Family Presence: 
Implications for Decision-making in Family Business

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ABSTRACT

This paper explores the implications for decision-making processes in the small to medium sized family business of family presence, which is a key environmental factor of those businesses. One-to-one interviews with older and younger generation family and non-family managers from ten family businesses cases were undertaken in this study. Findings highlight the paradoxical nature of these implications, including: that the flexibility which results from familiarity that family managers share can have both positive and negative consequences; that the family environment that many non-family managers value can have both a liberating influence encouraging participation in and contributions to decision-making while at the same time cause some other employees to clam up for fear of saying the ‘wrong thing’. The paper concludes with some recommendations for further research and some observations that may help leaders in family businesses enhance the decision-making processes.

Key words: family business, decision-making, leadership, small to medium enterprises.

INTRODUCTION

The complexity and frequency of change in the external organisational environment, together with the political agendas of key players and the corporate culture of the internal environment, clearly has an affect on decision-making in organisations. The family business environment is considered to be more complex because of the influence of three diverse sub-systems: family, ownership and business (Tagiuri and Davis, 1996). There is potential for those involved in decision-making in this complex environment to be more influenced by one system than another at any one time. The common factor in both the external and internal environments of the family business and in the three sub-systems, is family presence which has not been specifically examined in relation to decision-making in the family business.

Decision-making in the family business is thought to be different from that of a non-family business because the decision-makers are easily identifiable and are usually often directly involved in the implementation of their own decisions (Ward and Aronoff, 1991). Kets de Vries (1995) considers that decision-making is faster and more flexible in family businesses as they are often without the same safety checks that exist in publicly owned companies. Conversely, Neubauer and Lank (1998) point to the complexity of the family business with its management having to act in up to double the
number of roles when the ‘family’ system overlaps with the owner, management and governance systems. However, just how this complexity influences decision-making in the family business has not been explored in the literature.

Consistent with the USA and Europe, Australian family owned businesses are estimated to make up approximately 67 per cent of private companies, and employ about 50 per cent of the private sector workforce (Smyrnios and Walker, 2003). In addition, family owned businesses are estimated to represent a wealth of approximately $A3.6 trillion (ibid). The recent Smyrnios and Walker study and its predecessors (Smyrnios and Romano, 1994; Smyrnios, Romano and Tanewski, 1997), have profiled Australian family businesses through broad-ranging surveys and questionnaires where characteristics such as ownership, employee numbers, sales and revenues, key objectives, and the presence of some key human resource management practices have been examined. This study on which this paper reports is exploratory in nature, consisting of a more detailed examination of a small number of cases.

**BACKGROUND**

Decision-making is central to a manager’s responsibilities. It is a key aspect of day-to-day operations and of long term strategic positioning of all businesses. Decision-making can be considered alongside tasks such as planning, communicating, inspiring and budgeting, as characterising the day to day lives of business leaders (Mintzberg, 1973, Zaleznik, 1977: Kotter, 1990). Research has identified poor decision-making skills along with failure to undertake strategic planning as primary reasons for business failure (Ibrahim and Goodwin, 1986; Haswell and Homes, 1989). While leadership involves making decisions that affect whole organisations, as well as individuals within them, there is little understanding of the family presence on decision-making in family owned and managed businesses. Its exploration would complement other researchers’ efforts to examine implications of family presence as for example the work of Davis and Harveston (2000) when they examined the internationalisation process of family firms.
Although there is generally no agreed single definition of a family business, there is some consensus that a business owned and managed by a nuclear family is a family business (Chua, Chrisman & Sharma, 1999). In this study, family business is operationally defined as a business with more than fifty percent of ownership being held by a single family or group of families who are related to the founding family member(s) and where at least the second generation of the family is involved in the business (Moores and Mula, 1993; Smyrnios et al, 1994). In all cases, one or more family members are also either working in a management capacity in the business or active in key governance roles, adding potential complexity of family presence.

Family businesses are not an homogenous group and they differ with regard to the degree of family influence. This has been highlighted by Astrachan, Klein and Smyrnios (2002), who have developed the F-PEC scale to assess the extent of family influence (F) on enterprises comprising three subscales, power, experience and culture. The power subscale (P) relates to a combination of ownership and management involvement in the business; the experience subscale (E) to skills, resources and experience over a number of generations; and the culture subscale (C) measures the degree of overlap between the family’s and the businesses’ values and the family’s commitment to the business. However, how those differences in the degree of family influence impact on decision-making has not been specifically addressed.

In individualistic societies, such as America, Canada and Australia, not surprisingly individuals more often make decisions without reference to those around them. However, implementation is often delayed while the decision-maker explains the decisions and gets agreement from members of the organisation (Adler, 2002). This is consistent with Dyer’s (1986) finding that the challenges for effective decision-making differ for first and later generation family businesses. He argued that poor decision-making is likely to be found in the first generation firms due to a reliance on the owner-founder and the potential for delayed decisions or hesitancy on the part of the employees or managers to make decisions without the owner’s approval. By contrast, in a group oriented culture, such as Japan, a group of people may make the decision which can be time consuming and unwieldy. In later generations of the family business, Dyer (1986) noted that decision-making becomes a fertile ground
for family squabbles with more than one family member trying to influence the outcome. Whether or not family owned and managed firms in an individualistic society, such as Australia, are affected with the family striving for group [ie ‘family’] decisions has not been directly addressed.

One study on the impact of family on decision-making in the family business has found that the family unit is ‘the last stronghold against social and cultural change’ (Hollander and Bukowitz, 1990: 459). This same study found that if family cultural processes are internalised they might lead to poorer decision-making. For example, if the oldest son is favoured over a daughter or another son, a decision on the right person for the job may not be made appropriately. If family member CEOs are always worried about their equity in the business, a short-term strategy may result which may not be for the long-term benefit of the business or their investment.

There has been some interest in examining differences in decision-making practices between large firms and small to medium sized businesses (eg Wager, 1998) but little attention has been paid as to how the family presence influences decision-making practices. The relationship between formal planning and decision-making processes has been found to be particularly important to small businesses where there may be little separation between the strategic/decision-making of the entrepreneur and the formal planning system (Lyles and Baird, 1993). The same may be argued for the family business due to the overlap of the management team membership and family membership.

Decision-making in the family business was examined indirectly by Astrachan and Aronoff (1997) in their exploration of co-family CEO arrangements. One of the positive outcomes of such arrangements was that decision-making can be improved. However, they also found that problems such as ‘confused authority and slow decision-making’ might result. To avoid these negative outcomes, they proposed a process including that: agreement be reached early on that important decisions should to be made together; the notion of ‘we’ rather than ‘I’ should be used; arguments be conducted in private with agreement being put forward in public.
The challenges that family dynamics pose to decision-making in the family business often focus on intergenerational dynamics; that is, the different perspectives of the older and younger generations working together in the businesses (Aronoff and Ward, 1990). These different perspectives have the potential for conflict and misunderstandings in the decision-making processes.

Of interest in this study were the perceptions of the managers about how decision-making occurs in the family business and what improvements might be introduced to ensure decision-making processes are effective. Also, were the implications different when many family members are active in the business as executives or employees, as owners (shareholders) and/or as directors on boards (if there is an active board), compared to when fewer family members participated. This study draws on data from ten SME sized family businesses and explores what the older and younger generations, family and non-family managers think about the implications for decision-making the family presence has in their businesses. Two main research questions were explored:

1. What are the barriers to effective decision-making which are related to family presence; and
2. What opportunities are provided for participation in decision-making by both family and non-family managers?

**RESEARCH METHODOLOGY**

The data on which this paper is based were obtained through a qualitative approach to case study research and cross-case analysis (see for example, Yin, 1994; Stake, 1995). A qualitative approach was used as it was considered important to collect in depth data to understand the complexity of the family businesses and interactions within them, as recommended by Litz (1997). The research involved an inductive approach to the field material. Data were collected through in-depth one-to-one interviews, participant observation, and through the review of documentation and field notes. Semi-structured interviews were conducted with family and non-family senior managers in the family business, and with some board directors, to obtain a spread of older and younger generation members. Interviewees’ perceptions of barriers to and opportunities for decision-making processes in their family businesses were sought.
The research process was an iterative one with interpretation and analysis being ongoing during the collection, transcription, and writing up. Analysis of interview transcripts and the field notes was undertaken with the help of NUD_IST (1997), a computer based qualitative data analysis package that facilitated the organization of the data.

Research Sample

One-to-one interviews were conducted in ten small to medium sized Australian family business cases (ie businesses with up to 200 employees) ranging from the first to the fifth generation of ownership and management (see Table 1). The sample was a convenience sample of family businesses from one metropolitan region of Australia.

While family business should not be viewed as an homogenous sector, for the cases in this study the family ownership stake was almost 100%; there were family members in some of the key management positions and, in all but one case, there were two generations involved in the businesses. Such family presence suggests there will be strong family influence in the governance and the management of the business (Shanker and Astrachan, 1996).

Of the ten cases, six had active boards of directors and four of these included independent non-family directors. In all but two of the six, an independent non-family director acted as chairman of the board. Four cases did not have active, functioning boards; one because it was owned and managed by an owner/founder/sole director (K), and three because the older generation ‘chairmen’/CEOs refused to contemplate formation of active boards (B, D and E). As one younger generation CEO explained: “Dad’s the majority shareholder and doesn’t sort of believe in boards and meetings and having outside people involved in the company” (D).

In terms of generation of ownership, one case was owned and managed by a ‘controlling owner’ [CO], six by ‘sibling partnerships’ [SP], and three by an extended group of cousins termed ‘cousin consortiums’ [CC] (Ward 1987 and 1991; Gersick et al, 1997).
### Table 1: Summary characteristics of cases

<table>
<thead>
<tr>
<th>Case</th>
<th>Generation(s) (a)</th>
<th>Approx number of employees</th>
<th>Industry sector</th>
<th>Interviewees</th>
<th>Formalised Board</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>[Ownership structure]</td>
<td></td>
<td></td>
<td>Role (b)</td>
<td>O/Y (c)</td>
</tr>
<tr>
<td>A</td>
<td>4 and 5 [CC]</td>
<td>110</td>
<td>Manufacturing</td>
<td>CEO FM NFM</td>
<td>O</td>
</tr>
<tr>
<td>B</td>
<td>3 and 4 [CO &amp; SP]</td>
<td>70</td>
<td>Manufacturing</td>
<td>CH CEO NFM</td>
<td>O</td>
</tr>
<tr>
<td>C</td>
<td>3 [SP]</td>
<td>80</td>
<td>Manufacturing</td>
<td>CEO FM NFM</td>
<td>Y</td>
</tr>
<tr>
<td>D</td>
<td>3 and 4 [CO &amp; SP]</td>
<td>70</td>
<td>Manufacturing</td>
<td>CEO FM NFM</td>
<td>Y</td>
</tr>
<tr>
<td>E</td>
<td>1 and 2 [SP]</td>
<td>30</td>
<td>Construction</td>
<td>CEO FM NFM</td>
<td>O</td>
</tr>
<tr>
<td>F</td>
<td>4 and 5 [CC]</td>
<td>12</td>
<td>Property and Investment</td>
<td>CH CEO</td>
<td>O</td>
</tr>
<tr>
<td>G</td>
<td>2 &amp; 3 [CC]</td>
<td>140</td>
<td>Printing</td>
<td>CEO</td>
<td>Y</td>
</tr>
<tr>
<td>H</td>
<td>2 and 3 [SP]</td>
<td>200</td>
<td>Retailing and Distribution</td>
<td>CEO NFM</td>
<td>O</td>
</tr>
<tr>
<td>J</td>
<td>3 and 4 [SP]</td>
<td>90</td>
<td>Food Production/ Retailing</td>
<td>CEO FM NFM</td>
<td>Y</td>
</tr>
<tr>
<td>K</td>
<td>1 and 2 [CO]</td>
<td>12</td>
<td>Marketing</td>
<td>CEO</td>
<td>O</td>
</tr>
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</table>

**Notes**

a Generation(s) actively involved in the business either in executive roles or non-executive board roles.
b Interviews were conducted with family business Chairmen (CH, both family members), CEOs (all family members except cases ‘C’ and ‘F’), other family managers (FM) and/or non-family managers (NFM) as available.
c Interviewee from older (O) or younger (Y) generation
d * indicates that a non-family member is included as a member of the board ie external non-family membership

Table 1 also shows that of the 24 interviewees, two were older generation Chairmen of the family businesses, five were older generation family member CEOs, two were non-family CEOs, three were younger generation family CEOs, five were younger generation family managers, and seven were non-family members employed in the businesses. The ‘older’ generation interviewees ranged in age from...
50 to 73 years, the ‘younger’ generation interviewees ranged in age from 33 to 47 years, and the non-family managers ranged in age from 31 to 56 years.

**FINDINGS**

Several factors were identified by both family and non-family managers as being considered to have implications for decision-making in the family businesses. While this study was not a comparative study ie no non-family businesses were included in the research sample, these factors are considered to be different from those that may be operative in a non-family business. For the purpose of this shortened paper, the barriers and opportunities are discussed under the following headings:

- The role and composition of the board
- The structure of and processes for the executive team
- The role of non-family managers
- The health of the family dynamics

**The Role and Composition of the Board**

According to Ward and Handy’s (1988) typology, six cases had active boards [with four of those being classified as ‘outside’ boards as they included non family membership] and four cases had token boards which existed for legal purposes but were not formalized decision-making bodies.

In general, interviewees considered that having a formalised board structure provided the possibility for decisions to be better informed as the board structure enforced some discipline of shared decision-making, sharing in some cases between several family members and in other cases, between family members and external non-family directors. Where boards were formalised, non-family managers, (and in one case, family managers not already members of the board) were invited to board meetings to join the discussion of issues within their area of responsibility. In this way they had a chance to influence the decision. Several interviewees commented that, in their view, it was even more important in the family business, where the family members were also members of the executive team, that the family managers be encouraged to discuss things openly in a board forum rather than keep things to themselves which occurs more often in the owner controlled family business. Observations
were made about the boards being able to arrive at better decisions, because “more heads” are thinking about and discussing the business. In one case with a constitution that allowed only family members as board members, the desire for ‘more heads’ led to the board embracing family members not otherwise involved in day-to-day management of the business. In this way, ideas and alternatives from different industries were contributed to board discussions.

However, in three cases, instances were described where the family presence on the board created more consternation than calm. In these cases, there were particular family factions operative and the family presence was considered to be detrimental to ‘efficient business decision-making’ (Family CEO). One interviewee expressed the view that there was less trust between family members than between some family members and non-family members of the board. Formalised boards did not guarantee a full airing of issues. For example, it was recognized that the family would get together before some board meetings and ‘sort things out’ so as not to argue in front of the external, non-family directors. In this regard, not all information was before the board for discussion and consideration.

There were similar comments made by the interviewees in businesses with one of the two the family-only boards. Here the issue was more to do with an overlap of managerial and board related decision-making. As family made up 100% of the board membership there was no neutral stimulus that often comes from external non-family members (or even non-executive family members as described above).

In three of the four cases without active boards, decision-making was described as being ad hoc and the younger generation interviewees supported a gradual phasing-in of a governance structure to augment the decision-making processes. In one case, a younger generation member excused his father’s autocratic decision-making style because his father had run the business by himself for so many years:

“Decision-making from a family business point of view is often made by one person, where as in other companies of our size …, decision-making would be spread over, say, five managers or shared with a board of governance”. 
Others were aware that some decisions were being made ‘away from the business’:

“…without the corporate structure, decisions being made around dining room tables instead of board room tables et cetera, meant that often the frustrations would come in because you would want to do this or that but you couldn’t.”

**The Structure of and Processes for the Executive Team**

Although the proportion of non-family managers in the executive teams varied in these cases, each executive team included at least two non-family managers and there was a majority of non-family managers in seven out of ten cases. The most common non-family appointee was the production manager followed by the finance manager. However, only six of the cases had such an appointee all of whom were non-family members, the others relied on external advisor for accounting and financial expertise. Other members of executive teams included marketing specialists, administrative managers and operational managers. The notable exception, in all but one of the cases, was the lack of a human resource management ‘specialist’ in the management teams. Where there was an HR person in Case C, this was a family member who had valuable relevant skills and had been trained in the HR area. This individual was responsible for recruitment, development and pastoral care for all staff. In the other nine cases, responsibility for human resource issues was generally divided with recruitment being outsourced for more junior positions and the administrative personnel functions being undertaken by clerical staff. Senior appointments were frequently made on the basis of networks and relationships. “We had worked with him before, so looked him up when we had a vacancy” was said more than once. In the four cases where agencies were employed to search for senior appointees, the job specifications had been drawn up after consultation with family and non-family managers. In this respect, there was sharing of information for the key decision but it was agreed that the key family members (either Chairman or CEO) would have the ultimate say on the final appointment.

When questioned about decision-making processes for the executive team, most non-CEO interviewees were reflective in their responses. They perceived the focus of executive meetings as being more information exchange and updating rather than opinions being sought to inform decision-making. The CEOs, on the other hand, expressed views about how valuable they thought the executive
teams were in helping them, as CEOs, make the ‘right’ decision. The family member CEOs certainly were unequivocal in their support of executive team interactions to support effective decision-making but this seems to have been theory espoused rather than practiced.

**The Role of Non-family Managers**

In addition to their inclusion in executive team discussions, the need for decision-making to include family managers as well as non-family managers was raised in all but one case. Comments ranged from claims that inclusive decision-making was lacking and yet necessary, to claims that it was present and appreciated. There was recognition that the non-family managers were an integral part of the management team not unsurprisingly because of the expertise they had. Despite the expressed dependency, several non-family managers expressed some uncertainty about the authenticity of their decision-making roles. For example, one said:

“I had a phone call this morning on an issue - they wanted to know if I was the right person to make comment on it for the business and I said I could certainly make comment and I think I’d be saying the right thing but I think we should talk to the (family) CEO”.

In three cases, all with more than 30 individual shareholders, interviewees highlighted that views of the extended family were not sufficiently sought. In their opinion, the family was not making full use of the extended family’s body of knowledge about potential for improvements in day-to-day business operations. While organisations generally miss opportunities to embrace experience and views of key stakeholders, in these cases it was expressed as a lack of attention to an integral part of the family, members of the extended family, ie those not necessarily on the executive or the board. As one interviewee commented:

“We have very experienced family members running their own businesses, making major decisions daily, and yet we don’t actively seek their advice.”

The challenge in these cases would be to identify those members of the extended family who would be able to make valuable contributions and hope they might be appointed to director roles when available.
The Health of Family Dynamics

Interviewees generally supported the view that the family presence offers some familiarity which in turn contributes to faster and more flexible approach to decision-making. However, the familiarity that some of the family managers shared in these cases had some negative consequences also. Both family and non-family managers commented on the potential for family member presence to have an undue influence on decision-making elsewhere in the business, particularly where family dynamics may be fragile. For example, in one case, where teams gathered to discuss aspects of their operational responsibilities, junior staff would ‘clam up’ if the (family) CEO were present. The organisational climate in this business was not perceived to be conducive to an open sharing of information; the non-family manager commented on a 'them and us' environment which was not conducive to consultative decision-making being the norm.

There were several examples where interviewees highlighted aspects of personal behaviour being a key factor in decision-making processes. While poor management behaviour is potentially a problem for all businesses, in the family business, where family relationships are at stake, personal differences can have greater negative consequences. For example, as one interviewee commented: ‘There are very different consequences for decision-making when there is a family member who is a control freak or a bully or a “yes person”, the underlying behaviours will strongly influence the decision-making process, in spite of any “agreed rules”’. There were comments about family members who left the family business because they could not contend with some of the more authoritarian styles of some family member managers. In these cases, this was attributed to a mismatch between older and younger generation values and objectives.

The cases revealed some contradictory perspectives between the generations about consultative practices in the decision-making process. For example, a younger generation CEO commented on the need to continually consult his father (Chairman) and yet the father commented:

“They [two sons] usually confer with each other. Rarely now do they tell me until it’s a fait accompli. Then I’ll have my bit of a say and quite often I’m wrong too.” (Chairman Interview)
Similarly where expenditure and money were involved, even if relatively minor, managers often waited for family managers or the family member CEO to make key decisions. In those cases with a non-family CEO, there was some tendency to refer some decisions to the board which included family members, contributing to the confusing of decision-making responsibility. While the non-family CEOs were confident with their area of responsibility, they considered it advisable to wait and consult the owners when large expenditure was being considered.

While it was generally accepted that some decisions would be taken by ‘family-only’ members of the executive teams or, in some cases, of the boards, it was the lack of timely communication of those ‘family-only’ decisions that caused frustration to the non-family managers. The need to consider inputs from the board, the CEO, family managers who were not also board members, and other non-family members of the management team, provided a challenge for these leaders in the family business when being consultative.

There were also problems voiced about the repercussions of decisions made in the family business on the extended family not involved in day-to-day operations. One family manager commented:

“It’s extremely difficult to make proper commercial decisions with family members involved in certain areas. We have had situations where my mother has been in tears begging my father not to put a particular person off because that person is a family member and she was fearing the intrafamily problems we might have.”

**DISCUSSION**

In this study, it appeared that family presence was not a straightforward concept to link with the decision-making processes. Comments about family were almost always qualified. Interviewees had different perceptions about the degree of a family members’ involvement with the business, judgements were made about members’ commitment to the business as a whole rather than to the group of people they ‘represented’. Interviewees also were selective as to which non-family managers might be listened to more seriously in the decision-making process - some were referred to as ‘almost family’ because of their long association with the business and were assumed to be as involved as anyone with key decisions.
The identification of generational of ownership in Table 1 enables some exploration of the ‘E’ of the F-PEC scale of family influence. While it might be assumed that all fourth generation businesses might suggest similar levels of family experience, it would be a mistake in this small case sample to draw comparison without looking at the management and governance styles resulting from each generation. For example, there were two cases (B and D) which have both the third and fourth generation of the family involved in ownership and governance but the way in which they are managed and governed is more like the controlling owner style as the decision-making control has remained with a few family members (Chairmen and two family managers) without reference to the wider shareholder group. It may be no coincidence that there is no forum (such as the board) for the other family shareholders to participate in ‘governance’ or have any input into discussions for key decisions. This creates a different climate to third and fourth generation businesses which are operating as genuine sibling partnerships with active boards (C, H and J) which give the wider family shareholder groups the opportunity for input into decisions. Those businesses owned (and some also managed) by cousin consortia (A, F and G) also offer different opportunities for family to be involved in decision-making even though both have the benefit of similar business “experience” (at the level of the third and/or fourth generation).

These cases demonstrate that, in the family business context, inclusive decision-making processes sometimes means inclusive of family in the business and family outside the business, while at other times may mean inclusive of family and non-family managers and where possible shared by a board of directors (Ward, 1987; Gersick et al, 1997). While the desire to share decision-making was prevalent in these cases, the practices to implement that desire were not as widespread. The overlap of ownership and management was seen to have a major effect on decision-making in these family business cases. In some cases, there was evidence that decision-making was more responsive because the owners were represented in the management teams. Ward and Aronoff’s (1991) view of the centrality of the family member CEO was confirmed, but the role of ‘family-only’ groups in making key decisions became apparent. While it was generally accepted that the family had the prerogative to
make some decisions on their own, the lack of timely communication about those ‘family-only’
decisions was a problem in some cases.

The commitment to the family to the businesses was recognised as being relevant to decision-making
processes but it is difficult to draw conclusions about the degree of relevance because the definition of
‘family’ varied among the cases. Three examples highlight this complexity:

- Where there were multiple family members employed in one business it was only those in senior
  management, the CEO, and board roles that were considered to be part of the family when key
decisions were to be made. Other ‘family’ members were, however, welcome at AGMs along
  with other family member shareholders not employed in the business, and it was hoped that those
  who were shareholders would ‘feel they are being looked after’ and would in turn support the
  recommendations put forward at the AGM.

- Where there were several members of the extended family employed as middle to senior managers
  in the business, they were not formally part of the executive team and therefore not considered
  part of the family in terms of decision-making. They were, however, viewed by other non-family
  employees as *family* and were attributed with decision-making influence.

- Where ownership was shared by fathers and sons but not by wives and daughters, the wives and
  daughters were not included in decision-making meetings to do with the family business. This was
  despite various conversations about the business being held around kitchen tables or dining tables
  which would afford the opportunity for the female siblings/partners to be involved.

These cases confirm the view that decision-making processes can be clouded in the family business as
family members often play both management and governance roles which, if not properly undertaken,
may contribute to not only some blurring of governance responsibilities and relationships (Tagiuri
and Davis, 1996), but also to timely decisions not being taken. The effectiveness of the decision-
making may also depend on the effectiveness with which the family members are able to communicate
with the business’s governing body (ie the board) at the same time as participating in the executive
team on decisions on day-to-day operational issues.
Interviewees were sometimes unable to give tangible examples of how family presence influenced decision-making processes. There was some evidence that while interviewees made comments such as ‘Yes, the family member CEO definitely makes that decision’ or ‘Yes, family members definitely have the prerogative to decide about x, y, z…’, there may have been another level of influence on decision-making that did not come out in this study. For example, exploration of discussions and consultation outside the executive team and the board forums may have exposed relatively greater influence from some managers with specific technical ability than was evident. An HR manager may not be designated as a member of the decision-making team, but the apparent family decision-maker might be heavily influenced by that ‘specialist’s’ opinion. One interviewee commented that the elderly man hobbling past his office and waving, was his father (now 85) who ‘popped in for chats regularly but ‘…didn’t’ want to be involved in the business’. Just what influence such chats have on that interviewee’s decision-making would be interesting to explore in more detail.

In the two cases which were owned and managed by cousin consortiums (Cases A and F, see Table 1), decision-making was perceived as more consultative, compared with the owner-controlled cases or the sibling partnerships which still had evidence of the former CEOs’ influence. The tendency to share decision-making also confirmed Ward’s (1991) finding that a collegial approach to decision-making can foster teamwork. Where the cases were still influenced by a controlling owner, there was some evidence of the secrecy referred to by Benson (1989) where both the family and non-family managers felt constrained at times by the family member CEO’s lack of sharing of information. In these cases, the owner-manager’s desire for control tended to stifle rational decision-making as empowerment to make decisions was not always forthcoming to family or non-family managers.

**IMPLICATIONS**

Overall, a complexity of communication and consultation in decision-making processes was revealed in these cases. This is consistent with previous family business research where the multiple roles of family members and the degree of inclusion of non-family managers in the management team,
influences the decision-making process. While it is not possible to generalise from this study involving a small number of cases, the following observations emerged which may be useful for other family owned and managed businesses to ensure that the implications of family presence are positive and functional:

**For all managers including, family and non-family CEOs**

- Set up appropriate structures and processes for the executive and board meeting to facilitate an open exchange of views before decisions are taken.
- Develop the habit of open communication about issues, and emphasise that input from all levels (including family and non family categories) is important.
- Focus on the issue rather than on the person making the suggestion; structure the decision-making around what the outcome can do for the business.
- Depersonalise issues - work with those who have the information but not necessarily the emotional attachment to the family business; set up processes to bring in the specialists’ views in a timely manner.
- Recognise when the emotional attachment of the family and extended family can be employed to advantage to motivate non-family managers and employees.

**For family members**

- Ensure all family members are clear about their various roles: member of the business ownership family, owner, director, senior manager, employee.

- Older and younger generations need to respect each other’s views so that a range of alternative solutions can be put forward in the decision-making process. Younger generation members can have defined areas of responsibility and be encouraged to be accountable for those areas rather than deferring to the older generation.
For advisors:

- When invited to facilitate family business issues, don’t try to predict what will happen - as this personalises the decision process. Discuss scenarios of what can possibly happen and suggest solutions, which might contribute to a ‘policy’ for future practice. In this way family communication skills are developed.

CONCLUSION

While family businesses are not perceived as homogenous, these cases demonstrate some commonality of the influence of family presence in how decisions are made in the family business context. In particular, the ways in which family members embrace their non-family managers, and the degree to which consultative practices exist which recognise non-family managers’ skills and competencies, will influence how decisions are made. The health of family dynamics will also have implications for decision-making processes. While no single decision-making process is advocated, an appreciation of how these key influences are operative in a particular family business case may be helpful in overcoming barriers to effective decision-making.

This study was exploratory in nature, and while the small sample is not considered to have produced biased results, further research is needed before findings can be generalised. This study suggests that the way the family members behave and how they ensure that the closeness of its ownership makes a positive contribution to decision-making should be important foci for advisors and trainers in the family business field. Research could usefully identify the conditions under which the executive teams and the boards could structure their decision-making processes to minimise overlap and encourage input from relevant stakeholders. Further research is also needed to explore aspects of power, experience and culture of the F-PEC scale which were beyond the scope of this exploratory study.
REFERENCES


