

NATURE OF FAMILY INVOLVEMENT AND BUSINESS GROWTH: A STUDY OF FAMILY BUSINESSES IN SRI LANKA

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Family business is identified as a different type of business mainly because of significant family involvement in doing the business. Although family involvement in a firm distinguishes these firms from others, studies on the family involvement in businesses are limited and results are mixed. Especially limited researches have been conducted to examine the family involvement and their business growth in privately held businesses in the Sri Lankan business context where all family firms are not alike in terms of the extent and mode of family involvement. The present study attempted to address the above knowledge gap, using the qualitative research approach and multiple case studies as the strategy of inquiry. Purposive sampling was used to select both cases and respondents. Privately held, successfully conducted four family businesses with each firm having at least 25 years of business history were selected as case studies. From each case, the current business owner and one family related manager with at least five years of experience in the business were taken as respondents. Data was collected mainly via semi-structured, in depth interviews, observations, and secondary documents. The interview guide was partially modified during the different rounds of data collection to better reflect the emerging themes. Interviews were conducted during the period of November 2012 to January 2013. Data collection from interviews consisted of 15 interviews with 09 different people from four cases. Before the data analysis, coding and categorization of respondents' views from interviews helped to identify common patterns and themes from both within-case and across-case analysis. The analysis was carried out in the light of Agency and Stewardship Theories and resulted in a rich understanding of the nature of the family involvement in businesses in Sri Lanka. The findings of this study indicated that the nature of the family member's involvement in the business in management, governance, ownership, and as non managerial workers are more important than other factors because other aspects are consequences of the nature of the family involvement. Further, findings revealed that family governance is based on family objectives than business objectives of the business. In addition, findings also revealed that the primary motives of family members who are involved in the business decide the success or failure of it. The tacit knowledge of the family members also was more valuable than tangible resources in the business for the progress of the business. Finally, it was evident from the study that successful handling of the family involvement is the precondition for the success of family business.