

# Dilemma of Career Decision among young generation from Family Business- a Qualitative Study

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## Abstract

Career issues in family business has a greater significance in explaining its transgenerational sustainability. The career decisions of next generation members in a family business is trivial and influenced by a myriad factors. Growing in a family business can be both a facilitating and inhibiting factor for career choice. It often leads to a dilemma in either pursuing a career in the family business or outside. While many studies have attempted to explain the career intention of the second generation members of a family business, this study made an attempt to explore the dilemma involved in career decision among graduate students to either join their family business or start on their own. The family businesses are small and midsized. The study draws from the social cognitive theory and social cognitive career theory in explaining the dilemma in career decision making.

**Key words:** Career Dilemma, Family Business, Social cognitive Career Theory.

## Introduction

The study addresses the career decision dilemma among the next generation members in a family business. Considering the importance of the career choices of the successor generation and its influence of transgenerational sustainability for family businesses (Sharma, 2004). The topic has a lot of relevance in furthering the field of family business research. While most of early research focusing on career decisions among adolescents are directed to explore their role as an employed individual, it is necessary to understand the antecedents of career decisions among the young members of a family business where there is a certain amount of predictability in pursuing a career, either in the family business in a leadership role or to establish a new venture out of the family business. This may lead to a dilemma and furthering crucial decisions on choosing a career. Career decisions are also linked to the succession process in family firms. Thus it is convincing to explore further to understand how a reconciliation is made. While growing up in a family business, the self-employed parents become the role model and the adolescent gains vicarious experience through listening to family histories, narratives of incidences and occasionally engaged the business

activities. It leads to the self- efficacy among the young members in a family business which in turn affects their career decisions (Davidsson, 1995). Yet the assertion is insufficient to predict the decisions to succeed or start their own. With several studies discussed the career choice intentions among adolescents (Murphy & Lambrecht, 2015; Schroder, Schmitt-Rodermund, Arnaud, 2011; Zellweger, Sieger & Halter, 2010; Stavrou, 1999, 1998) tried to highlight the factors responsible for the career choice intentions among adolescents with family business background but there is little attention understand the career decision dilemmas and the subsequent choice made between two equally attractive goals.

The purpose of the study is to explore the factors leading to such a dilemma of career decision making and thus explain how career choices are shaped among the graduate students with family business background. This study will also look at the theoretical frameworks of social cognitive career theory (Lent, Hackett & Brown, 1994) and Social cognitive theory (Bandura, 1986).

The study is of importance for two reasons first, it is a novel attempt to explain the dilemma in career decision making and how such dilemma are formed

and reconciled? Secondly the study made an attempt to use the theoretical framework of social cognitive career theory to in explain career decision dilemma in context of family business.

### Family Business- An overview

Family businesses are unique and represent the most traditional form of enterprise globally. Studies claim that family business represents 90% of all US business and employ over half the workforce (Astrachan & Shanker, 2003). Estimates further suggests 40% of all fortune 500 companies are family owned and controlled. The family businesses and their predominance in the emerging economies are equally appealing. It accounts for approximately 55% of large companies in India and Southeast Asia and 46% in Brazil. (BCG Perspectives, 2016) In India family firms account for two thirds of the nation's GDP, contributes 90% of the gross industry output and generates 79% of organized private sector employment. (KPMG, 2013). The figures justify the burgeoning interest among researchers to explore the dynamism of family firms. As observed by Massis, Sharma, Chua and Chrisman. (2012) between 1996-2010 many scholarly endeavours are directed to explore, understand and explain several phenomenon of family business. This has led to a rapid increase in the number of research papers published both in exclusive journals for family business studies or those related closely to entrepreneurship and management. The same phenomenon is reported by Sorenson, Yu, Brigham and Lumpkin.(2012) in their categorization of family business outcomes by proposing a landscape for family business includes 34 dependent categories and 7 clusters namely; Governance, family business roles, family dynamics, succession, strategy ,social and economic impact and performance.

In the family business context, succession is one of the most studied topics (Sharma, Chrisman & Chua, 2003).The intra-family succession is one crucial event for the survival and continuity for family firms (Sharma, 2004), at the same time the transgenerational control of a family firm helps in preserving the financial and socio emotional endowment(Gomez-Mejia, Cruz, Berrone & De Castro, 2011). But as observed by Beckherd & Dyer (1983) only about 30% that survive the first

generation retain family ownership to second generation and less than 10% retain family ownership into the third generation. The challenges for succession has been identified by several studies and focused on various dimensions; Successor commitment (Sharma and Irving, 2005), succession planning in family firms (Handler, 1994), Successor motivation (Carbera-Suarez, De Saa-perez, & Gracia-Almeida, 2001), and relationship issues among successor and the founder (Lansberg & Astrachan, 1994). In a recent study by Daspit, Holt, Chrisman &Long (2016) proposed a social exchange perspective for studying succession in family business. It followed the three phase model of succession (Le Breton-Miller, Miller & Steier, 2004) which laid emphasis on the career development of a successor as a significant phase in the succession process.

### A Career Perspective for Family Business A Review of Literature

According to the oxford dictionary career is defined as "*an occupation undertaken for a significant period of a person's life and with opportunities for progress*".

Career issues are mainly studied in the non-family business and entrepreneurship literature. However it is slowly drawing attention of researchers to study them in family businesses as well. Starvou & Swiercz (1998) in their study made an attempt to understand the career intention of adolescents with a family business background. They found the family dimension has significant impact on the offspring's intention not to join the family business. Similarly few other studies which predicted a relationship between self-employed parents and a family business background may impact the likelihood among the next generation to prefer an entrepreneurial career (Carr & Sequeria, 2007; Scherer, Adams, Carley & Wiebe, 1989; Boyd and Vozikis, 1994; Davidsson, 1995). However these studies lack clarity in explaining how it inspires the potential heirs of family business to decide to succeed vs starting a new venture (Zellweger, Sieger & Halter, 2010). In the quest to fill the gap, they have investigated the career choice intention of students from family business backgrounds by drawing from theory of planned behaviour and added two more dimensions

to it; independence and innovation motives to explain the career choice intention of students from a family business background (Zellweger et al). In addition to the earlier studies Schroder, Schmitt-Rodermund & Arnaud (2011) offered a parental perspective to career choice intention among adolescents in family business. Another useful study conducted by Sharma et al (2004) explained the career choice of successors to engage in the family business by linking it to four levels of commitment. Taking a contrast from the previous studies on understanding career intentions among adolescent in family business, Murphy & Lambrecht (2015) investigated the career decision of next generation members and found the role of family business involvement not only influences but also alters the careers of the next generation by using grounded theory approach. It is observed that most of the studies followed an approach directed to examine the theory of planned behaviour and entrepreneurial intention and its application in family business while neglecting the relevance of social cognitive career theory in explaining the career decisions for next generation members in a family business.

### Theoretical Foundations

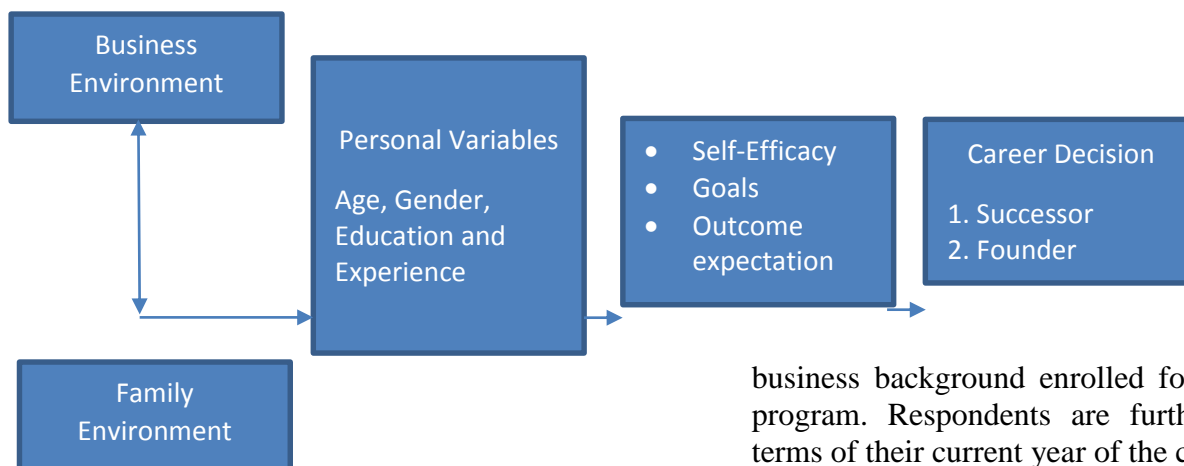
#### Social Cognitive career theory and career Decisions in family Business

The social cognitive career theory (Lent, Brown & Hackette, 1994) is influential in explaining the processes through which career interests and choices are made. The theory tells the dynamic interaction among cognitive personal variables (Self-Efficacy, outcome expectations and goals) with its environment to help shape the career development. The SCTT is an extension of the social cognitive theory of Albert Bandura, who mentioned Human action, is a socially situated product of the interplay between personal (cognition, affect, biological events), behavioural and environmental influences (Bandura, 1999). He

further said the interaction of the three results in a triadic reciprocity and under this approach, individuals are viewed as both “products and producers of their environment (Wood & Bandura, 1989, p.362).

To analyse the SCCT In a family business scenario, career decisions can be affected by the personal variables of the next generation member’s age, gender, education, experience, which can be a source for self-efficacy- is concerned with judgments of how well one can execute courses of action required to deal with prospective situations” (Bandura, 1982, p. 122). In addition, the belief on the positive or negative consequences associated with taking a decision to either remain in the family business or to move outside can also lead to a dilemma. The outcome expectations are thus having an influence in deciding the actions. Further to it, goals offer a determination to remain engaged in a particular behaviour. It thus help in organizing and guiding behaviour and sustain it for a long period even the absence of external reinforcement. In a family business context the influence of the family either distorts or create firmness in setting personal and professional goals. However study by Eckrich and Loughhead (1996), claims children of business owners have less clarity on their career interest and goals which they termed as ‘vocational identity deficit’. This assertion call for more investigation on why such a scenario arises and the antecedents to it. In a family business it is evident to have a friction of the personal vs family vs Business goals and thus can lead to dilemma in decision making.

The environmental dimension in family business is bifurcated into business environment (Size, nature, growth, profitability, competition) and the family environment (Family size, siblings, family values, trust and relationships). The result is a dynamic interaction among the three, and can become a source for the dilemma for the nexgen members to take a decision.

**Figure 1. An Extended Model of Social Cognitive career Theory in Family Business**

### Research Methodology

While earlier studies have followed a quantitative approach in discussing the career choice intentions, this study will follow a qualitative research methodology and by using case studies. Qualitative research is used for describing a phenomenon of study in infancy or when partial or inadequate theories exist and unable to describe the phenomenon fully (Cresswell, 2007). Case studies help in an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between the phenomenon and context are not clearly evident (Yin, 2003. Pg.13) The sampling for the study is purposeful and the samples are chosen from students from family

business background enrolled for a management program. Respondents are further classified in terms of their current year of the course (those

who are in the second year of the program are chosen) and area of specialisation (either family business or new venture creation) in their final year. The family business are privately owned and managed by the founders or the second generation members in executive positions. Five case studies

are designed based on a focused interview keeping in line with Eisenhardt (1989). The interviews were conducted during 5 months period between November to March 2017. The interviews are mainly kept open yet guided through conversational questions like, “say something about your family business” or how did you make a decision to start your own venture? The average time of the interviews were 43 minutes.

Table 1

A short Profile of the Respondents in the study

Name of the Respondent	Age	Generation	Industry	Specialisation
Sreehari	27	Second	Metal/chemical/fibre	New Venture Creation
Pankti	26	Second	Textiles	New venture Creation
Abhilash	26	Second	Machine tools	Family Business



Ravi	26	Third	Textiles	New Venture Creation
Sushen	28	Third	Food processing/Entertainment	New Venture Creation

### Analysis and Discussion

In the analysis the focus is given at three levels, the individual, his/her family and their business. The analysis is aligned with the Social cognitive theory and social cognitive career theory and explain the decision dilemma in choosing a career. For the individual the focus was on the age, gender, education and experience which is in a constant state of interaction with the family environment consists of the size of family, family values, relationship and trust among the founder and next generation member. The business environment consists of the nature and size of business, growth and future prospects.

In the course of the interviews, the researcher found two students decided to join their family business. While the rest are unsure and wishing for a career outside their family business. Some of the statements extracted from the scripts, which contrast between those decided to join their family business and those who are undecided are given below

Statements of those students, undecided about joining their family business

*"I do not know much about my family business and my involvement in our family business is limited"*

*"Even though I wish to join our FB, I am unsure of my role there"*

*"Our business processes are traditional and it is impossible to convince the previous generation for a change"*

*"Though I am asked if I wish to join the family business yet the role will be decided by my grandfather"*

*"I wanted to do something independently and I don't think, by joining our family business, I will get that freedom"*

*"My financial needs are not going to be fulfilled by joining the family business"*

*"There are issues of family conflict, for which I do not prefer to join our family business."*

*"My parents will support me in starting out on my own"*

Statements from those students decided to join their family business

*"I have seen the struggles faced by my family in establishing our business"*

*"My Father and I discuss elaborately on several issues of the business on day to day basis"*

*"As I am the only child in my family, the survival of our family business is in my hands"*

*"I have started helping my father during my college days. It gave me the confidence to understand the business"*

*"I have managed to add new customers for our business on my own and that boosted my confidence"*

*"I see a lot of scope related to the product we manufacture and there is a significant scope for me to use what I have learned."*

In addition there were times when both the groups share common concerns leading to their dilemma.

As one female respondent who is unsure of her decision to join the family business told,

*"I can help my father to learn excel and other computer enabled financial tools for keeping our accounts in an efficient manner and my father learns it with great enthusiasm but it is also difficult to convince my father to implement a change in the business process. It is his way of running the company and he does not like interferences"*

The same expressions are shared by another respondent who is wishing to join the family business said *“at times it is difficult to convince my father for bringing a change”*

It is also found from the analysis that the educational background and work experience can be source for dilemma for the respondents, all the respondents included for the interview had a degree in engineering except one who is a commerce graduate. The respondents who have shown interest in joining their family business had a greater exposure of working in their family firm in comparison to those who is undecided. A respondent said *“I never get associated with our family business and after my engineering, I choose to do a job at an Interior designing firm”*.

Similarly a female respondent said, *after my engineering, I worked for a year at Godrej and Boyce but then I left it. My experience of associating in our family business is limited and my father never openly offered me to join it”*

Even previous exposure of work lead to dilemma in one respondent from the group, who is willing to join his family business said,

*“During my final year of mechanical engineering, I started working in our factory and soon I realize it is difficult for me to match my father on his technical prowess and understanding of the operation of the business and it made me feel as a misfit in our family business”. When I spoke to my father about it he advised me to spend more time in learning it and personally helped me at the same time told me to decide the role where I can contribute”*

The Size of the business and the members from the family engaged in the family firm has also lead to the dilemma. After analysing the interviews from other respondents, it is found that when the size of the business is small with one or few family members who both own and manage the business, there is an interest to join the family firm, at the same time when the size is large with more members from the family working in the business, the interest declines. As one of the respondent, who is a third generation member of a family business said *“when there are so many of your cousins*

*working in family business, it is often difficult to find your space”*

In the context of the self-efficacy beliefs of the respondents, it is observed that both the groups of respondents possess higher self-efficacy beliefs irrespective of their career choices. One respondent said *“I am ready with a business proposition and confident to find investors to launch my own enterprise”* While another respondent who is going to join their family business said *“I am confident on persuading new clients and I have generated a few customers for our family business”*

Outcome expectation are equally important for respondents, who find a hurdle in joining their family business. They expect more positive outcome from their own ventures (intrinsic and extrinsic rewards and satisfaction). As one respondent said, *“If I join my family firm I have to start as an employee for a minimum of three years with a little remuneration of INR 3000-5000. This is not going to fulfil my financial needs and working under my father and grandfather I may not be able to establish my identity”* Whereas the respondents who wish to join their family business sees positive outcomes by associating with their family business and believes their career aspirations can be accomplished. As one respondent said *“Right now I am working on a new product and finding the market for it, it is giving me challenges which I always expected”*

Drawing from the analysis, we can say that, the family can act either ways as a facilitator or inhibitor for making career choice decisions for its members. It can be either a source or solution of the dilemma. Further drawing from the analysis, it is found that, those students, wished to join their family business had shared common behavioural dispositions than those who wished to start on their own. While one dimension is the nucleus family type and small size helps in open communication and the next generation positively associates themselves through their family history it also helps in building trust. While all respondents spoke about the beginning and other milestones of their family business. The difference lies in the way the parent founder shows willingness (both explicit and implicit) to welcome the next generation on

board. The willingness of the founder creates an obligation for those members to have a future orientation and think for the continuity and survival of their family business after the founding generation. It is also found that, the perceived self-efficacy dimension is equally high with the students, who wished to be successors. The source can be attributed to support and mentorship received from their parents as well as their education background and previous exposure to work in their family business. While this corroborates with earlier studies attempted to put forward the influence of the family in career choice of the nexgen members in family business. This study could not find any difference how self-efficacy leads to career decisions of joining the family business from starting on your own. This is in contrast with the findings of Zellweger et al (2011), which proposed with higher perceived domain related self-efficacy among students of family business, the founding intentions are preferred over succession intentions. This calls for further investigation. The study also found that members who wished to start on their own has a misalignment of their career interests and goal with that of their family firms. Thus it speaks in similar lines of Sharma et al, 2005 that career interest are contingent upon a positive alignment of the career goals and the opportunities available in the family business. The study also found conflicting relationship among family members creates a dilemma in the next generation family members to either join or stay away from their family business.

### Conclusion:

The study offers an insight to explain the career dilemma encountered by the students from a family business background which is aligned with the social cognitive theory and social cognitive career theory. The study proposed an extended model of the social cognitive career theory by adding the business and family environment dimension and tried to understand the link with the personal variables; self-efficacy, outcome expectation and goals suggested by the original theory.

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