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**A Research Report on  
“Family, Service & Agro Entrepreneurship in  
India”**

**Submitted To,**

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## **Introduction of the Study:**

### **Family Business**

“A business that is owned or run by members of a single family, all members of family jointly work in all business activities”.

### **Meaning:**

In rural area of our country, Family business have been running from ancient period. Family business has been as common in the Indian economy like elsewhere in the world, it is perceived in a common sense. Various terms like ‘family-owned,’ family controlled,’ ‘family managed,’ ‘business houses,’ and ‘industrial houses’ are used to refer to family business.

Thus, the term family business conjures up different meanings to different people. While some view it as traditional business, others consider it as community business, and still others mean it as home-based business.

“Family business is a firm which has been closely identified with at least two generations of a family and when this link has had a mutual influence on company policy and on the interests and objectives of the family.” — R. G. Donnelley

### **OBJECTIVES OF THE STUDY:-**

1. To study factors in family business, service & agro entrepreneurship.
2. To study the employment the important opportunities in service sector.
3. To study the necessity of professionalism in family business.

## **RESEARCH METHODOLOGY:-**

Research is basically the combination of two words i.e. re and search means searching again and again. When we do the deep study of any particular topic, or subject or field in which we collect the data, compile the data, present the data and analyze and interpret the related data, it is called as research. Research methodology is a systematic method which helps to solve the research problem in a particular and good manner. It is (R.M.) the base of every research project. The research methodology refers to systematic study of investigation. It also refers to all the methods of interviewing and observation.

The research methodology is a way to solve the research problems systematically. It refers to the science of studying new research.

### **a) Sources of Data Collection:**

#### **1) Secondary data:-**

Secondary data has been collected from websites and journal.

## **Four Types of Family Businesses**

Family firms enjoy many advantages and, especially in Asia, serve as important drivers of economic growth.

Yet because of their structure, over time they also run into a maze of complexities which bring with them potential risk.

### **1. Simple business, simple family**

Founded in 718, Japan's Hoshi Ryokan hotel in central Japan, is one of the oldest family firms in the world. Run by the same family for 46 generations, it has remained fairly simple by focusing on a single hotel, and by passing leadership and ownership to the eldest son.

In this model the successor's role is clear and unchallenged, siblings do not get involved, and the family's commitment and heritage contribute to the firm's success.

Businesses like this are fairly focused, with a concentrated family structure. With only a few family members involved, they do not need complex governance systems for either the business or the family. The business is not very diversified or complex and could benefit from centralised management and flexibility.



## **2. Simple business, complex family**

Family-run Singapore property group Hiap Hoe is an example of how things can become overly messy without proper rules.

The firm's patriarch, Teo Guan Seng, kept three families at the same time and tried to achieve cohesion by letting everyone share in his business wealth. However, family squabbles, a divorce, and feuding children forced him to resign and dismantle the publicly listed holding company.

Businesses of this type are relatively simple, but many family members are involved in management or ownership, or both. Some family members may feel entitled to benefits without contributing proportionately.

## **3. Complex business, simple family**

Many firms from China, where the owners typically have small families and big markets to play in, fall into this category.

For example, the Wahaha Group, which started in 1987 as a beverage company, has diversified into a successful multinational and now operates in packaged foods, health supplements, and children's clothing. Its 73-year-old Chairman, Zong Qinghou, has appointed his only daughter, Kelly Zong as the group's chief executive. Going forward, her attention will be focused on instilling proper controls in the business, and attracting outstanding non-family talent.

## **4. Complex business, complex family**

South Korea's Hyundai Group is a good example of a sprawling business group and a multifaceted family. Founded as a construction business in 1947 by Juyoung Jeong, the group informally split up among his sons and brothers after his sudden demise in 2001. However, the Hyundai firms were interconnected in a convoluted cross-shareholding pattern.

With three generations in the family business, including some deceased descendants replaced by their widows, the family found little common ground and resorted to court cases.

Managing firms where both the business and family are complex requires a significant investment in governance systems. A continuous focus on involving new generations of the family, grooming entrepreneurship and managerial talent, as well as family bonding is required.

## **Advantages and Disadvantages of Family Businesses:-**

If you start or join a family business, as a family member you're likely to benefit from a range of advantages which you often don't find in other enterprises. On the other hand, you may also face some difficulties that specifically relate to family businesses.

### **Advantages of family businesses:-**

1. **Common values** – There are some common values we can find in every family businesses. You and your family are likely to share the same ethos and beliefs on how things should be done. This will give you an extra sense of purpose and pride - and a competitive edge for your business.
2. **Strong commitment** - Building a lasting family enterprise means you're more likely to put in the extra hours and effort needed to make it a success. Your family is more likely to understand that you need to take a more flexible approach to your working hours.
3. **Loyalty** - Strong personal bonds mean you and family members are likely to stick together in hard times and show the determination needed for business success.
4. **Stability** - Knowing you're building for future generations encourages the long-term thinking needed for growth and success - though it can also produce a potentially damaging inability to react to change.
5. **Decreased costs** - Family members may be more willing to make financial sacrifices for the sake of the business. For example, accepting lower pay than they would get elsewhere to help the business in the longer term, or deferring wages during a cash flow crisis. You may also find you don't need employers' liability insurance if you only employ close family members.

### **Disadvantages of family businesses:-**

1. **Lack of skills or experience** – Lack of skills or experience can be disadvantage for family businesses. Some family businesses will appoint family members into roles that they do not have the skills or training for. This can have a negative effect on the success of the business and lead to a stressful working environment.
2. **Family conflict** – Conflict can arise in any business, but it's important to consider that disputes within a family business can become personal as the staff is working with the people closest to them. Bad feelings and resentment could destabilise the business' operations and put your family relations at risk.
3. **Favouritism** - Can you be objective when promoting staff and only promote the best person for the job whether they are a relative or not? It is important to make business decisions for business reasons, rather than personal ones. This can sometimes be difficult if family members are involved.
4. **Succession planning** – Many family business owners may find it difficult to decide who will be in charge of the business if they were to step down. The leader must determine objectively who can best take the business forward and aim to reduce the potential for future conflict - this can be a daunting decision.



## **Five Real Challenges faced by Family Businesses in India**

### **1. Managing growth**

Demands of the new economy call for family businesses to stretch their potential further to optimize existing markets and tap on new ones whilst exploring the innovation imperative. First and second generation of family owners in India now face a vastly different business landscape to when they first started but they are also taking centre stage in the global economy, at the heart of a region that has tremendous room for development and growth. However, sustainable growth and winning strategies in family businesses not only consider the opportunities and risks in the business sphere but also embeds the unique needs and competitiveness of their families too – including succession and long-term stewardship.

### **2. Professionalising the business and the family**

As Indian family businesses continue to establish greater presence globally and grow to a certain size, they also face more intense competitive pressures, rising costs and the impact of global mega trends. Yet for any family business to take advantage of the opportunity to grow in today's globalized world, the challenge is to identify ways in which to do that as effectively as they can. That will require families to become more professional in their business and personal approach, which many family businesses in high growth economies are increasingly keen to do. It may be about formalising roles in the business and putting more structure to the way decisions are being made.

### **3. Acquiring talent and skills**

Attracting and retaining talent continues to weigh on the minds of family owners as they compete for the right skills and a strong talent pool needed to drive their business. The next generation of leaders, be it family or non-family members, adopt a very different outlook and expectations of their careers today. For non-family members, navigating the dynamics of family can be tough and sometimes poses a barrier for them to maximise their capabilities. As a family business professionalises, steps can be taken to ensure such occurrences are minimised.

### **4. Managing succession/Grooming the next generation of business leaders**

Only average 34% of top 500 family businesses in India have their successor chosen, with 11% having a robust and documented succession plan. The urgency for a clear handover path as transition takes place is greater than in other parts of the world. As Indian family businesses are generally facing only their first or second transition, the process may be new to them. And for those taking over the family business, expectations and plans of the succession process can pose some worry – how will their parents adapt, how they will measure up and overall being able to manage the process successfully by ensuring their parents still feel involved and able to contribute.

## 5. Managing conflicts

Conflict can stem from many areas within the business but it is particularly acute in a family business when the business grows, and the number of stakeholders increase but not enough is being done to address everyone's needs and expectations. Between generations, there can be gaps in communication and credibility. The difference in objectives (short-term versus long-term) between owner-managers and professionals also gives rise to conflict. The collision of expectations and the lack of communication can be emotionally-charged but more importantly, harm relationships between key family members which eventually affects the business.

## Succession Planning

Succession planning is a process for identifying and developing new leaders who can replace old leaders when they leave, retire or die. Succession planning increases the availability of experienced and capable employees that are prepared to assume these roles as they become available. Taken narrowly, "replacement planning" for key roles is the heart of succession planning.

- In dictatorships, succession planning aims for continuity of leadership, preventing a chaotic power struggle by preventing a power vacuum.
- In monarchies, succession is usually settled by the order of succession.
- In business, succession planning entails developing internal people with the potential to fill key business leadership positions in the company.

## Business Succession Planning Tips

Family is the primary emphasis of succession planning for many businesses. Whether you're thinking about the future management of your business, how ownership is going to be passed along, or taxes, you won't be able to help thinking about how your decisions will affect your family. Consider six key tips to have the best chance at a successful transition.

1. **Start planning early:** Five years in advance is good, but 10 years in advance is better. Many business advisers tell budding entrepreneurs to build an exit strategy right into their business plan. The longer you get to spend on succession planning, the smoother the transition process is likely to be.
2. **Involve family members in discussions:** Making your own succession plan and then announcing it is the surest way to sow family discord. Discussing the plan helps to identify who in the family wants to be involved directly and who is focused elsewhere. It also might help some family members find interest in the business they didn't know they had.
3. **Be realistic:** You may want your first-born son to run the business, but does he have the business skills or even the interest to do it? Perhaps there's another family member



who is more capable. It may even be that there are no family members capable of or interested in continuing the business and that it would be best to sell it. Examine the strengths of all possible successors as objectively as possible.

4. **Do what's best for the business:** Making sure everyone has equal shares seems nice, but it may not be in the best interests of your business. It may be fairer for the successor(s) you have chosen to run the business to have a larger share of business ownership than family members not active in the business. Another alternative is to use voting and nonvoting shares so that only some of the family shareholders can make decisions on company policy. It may be best to transfer both management and ownership to your chosen successor and make other financial arrangements to benefit your other children.
5. **Train your successor(s):** How can you expect your successor to take over and run your business successfully if you haven't spent any time training him? Your succession planning will have a much better chance of success if you work with your successor(s) for a year or two before you hand over the reins. For solo entrepreneurs, sharing decision making and teaching business skills to someone else can be difficult, but it's definitely an effort that will pay big dividends for the business.
6. **Get outside help:** Lawyers, accountants, financial advisers, and others can help you put together a successful succession plan. There even are companies that specialize in family business succession planning that will facilitate the process of working through issues.

## **Service Entrepreneurship**

**Entrepreneurship** -- Product and **Service** Development. ... Product (or **service**) management includes a wide range of management activities, ranging from the time that there's a new idea for a product to eventually providing ongoing support to customers who have purchased the new product.

A service entrepreneurship that provides work performed in an expert manner by an individual or team for the benefit of its customers. The typical service entrepreneurship provides intangible products, such as accounting, banking, consulting, cleaning, landscaping, education, insurance, treatment, and transportation services.

Service Sector of Indian Economy contributes to around 55 percent of India's GDP during 2016-17. This sector plays a leading role in the economy of India, and contributes to around 68.6 percent of the overall average growth in GDP between 2012-13 and 2016-17.

The service sectors of Indian economy that have grown faster than the economy are as follows:

- Information Technology (the most leading service sectors in Indian economy)
- IT-enabled services (ITeS)
- Telecommunications
- Financial Services
- Community Services



- Hotels and Restaurants

The service sector of India has also witnessed a remarkable rise in the global market apart from the Indian market. It has experienced a rise of 2.7 percent in 2016 from that of 2 percent in 2014. The broad-based services in the trade sector has undergone a large-scale rise. A statistics concerning the growth of India's service sectors are listed below:

- The software services in Indian economy increased by 33 percent which registered a revenue of USD 31.4 billion
- Business services grew by 82.4 percent
- Engineering services and products exports grew by 23 percent and earned a revenue of USD 4.9 billion
- Services concerning personal, cultural, and recreational had a growth of 96 percent
- Financial services had a rise of 88.5 percent
- Travel, transport, and insurance grew by 23 percent.

### **Opportunities in Services Sector**

The list of opportunities ready for the taking in the food and other service areas is rather long. Amongst the most interesting ones in the food sector are the following:

- **Indian fast food/finger food** : While pizzas and burgers and popcorn may find a lot of favour from Indians across India, and across all age and income groups, the fact remains that almost all regions of India still have their own local fast food options and outsell the "imports" by a mile.
- **Indian "desserts" and "snack food" chains**: Lastly, in the genre of food and food service chains, one of the biggest opportunities remains in starting national or at least regional chains offering Indian mithai, namkeen/farsaans, and snack-foods such as pakodas and samosas. Haldiram's success should certainly put any doubt on this opportunity to rest. What is needed is a belief that the Haldiram business model can be replicated (and certainly improved upon from the customer service perspective) by even large business houses such as ITC and others.
- **Specialty tourism**: India is incredibly blessed with one of the most diverse set of options when it comes to tourism. Fortunately, the perception of India as a tourist destination is also undergoing a very positive change outside India.
- **Personal grooming salons**: It may surprise some that the biggest organised player for personal grooming (Regis Corp, US), with focus on hair care, will clock revenues of over \$2 billion (over Rs 9,000 crore) from over 10,000 salons in North America. Yet, in a country with over 1 billion, we have only an isolated Habib's to talk about.
- **Career counselling centres**: With over 25 million births per year, and at least 3 million of these likely to go for studies beyond the 12th grade but having little idea about the job and vocation trends in India and beyond, this is one sector that is poised for rapid growth.
- **Chain of repair and maintenance services for electricals/electronics products**: India is seeing massive increase in the penetration of electrical/information technology products.

- **Document preparation, imaging, and storage centres:** With the large industry (whether public or private) unlikely to provide an adequate number of jobs for the millions of new entrants annually in the market, small businesses will remain the backbone of job creation and economic growth for India.

## **Agricultural Entrepreneurship**

**Agricultural Entrepreneurship** can be defined as being primarily related to the marketing and production of various **agricultural** products. **Agricultural Entrepreneurship** is also related to **agricultural** inputs.

## **Agribusiness and Rural Entrepreneurship Development**

Many developing countries and economies in transition, particularly those with large rural communities, suffer from inadequate access to food and lack of employment. The problem is compounded by the dependence on outdated and inefficient technologies leading to poor productivity and slow economic growth.

Agriculture-based industrial products account for half of all exports from developing countries, yet only 30 per cent of those exports involve processed goods compared to a figure of 98 per cent in the developed world.

Agro-industrial activities benefit a number of groups, including poor and marginalized rural populations, urban agro-industries and communities facing human security challenges or requiring urgent supplies of agricultural equipment and the rehabilitation of food industries. Technical cooperation and capacity-building services are provided to agro-based and agro-related businesses and industries, inter alia, in the food, leather, textiles, wood and agricultural equipment sectors.



## Entrepreneurial Opportunities in Agri-business:

Sector	Opportunities
Agriculture	(a) Organic Farming
	(b) Agro-based Industry
	(c) Farm Mechanization
	(d) Pulse and Oilseeds, Post Harvest and Processing
	(e) Quality Input Production and Supply Chain
Horticulture Fruits Vegetables Flowers, Aromatic and Herbal Plantation	(a) Organic Farming (b) Commercial Production (c) Marketing (d) Processing (e) Packaging (f) Off-Season Vegetables and Quality Flower Production (g) Commercial Flower Production (h) Aromatic and Herbal Plantation

## 7 Challenges Involved in Developing Agri-Preneurship

### **1.Lack of Skilled and Managerial Manpower:**

Rural areas also suffer from rural-urban migration mainly male migration. This results in denudation of educated and skilled manpower in rural areas. Lack of skilled and managerial manpower in rural areas is mainly due to the absence of suitable educational institutions in rural areas. Moreover, people even otherwise belonging to rural areas do not want to go back to rural areas to work due to various problems the rural areas suffer from.

### **2.Lack of Infrastructural Facilities:**

Infrastructure facilitates performing any activity. There is a need for the availability of a minimum level of prior-built up infrastructural facilities to undertake any economic activity

Technology such as satellite based geographic information system (GIS) promises more efficient use of available resources and more effective management efforts but these technologies are lacking in most of the agribusiness industries especially in rural areas. While this affects the quality of products, it also makes the products more costly.

#### **6.High Infrastructural and Distribution Costs:**

Transportation facilities are pre-requisites to make the inputs available at enterprise location and outputs at the location of consumers scattered over vast territory. As most of the agri-enterprises are located far from urban areas, these suffer from transport problems for both inputs and outputs.

As such either there is non-availability of required inputs and outputs at the right time at the right place or whatsoever is available is possible at a higher cost making the product ultimately costlier as compared to the products offered by enterprises located at urban areas.

Here is one such example of potato produced in the hill areas of Uttarakhand. Because of lack of warehousing facilities in the hill areas, some portion of surplus potato is transported to the warehouses located in the plain areas. When the same potato is re-transported to hills during the off-season, it becomes more costly, due to double transportation costs, in the hill areas, i.e. the place of its production than at plains.

#### **7.Unresponsive Government Policies:**

That policy facilitates doing things in a desired and more effective manner is evidenced by various industrial policies declared in our country over the period. There are evidences available to believe that the various industrial policies have facilitated to set the right tone and tempo of industrial development in our country.

Realizing this, industrial policies both at micro and macro levels have been declared from time to time in the country. Small-scale sector has experienced impressive growth after the declaration of a separate industrial policy for this sector titled "Promoting and Strengthening Small, Tiny and Village enterprises, 1991."



Very recently, the Government of India has again declared a separate industrial policy titled "Micro Small and Medium Enterprises Development (MSMED) Act, 2006. However, there has so far not been any separate policy for agri-business in the country and in the absence of specific policy; the desired development of agri-business sector has been hampered.

### **Conclusion:-**

From this overall research study on entrepreneurship development, we came to know that service sector and agricultural sector is growing rapidly in India. Though there are many challenges in these sectors but there are many opportunities too in these sectors.

Taking into consideration family businesses, For starting any kind of business, it is not necessary that you must have business background i.e. businesses which are run by succession. But here we should understand / keep in mind that without having any business or industrial background, you can start your own business and also you can develop your business with having the strong thought that sky is the limit. Courage, competency, cleverness and risk taking ability is there. So, growth of the family business is possible.

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