



# A STUDY TO PERCEPTIONS OF MANAGEMENT STUDENTS FOR TALENT ATTRACTION TOWARDS FAMILY AND NON- FAMILY OWNED BUSINESSES

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## Abstract

A significant success factor in today's cut-throat economy is in a straight line linked to the ability of an organization to catch the fancy of, select and maintain talent. Attracting talent is essential not only for uninterrupted competitive benefit but also for the endurance of a business. In the past decade, talent has turned out to be the key differentiator for victorious organizations. Therefore, maximizing the achievement of talent is very important in today's highly bloodthirsty environment. Moreover, it has been found that throughout the acquisition of talent, employee commitment and enthusiasm improves, resulting in improved firm performance. Family-owned businesses are frequently considered as being at the cutting frame of corporate performance, depiction of the owners' interests, job formation, wealth expansion, return on investment, excellence of product and service, customization potential and speed to market. The current research paper examines the perceptions that MBA students hold regarding family-owned businesses compared to non-family firms. The study is based on the supposition that attracting talent is significant not only for continuous spirited lead, but also for the continued existence of family-owned businesses. Therefore, family-owned firms should promote themselves as uniformly attractive as non-family organizations, in terms of service opportunities. MBA graduates get up for a rich group of talent that can help family-owned firms to flourish across age groups. Consequently, studying whether MBA students hold an exact image concerning family-owned businesses is brought to the front position. With this aim, the study engaged in an examination process, dealing with MBA students' perceptions of the powers and flaws of family-owned firms, contrasted to non-family businesses. The sample was composed of MBA students from different colleges of management from Haryana.

**Keywords:** Family-owned businesses, non-family firms, MBA students, talent and perceptions.

## INTRODUCTION

Some of the world greatest companies are family-owned businesses and have managed to overcome numerous challenges, such as wars, economic depressions, natural catastrophes and adverse changes in markets. Nevertheless, family-owned businesses cannot extend and maximize former strengths without attracting and retaining the best talent in the world. In this sense, the implications for recruiting and retaining talented employees are vital for family-owned businesses as they grow in terms of scope of activity and geographical location, they are in greater need of hiring talented employees, both family and non-family. Thus it is important for family-owned firms to be conscious of the image that potential employment candidates have about them, and act taking into consideration these perceptions. In this sense, building successful family-owned businesses take an immense amount of energy, effort and talent. Achieving long term growth and passing down the business from one generation to the next and continuing to thrive can only be achieved by attracting and retaining exceptional people. MBA graduates represent a rich pool of talent that can help family-owned firms to prosper across generations. Therefore, family-owned businesses should promote themselves as equally attractive as non-family organizations in terms of employment opportunities. It has been observed that people often view family firms as having little impact on a country's economy, they are in a continuous battle for survival, the family has a negative impact on firm value, the levels of nepotism are higher than in non-family organizations, they are not good at planning for the future and they have little impact on the society in which they operate. Moreover, it has also been found that for next generation members, working in their family owned firms is their second occupational choice. From the previous studies it has been observed that family-owned businesses are generally perceived as a unique type of organization, different from other companies. It would be of interest therefore to study further, from the point of view of MBA students, what specific issues differentiate family-owned businesses from non-family firms.

## REVIEW OF LITERATURE

**Ward (1987)** Explained that family-owned businesses are also famous for their better quality products, which are often a consequence of having the family name on the merchandise, this makes them potent competitors within all markets.

**Astrachan and Carey et.al (1994)** viewed that family-owned businesses are often considered as being at the cutting edge of corporate performance, representation of the owners' interests, job creation, wealth development, return on investment, quality of product and service, customization capability, and speed to market.

**DeMoss (2001)** discovered seven myths that, in her opinion, form people's stereotyped view of family owned firms. The study showed that people often view family firms as having little impact on a country's economy, they are in a continuous battle for survival, the family has a negative impact on firm value, the levels of nepotism are higher than in non-family organizations, they are not good at planning for the future and they have little impact

on the society in which they operate. Moreover, the author found that for next generation members, working in their family owned firms is their second occupational choice.

**Bhatnagar (2004)** observed that attracting the ‘best’ employees is a major priority for every organization. Indeed, talent management is becoming a top priority for organizations around the world. Companies worldwide are turning their focus on how to attract, engage and retain the best employees. Therefore, the management of talent now seems to be one of the key functions that Human Resource Management is playing strategically in organizations.

**McKinsey (2004)** in surveyed North American and European executives of midsize companies reported that their “most pressing concern” was “hiring and retaining talent”.

**Ronn (2007)** concluded that maximizing the acquisition of talent is vital in today's highly competitive environment. Moreover, it has been found that through the acquisition of talent, employee engagement and motivation improves, resulting in enhanced firm performance.

**Michael-Tsabari, Lavee and Hareli (2008)** found that MBA students perceive the family-owned firm to be more emotional and more nepotistic than non family-organizations. The authors also found that, in general, MBA students prefer to choose a job in a non-family firm, indicating that the minority of MBA graduates will end up working for a family-owned business.

## RESEARCH METHODOLOGY

### Objective of the study

The gap found from previous studies or researches has been narrowed down to a single research question that will be responded through this study; how management students perceive for talent attraction towards family and non family business.

- To study the various demographics for perceptions of management students regarding talent management for family businesses in comparison to non-family businesses.
- To analyze the various challenges faced by family businesses in contrast to non-family businesses.

### Hypotheses:

On the basis of above mentioned objective following hypotheses has been framed out:

**H<sub>0</sub>:** There is no significant difference in various demographics (Gender, Age and Incomes) for perceptions of management students regarding talent management for family businesses in comparison to non-family owned businesses.

### Statement of the Problem

The prime focus of this study is to describe how the students with different demographic characteristics perceive family business, interpret values and up to what extent the demographical differences affect their interpretations.

The research is to know the degree to which management students likely to go towards family and non family business.

### Test Population and Sampling Unit

Populace size is assessed to be 150 which has been of various management students of NIT and Kurukshetra University Kurukshetra

### Sample Population & Size

The study population comprises of students of different universities. A questionnaire was distributed to an approximate sample of 150 but due to some issues only One Hundred and Five (105) students were taken into account.

### Data Collection Technique

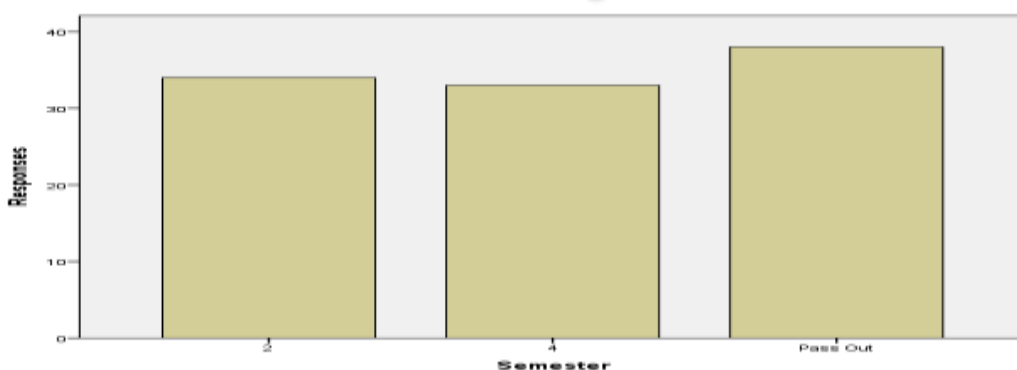
Primary data was collected through the questionnaire method. With the help of scheduled interview after personally meeting the students of both institutions & distributed the questionnaire. This also helped in the knowing their point of view through discussion & interview. Primary data was collected through the standardized questionnaires to elicit information. It was promised to the respondents about anonymity of the response. The total numbers of distributed questionnaires were 150 and received number is 105. The total response rate was 70%.

## ANALYSIS & INTERPRETATION

Table 1, portrays demographic characteristics of answerers.

Table 1 Semester

	Frequency	Percent	Valid Percent	Cumulative Percent
2	34	32.4	32.4	32.4
4	33	31.4	31.4	63.8
Valid Pass Out	38	36.2	36.2	100.0
Total	105	100.0	100.0	



**Objective 1:** To study the various demographics for perceptions of management students regarding talent management for family businesses in comparison to non-family businesses.

T-test and ANOVA were considered as one of the most relevant statistics for this objective.

**Hypotheses (Ho) 1:** *There is no significant difference in demographics (gender, age & income) of the management students towards the talent attraction for family & non-family businesses.*

### 1.1 GENDER

To achieve this objective, Independent T-test was applied, after applying T-test, table 1.1 was generated for the demographics of Gender (Male & Female) for finding the significance difference of the

Table 1.1 Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means				
	F	Sig.	t	Df	Sig. (2-tail)	Mean Difference	Std. Error Difference
Talent Equal variances assumed	3.195	.796	1.821	103	.045	.28203	.15487
Equal variances not assumed			1.824	102.990	.045	.28203	.15465

management students towards the talent attraction for family & non-family businesses. From the table retrieved, it is concluded that both the gender (Male & Female) have no significance difference.

*Hence, p-value (.045) < 0.05, so null hypothesis is rejected and alternative hypothesis is accepted that means that there is no significant difference in gender the management students towards the talent attraction for family & non-family businesses.*

### 1.2 AGE

Statements	F	Sig.
The abilities of the management team	3.234	.025*
The ability to catch the attention of good executives	3.968	.010*
Remuneration	.077	.972
Fringe gains	.733	.535
The access to information	2.316	.080
provided stock options are	1.045	.376
freedom of decision making is	1.263	.291
selection and training of the successors is	1.501	.219
quality of board of directors is	3.275	.024*
representation of the interests of owners is	2.876	.040*

To achieve this objective, One-way ANOVA was applied, after applying ANOVA, table 1.2. was generated with various statements fulfilling the above objective with respective of the demographics – Age. Various age groups (20 to 25years, 25 to 30 years, 30 to 35 years & 35 to 40 years). When there are more than two categories i.e. four age groups are present in the study to compare one way ANOVA is applied. Wherever the significant

difference were found ( $p\text{-value} > 0.05$ ), the mean scores were compared to see the responses of the various categories. From the above table no 1.2, it was found that the sig-value for abilities for management team (0.25), ability to catch attentions (0.010), quality of board of directors (0.024) & owners interest (0.040). This indicates that there is no significant difference in mean scores of the above said statements.

$p\text{-value}(0.25, 0.01, 0.024, 0.040) < 0.05$ , hence null hypothesis was rejected and alternative hypothesis was accepted which means there is no significant difference in the difference in age the management students towards talent attraction for family owned & non-family business.

### 1.3 INCOME

Statements	F	Sig.
The abilities of the management team	1.405	.246
The ability to catch the attention of good executives	.667	.574
Remuneration	1.891	.136
Fringe gains	.973	.409
The access to information	.350	.790
provided stock options are	.868	.460
freedom of decision making is	.781	.507
selection and training of the successors is	.376	.771
quality of board of directors is	1.463	.229
representation of interests of owners is	1.102	.352

To achieve this objective, One-way ANOVA was applied, after applying ANOVA, table 1.2. was generated with various statements fulfilling the above objective with respect to the demographics – income. The various income groups (Less than 100000, 100000-300000, 300001-500000 & More than 500000). When there are more than two categories i.e. four income groups are present in the study to compare one way ANOVA is applied. Wherever the significant difference was found ( $p\text{-value} > 0.05$ ), the mean scores were compared to see the responses of the various categories. From the above table no 1.3, it was found that the sig-value for all the statements are coming out to be more than the actual significance level ( $< 0.05$ ). This indicates that there is a clear cut difference in the mean scores of the above said statements.

Hence,  $p\text{-value} < 0.05$ , so null hypothesis is accepted and alternative hypothesis is rejected which means there is no significant difference of the varying income on the management students towards talent attraction for family & non-family businesses.

**Objective 2:** To analyze the various challenges faced by the family owned business and non-family business. Frequency was considered as one of the most relevant statistics for this objective.

**Hypotheses (Ho) 2:** *There is no significant difference in various challenges faced by family and non-family owned businesses.*

S. No.	Particular	Scale	Freq.	%	Freq.	%
1	How superior is the talent management in family firms as compared to the non-family business? [The quality of board of directors is]	St. disagree	5	1.6	5	1.6
		Disagree	41	13.4	16	5.2
		Neutral	109	35.6	42	13.7
		Agree	132	43.1	130	42.5
		St. agree	19	6.2	113	36.9
2	How superior is the talent management in family firms as compared to the non-family business? [The representation of the owners' interests is]	St. disagree	16	5.2	5	1.6
		Disagree	68	22.2	18	5.9
		Neutral	90	29.4	82	26.8
		Agree	113	36.9	119	38.9
		St. agree	19	6.2	82	26.8
3	How speedy do family firms put into practice strategic changes contrasted with non-family businesses? [Construction of strategic agreements]	St. disagree	9	2.9	4	1.3
		Disagree	67	21.9	26	8.5
		Neutral	98	32.0	64	20.9
		Agree	101	33.0	104	34.0
		St. agree	31	10.1	108	35.3
4	How speedy do family firms put into practice strategic changes contrasted with non-family businesses? [Internationalization]	St. disagree	12	3.9	6	2.0
		Disagree	42	13.7	36	11.8
		Neutral	90	29.4	82	26.8
		Agree	127	41.5	121	39.5
		St. agree	35	11.4	61	19.9
5	What do you think about the comparative financial performance of non-family businesses to family firms?	St. disagree	4	1.3	2	.7
		Disagree	35	11.4	24	7.8
		Neutral	91	29.7	52	17.0
		Agree	140	45.8	168	54.9
		St. agree	36	11.8	60	19.6
6	How superior is the talent management in family firms as compared to the non-family business? [The abilities of the management team]	St. disagree	7	2.6	9	2.9
		Disagree	54	17.6	23	7.5
		Neutral	92	30.1	45	14.7
		Agree	124	40.5	154	50.3
		St. agree	28	9.2	75	24.5
7	How superior is the talent management in family firms as compared to the non-family business? [The ability to catch the attention of good executives]	St. disagree	10	3.3	1	.3
		Disagree	61	19.9	25	8.2
		Neutral	77	25.2	64	20.9
		Agree	126	41.2	141	46.1
		St. agree	32	10.5	75	24.5
8	How superior talent's management in comparison with non family occupied businesses? [Remuneration]	St. disagree	13	4.2	1	.3
		Disagree	32	10.5	31	10.1
		Neutral	114	37.3	74	24.2
		Agree	126	41.2	138	45.1
		St. agree	21	6.9	62	20.3

9	How superior is the talent management in family firms as compared to the non-family businesses? [Fringe gains]	St. disagree	6	2.0	7	2.3
		Disagree	32	10.5	26	8.5
		Neutral	74	24.2	47	15.4
		Agree	141	46.1	104	33.0
		St. agree	53	17.3	125	40.8
10	How superior is the talent management in family firms as compared to the non-family business? [The access to information]	St. disagree	4	1.3	5	1.6
		Disagree	55	18.0	22	7.2
		Neutral	95	31.0	52	17.0
		Agree	98	32.0	104	34.0
		St. agree	54	17.6	123	40.8
11	How superior is the talent management in family firms as compared to the non-family businesses? [Given stock options are]	St. disagree	3	1.0	1	.3
		Disagree	52	17.0	22	7.2
		Neutral	82	26.8	50	16.3
		Agree	122	39.9	113	36.9
		St. agree	47	15.4	120	39.2
12	How superior is the talent management in family firms as compared to the non-family businesses? [The freedom over decisions is]	St. disagree	15	4.9	1	.3
		Disagree	58	19.0	20	6.5
		Neutral	84	27.5	69	22.5
		Agree	120	39.2	120	39.2
		St. agree	29	9.5	96	31.4
13	How superior is talent management in family firms as compared to the non-family business? [The selection and training of successors is]	St. disagree	6	2.0	7	2.3
		Disagree	64	20.9	23	7.5
		Neutral	85	27.8	72	23.5
		Agree	113	36.9	95	31.0
		St. agree	38	12.4	109	35.6
14	How superior talent's management in comparison with non family occupied business? [The quality of board of directors is]	St. disagree	10	3.3	2	.7
		Disagree	52	17.0	26	8.5
		Neutral	89	29.1	53	17.3
		Agree	114	37.3	117	38.2
		St. agree	41	13.4	108	35.3
15	How superior talent's management in comparison with non family occupied firms? [representation of the owners' interests is]	St. disagree	13	4.2	4	1.3
		Disagree	69	22.5	25	8.2
		Neutral	78	25.5	58	19.0
		Agree	125	40.8	132	43.1
		St. agree	21	6.8	87	28.4
16	What are your opinions about Financial difficulties for growth of family firms in comparison to non-family firms [Difficulties in obtaining loans]	St. disagree	2	.7	00	00
		Disagree	79	25.8	22	7.2
		Neutral	84	27.5	66	21.6
		Agree	108	35.3	127	41.5
		St. agree	33	10.8	91	29.7
17	What are your opinions about Financial difficulties for growth of family firms in comparison to non-family firms [Difficulties in issuing equity]	St. disagree	12	3.9	5	.6
		Disagree	80	26.1	33	10.8
		Neutral	87	28.4	56	18.3
		Agree	91	29.7	118	38.6

		St. agree	36	11.8	94	36.7
18	What are your opinions about Financial difficulties for growth of family firms in comparison to non-family firms [Difficulties for including or accepting new shareholders]	St. disagree	23	7.2	1	.3
		Disagree	73	23.9	30	9.8
		Neutral	85	27.8	71	23.2
		Agree	109	35.6	138	45.1
		St. agree	17	5.6	66	21.6
19	What are your opinions about Financial difficulties for growth of family firms in comparison to non-family firms [Difficulties for retaining earnings due to dividend policy]	St. disagree	31	10.1	7	2.3
		Disagree	84	27.5	21	6.9
		Neutral	86	28.1	80	26.1
		Agree	91	29.7	136	44.4
		St. agree	14	4.6	62	20.3
20	What do you think regarding the personnel management in family firms in comparison to non-family firms [Job Alternation]	St. disagree	13	4.2	3	1.0
		Disagree	72	23.5	25	8.2
		Neutral	88	28.8	68	22.2
		Agree	106	34.6	144	47.1
		St. agree	27	8.8	66	21.6
21	What do you think regarding the personnel management in family firms in comparison to non-family firms [Age of Retirement]	St. disagree	10	3.3	3	1.0
		Disagree	33	27.1	26	8.5
		Neutral	73	23.9	81	26.5
		Agree	111	36.3	122	39.9
		St. agree	29	9.5	74	24.2
22	What do you think regarding the personnel management in family firms in comparison to non-family firms [Discrimination]	St. disagree	7	2.3	3	1.0
		Disagree	72	23.5	25	8.2
		Neutral	91	29.7	53	17.3
		Agree	116	37.9	154	50.3
		St. agree	20	6.5	71	23.2

## CONCLUSION

The prime focus of this study is to analyze perception of management students towards family owned business & non-family business. Therefore, study on family owned businesses gives foundation to further studies in management as it has shown a connection between organizational structure and culture. It has suggested that further studies should be aimed at examination of how they affect others and can they exist independently.

Future reviews ought to be expected to analyze whether the land contrasts influence the connection between the essential and the specialist in family possessed business. In light of our example and model, it was presumed that family firms were more averse to utilize proficient HRM hones when contrasted with their partners. Subsequently family firms' impact happens straightforwardly and in addition in a roundabout too. The immediate effects are simultaneous with office hypothesis, which predicts less checking in the family possessed firm. Then again, comes about can't discount different translations offered by the hierarchical control hypothesis and the institutional hypothesis. Besides, in a roundabout way family firms' impact is steady with assumptions in light of the asset based view. One can't preclude elective elucidations of the results.

## RECOMMENDATIONS

The outcome of the present study supports the hypotheses to find the perception of management students' willingness to join family business or non-family business. From the study, some of the recommendation are put forward a set of measures as below:

- Institutes & Universities play major role in shaping students career, they should encourage students for entrepreneurship, be it family business or non-family business.
- Various techniques & team based approach has been to be given to have a positive effects on career advancement programs.
- Entrepreneurship either through family business or non-family business work as motivation and the identification of organizational programs and procedures, also including career advancements.
- Family-owned SMEs should also employ students with management profession specially HR Specialist to recruit, select and retain talent, to develop HR Policies, ensure fair implementation of performance appraisals and link them to employee development programs.
- For the various challenges that has been faced by family businesses should be eliminated like talent management, strategic concerns and financial etc.

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