporate

peers, according to recent McKinsey research. Their performance suggests that they have a story of interest not only to family businesses around the world, of various sizes and in various stages of development, but also to companies with other forms of ownership.

To be successful as both the company and the family grow, a family business must meet two intertwined challenges: achieving strong business performance and keeping the family committed to and capable of carrying on as the owner. Five dimensions of activity must work well and in synchrony: harmonious relations within the family and an understanding of how it should be involved with the business, an ownership structure that provides sufficient capital for growth while allowing the family to control key parts of the business, strong governance



of the company and a dynamic business portfolio, professional management of the family's wealth, and charitable foundations to promote family values across generations

Their success in Karnataka as elsewhere is accounted due to their

1. networking capacity
2. business acumen
3. psychological orientation
4. entrepreneurship continuity structure

The success of any family business depends on the management of relationships within & outside the family. The issues relating to generational transition is always linked to ability of the leaders in continuing generations. The Marwari Community is right now undergoing these strategies transformations in their business houses. The branching out of family business links needs to be carried forwards as the institution of business has to grow & trigger benefits to newer generations as well, They have to fight or they have to collaborate . Decentralization of family business, succession & continuity issues , family splits & its impact on business deals have necessitated Institutionalization. The young Marwari generation has showed interest to move out of their old traditional business .there are several challenges to Marwari business entrepreneurship

1. decentralization of family business
2. succession & continuity
3. family splits
4. Institutionalization

The Marwari community of Karnataka are made to struggle to get the proper net working for their heirs. Marwari community is also struggling to hold the reins of economic speculation as there are problems with

1. Governance
2. Condition of financial markets which are volatile
3. Relative lack of basic education
4. Situation of trade with neighboring countries
5. Lack of good universities
6. Situation of agricultural productivity
7. Inflation
8. Condition of infrastructure
9. Lack of proper fiscal strategy
10. Improving environmental condition

But there are several options of business for this community. The Marwari community can branch out to

1. establishment of universities & business schools across India
2. educational equipments
3. business performance consultations
4. data mining
5. human resource consultancies
6. Billing services with in India
7. Web integration
8. franchise opportunities
9. internet research
10. free lance services



11. virtual assistance
12. preschool / edu channels
13. art collections / auctions

Challenges of family business disintegration :-The Marwari community of Karnataka are faced by the challenges of Institutionalizing their business.

1. **The transfer of traditional knowledge** :- The transfer of traditional knowledge is very significant factor for success of family business. The exploring of specialized knowledge & skills unique to family business management & governing a complex family enterprise should become a collaborative effort. The Marwari community needs to understand the imperative significance of exploring specialized knowledge .
2. **Tackling the complex issue of continuity & stability** :- Tackling the complex issue of continuity & stability need good management of family relationships . Unresolved conflicts & misunderstandings harm family business A well structured approach family ownership & management needs to be understood. the creation of share holder ship to prevent miscommunications in family business community is needed.
3. **Decision making** :- Decision making about the future strategies in family business needs to be identified. The overall performances of the key players & all family members & their active participation in business needs to assessed. Quick decisions about the evaluated assessment on performance have to be taken.

4. Joint decisions on wider family key issues have to be taken jointly
5. **Reinvesting of profits & payment of dividends**: - Reinvesting of profits & payment of dividends needs to be reviewed The Marwari community has been struggling to find their family business do not weaken in the hands of the third & fourth generations. There is a need to continue the prospective strategies of the original finding fathers.
6. **Balance in their business dealings as well as cultural integration** :- The Marwari communities of Karnataka in particular have to maintain a balance in their business dealings as well as cultural integration .The new generation of Marwari community is being exposed to cultural & familial disintegration. The economic policies have left a great impact on the business dealings. A thoughtful & integrated approach towards unifying the family business as well as ancestral traditions.

the revitalization of the company by younger members is a welcome sign because the younger generation has new ideas they just need freedom to convert their ideas into reality. They need stimulation & good empathy from all their family members. These younger generations are full of youthful ideas & want to branch out on their own . Their family members are motivating their children to study in International business schools & apply their ideas into actuality. There are good signs of progress from economic point of view. Family businesses that employ solid principles for wealth management are more likely to experience growth in the long-term. They need policies in place



that provide for the lean times while still maintaining profits for the long-term.

Setting up foundations for charity is important for keeping family members committed to the business. It provides meaningful jobs for family members who don't actually work for the business. Charity work also promotes family values in later generations.

Governance provides a broad sense of purpose This offer stability to envision The is has an enduring advantage over all other kinds of enterprise in large part long term goals are always enduring This helps to

1. plan strategies for future
2. solve any problem
3. develop second row of leaders
4. settle any family disputes
5. helps discipline to grow
6. preserves the purpose of the business
7. preserves unity

the elder members need to plan strategies which are

1. Plans,
2. Agreements,
3. Rules, and
4. Policies

Setting up family councils, Setting up family redressal forums, annual meeting Annual family celebrations can help to ease out any differences.

### **Role of the family head**

Developing , supporting, and participating in the governance system, leaders need to lead people, and this is

different from managing their work. Leading is fundamentally about identifying where the group needs to go (developing a compelling vision for the future), strategizing how to get there, and getting people to change in order to get there. This is done by inspiring, persuading, and motivating people to work together to reach important goals, and by building coalitions to support needed change. Managing, as opposed to leading, is about getting a group to operate efficiently and effectively. Managing is done by planning and budgeting, organizing, analyzing problems, building and using management systems, prudently allocating resources, and providing performance feedback. Managing is a complement to leading.

**Conclusion;-** Family businesses that employ solid principles for wealth management are more likely to experience growth in the long-term. They need policies in place that provide for the lean times while still maintaining profits for the long-term. The success of any family business depends on the management of relationships within & outside the family. The issues relating to generational transition is always linked to ability of the leaders in continuing generations. The Marwari Community is right now undergoing these strategies transformations in their business houses. The branching out of family business links needs to be carried forwards as the institution of business has to grow & trigger benefits to newer generations as well, They have to fight or they have to collaborate



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