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COMPARATIVE ANALYSIS OF FAMILY BUSINESSES WITH NON-FAMILY BUSINESSES: EMPIRICAL EVIDENCE FROM INDIA

Hima Bindu Kota and Ramanjeet Singh*

*Amity Directorate of Management and Allied Areas, Amity University,
Noida, Uttar Pradesh, India*

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Abstract

Family businesses are fundamental to nation building as they contribute towards the GDP of any country and are also major employment creators. Therefore, family business management is an emerging area of academic interest. In this regard, comparison between family and non-family businesses has become an important area of research. The present study analyses the performance of Indian family businesses in comparison to non-family business for firms listed on BSE 500 Index for a period of 11 years from 2005-2015. Any firm with 40% or more promoter or promoter group holding has been identified as a family business. Performance of family businesses was measured across 5 categories, viz, Profitability, Size, Market Position, Debt Position and Number of Employees. Within these 5 categories, comparison was done on the following 12 variables like Return on Net Worth (RONW), Return on Capital Employed (ROCE), Return on Total Assets (ROTA), Firm Size (SIZE), Total Assets (ASSETS), Total Revenue (REV), Market Capitalization (MACP), Current Ratio (CR), Quick Ratio (QR), Debt-Equity Ratio (DER), Interest Coverage Ratio (INTCOV) and Number of Employees (EMP), using independent t-test. It was found that in the Indian context, non-family business outperform family businesses in all 5 categories studied.

Keywords: family businesses, performance, profitability, market capitalization, debt position

1. INTRODUCTION

Family businesses are the main pillars of any economy and contribute to a large extent to the GDP of any nation. According to

FEUSA¹ 2011, in United State alone, there are 5.5 million family businesses, creating jobs for 63% of the workforce and in turn contributing 57% to the GDP of the country. According to an article in Telegraph

* Corresponding author: drramanjeet@gmail.com

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¹ Family Enterprise USA

published in April 2015, there are now more than 3 million family businesses in the UK, which provide 9.4 million jobs and generate 25% of GDP. Family businesses are also deep-rooted in Asian cultures with Japan having the oldest family business in the world, presently run by the 40th generation. This region also boasts of a high concentration of family businesses at about 85%. These family businesses contribute 34% to the Asian GDP² by employing 57% of the workforce. Two-thirds of India's GDP and 90% of the gross industry output are contributed by family business in India³. This is the reason that family business management has gained a lot of prevalence as an area of academic interest.

Although family businesses are important contributors to the growth story of any nation, in Indian context, family businesses faced a major challenge to compete with the global giants after the economic liberalization in 1991. It was perceived that Indian family businesses showed resistance to change, innovate and experiment. However, to their credit, Indian family businesses were able to change, modernize and compete with the multinational corporations.

In this context, it is relevant to study how family businesses are faring after liberalization and a comparison between family and non-family businesses has become an important area of research.

2. LITERATURE REVIEW

2.1. Definition of Family Business

There is no consensus till date on how to define a family business. Several researchers have come out with different definitions.

Any business with majority shareholding within a single family, with family members directly involved in the business operations was defined as family business by Rosenblatt (1985). Later Shanker and Astrachan (1996) gave a more comprehensive definition of family businesses to include ownership concentration, voting rights, strategic decision making role, multi-generational engagement in business and involvement of family members in managerial roles.

Although a common definition to family business has not arrived upon, the following three aspects can identify a family business: ownership (one or more family members own a higher percentage of shares), management (one or more members of the family occupy top positions in management) and position on board (one or more family members are directly involved in the company's board of directors).

2.2. Firm Performance of Family Businesses

Two branches of studies are prevalent in the family business management research. One branch studies how family and non-family businesses perform differently and the second branch studies the specific characteristics of family businesses that impacts the firm performance. This literature review discusses the first branch of study in detail. Several researchers have studied and compared the performance of family and non-family business and the results have been inconsistent.

Jaskiewicz and Klein (2005) summarized the 41 studies conducted worldwide comparing performance of family businesses with that of non-family businesses and found that in 60% of the studies family businesses outperformed the non-family businesses,

² EY Family Business Yearbook 2014

³ KPMG 2013 Report retrieved from <http://www.kpmgfamilybusiness.com/family-owned-businesses-backbone-indias-economy/>

12% studies reported opposite results and the remaining 28% studies showed the performance of family businesses is not significantly different from non-family businesses.

Allouche et al. (2008) studied family businesses in Japan from 1998-2003 and found family businesses are better performers than non-family businesses.

On the other hand, in a similar study in Indonesia, from 2006 to 2010, Singapurwoko (2013) got opposite results and found that non-family businesses were better performers than family businesses.

Several studies on the relevance of involvement of family members and firm performance did not yield significant results (Chrisman et al., 2004; Demsetz & Villalonga, 2001; Himmelberg et al., 1999; Schulze et al., 2001).

According to several studies, family businesses have low propensity to take higher debts as it can result in loss of control (Gallo & Vilaseca, 1996; McConaughy et al., 2001; Mishra & McConaughy, 1999).

In theory, family businesses can be more efficient than non-family businesses due to several reasons like lower agency costs (Hill & Snell, 1989; Shleifer & Vishny, 1997), motivation to maintain the longevity of the business (Anderson & Reeb, 2003). Alternatively, according to Barth et al., (2005), cautious behavior of family owners may limit the growth and diversification of a family firm.

Apart from performance, several studies have also analysed the difference in productivity levels of family and non-family businesses. Galve-Górriz and Salas-Fumás (1996) studied both profitability and productivity of family businesses in Spain. They found that although the profitability of family businesses is not significantly

different, the productivity levels of family businesses were higher than that of non-family businesses. Additionally, several studies found that the businesses where founding family still retained control were more efficient when compared to businesses without control of founding family (Bonilla et al., 2010).

In contrast, family firms which are not publically listed and are private in nature are less productive by about 18% than non-family businesses (Wall, 1998). On the other hand, Westhead and Cowling (1996) found no significant difference between private family firms and non-family firms in terms of performance. Similar studies like Bosworth and Loundes (2002) and Barth et al. (2005) also found family businesses to be less productive than non-family business in Australia and Norway respectively.

Comparing family business performance industry-wise, Rettab and Azzam (2011) found that in trading and construction industry, family businesses performed better than non-family businesses. However, non-family businesses performed better than family businesses in manufacturing and services sector.

2.3. Contribution of the Study

From the literature review, it is evident that worldwide studies comparing family business and non-family businesses performance have given inconclusive results. Additionally, family business management studies in India are in a nascent stage with not many studies undertaken in this area. Saravanan (2009) compared the firm value and corporate governance systems of family and non-family businesses. Jaiswal and Banerjee (2012) in a working paper series studied the earnings management of family

businesses. Singh and Goodrich (2006) studied the succession of Reliance Industries. However, not many studies have compared the performance of family businesses with non-family businesses. The present study contributes to the existing literature by analyzing the performance of family and non-family businesses in terms of profitability, size, market position, debt position and number of employees.

3. OBJECTIVE OF THE STUDY

The importance of family businesses in any economy merits an in-depth analysis into their operations. The main objective of the study is to find whether there is significant difference in the performance of family and non-family businesses.

There are five specific objectives of the study:

1. To find whether there is significant difference in the performance of family and non-family businesses in terms of profitability.
2. To find whether there is significant difference in the performance of family and non-family businesses in terms of size.
3. To find whether there is significant difference in the performance of family and non-family businesses in terms of market position.
4. To find whether there is significant difference in the performance of family and non-family businesses in terms of debt position.
5. To find whether there is significant difference in the performance of family and non-family businesses in terms of number of employees.

4. RESEARCH METHODOLOGY

This is an empirical research study based on systematic observation using primarily secondary data. The sample used for the study is the BSE 500 index companies for a period of 11 years from 2005-2015 (both years inclusive). BSE 500 is a broad-based index and covers more than 90% of the total market capitalization of BSE. It includes all the 20 major industries of the economy and consists of firms that are large, medium and small in size. Therefore, it serves as the best representation of the Indian market. Further, due to unavailability of data for the test variables, the data points studied for different test variables in given in Table 1.

Table 1. Test variables used in the study and their sample size

| S.No. | Test Variable | N |
|-------|-----------------------------------|------|
| 1 | Return on Net Worth (RONW) | 3154 |
| 2 | Return on Capital Employed (ROCE) | 3154 |
| 3 | Return on Total Assets (ROTA) | 3119 |
| 4 | Size (SIZE) | 3144 |
| 5 | Total Assets (ASSETS) | 3144 |
| 6 | Total Revenue (Rev) | 3091 |
| 7 | Market Capitalization (MCAP) | 2932 |
| 8 | Current Ratio (CR) | 3131 |
| 9 | Quick Ratio (QR) | 3130 |
| 10 | Debt-Equity Ratio (DER) | 3145 |
| 11 | Interest Coverage Ratio (INTCOV) | 2962 |
| 12 | Number of Employees (EMP) | 1701 |

The 11-year old data from 2005-2015 (both years inclusive) has been collected from CMIE (Centre for Monitoring Indian Economy) database. The shareholding pattern of each firm from the years 2005 through 2015 were analyzed. All firms with 40% or more concentration in promoter holding have been identified as family businesses. Care has been taken to exclude all firms that have higher promoter holding but the owner is either the State or Central

Government. Such State or Central Government firms and other firms with less than 40% promoter holding have been categorized as non-family businesses. The definitions of the variables used for studying the family and non-family businesses performance difference are given in Table 2.

The present study uses independent t-test to find the difference between family and non-family businesses in terms of profitability, size, market position, debt position and the number of employees. This

statistical tool is used as it determines whether there is a statistically significant difference between the means of two unrelated groups and is an appropriate measure to use in this study. The grouping variable is the binary variable, Family Business (FAMFIRM), and the 12 categories of test variables are Return on Net Worth (RONW), Return on Capital Employed (ROCE), Return on Total Assets (ROTA), Firm Size (SIZE), Total Assets (ASSETS), Total revenue (REV), Market Capitalization

Table 2. Variables for studying the difference between family and non-family businesses

| | Purpose/ Category | Variable | Definition |
|--------------------------|---|--|--|
| Grouping variable | To find if a business is family or non-family in nature | Family Firm (FAMFIRM) | It is a binary variable that takes the value of one if the promoter or promoter group owns more than 40% of the shares, or else takes the value of zero. |
| Test variables | Profitability | Return on Net Worth (RONW) | RONW is defined as the return, in terms, of net income generated on the shareholders' equity |
| | | Return on Capital Employed (ROCE) | ROCE is defined as the return generated on the capital employed by the firm |
| | | Return on Total Assets (ROTA) | ROTA is defined as the return generated as a percentage of the total assets of the firm |
| | Size | Firm Size (SIZE) | Firm Size is defined as book value of debt and preferred stock plus market value of common equity |
| | | Total Assets (ASSETS) Total Revenue (REV) | The total assets of a firm The total revenue of the firm |
| | Market Position | Market Capitalization (MCAP) | Natural logarithm of the market capitalization |
| | Debt Position | Current Ratio (CR) | Ratio of current assets to current liabilities |
| | | Quick Ratio (QR) | Ratio of current assets (excluding inventories) to current liabilities. |
| | | Debt-Equity Ratio (DER) | Debt-Equity Ratio measures financial leverage of a firm and is calculated as a ratio of total liabilities to stockholders' equity. |
| | | Interest Coverage Ratio (INTCOV) | Interest Coverage Ratio is the ratio of EBIT to interest expenses of the same period. |
| | Employees | No. of employees (EMP) | The total number of employees working for the firm |

(MCAP), Current Ratio (CR), Quick Ratio (QR), Debt-Equity Ratio (DER), Interest Coverage Ratio (INTCOV) and Number of Employees (EMP). SPSS 20.0 version is used for the analysis.

5. HYPOTHESES

H_{01} : There is no significant difference between family and non-family businesses in terms of profitability, size, market position, debt position and number of employees.

Profitability

H_{01a} : Family and non-family businesses are not significantly different in terms of Return on Net Worth (RONW).

H_{01b} : Family and non-family businesses are not significantly different in terms of Return on Capital Employed (ROCE).

H_{01c} : Family and non-family businesses are not significantly different in terms of Return on Total Assets (ROTA).

Size

H_{01d} : Family and non-family businesses are not significantly different in terms of Size.

H_{01e} : Family and non-family businesses are not significantly different in terms of Total Assets.

H_{01f} : Family and non-family businesses are not significantly different in terms of Total Revenue.

Market Position

H_{01g} : Family and non-family businesses are not significantly different in terms of Market Capitalization.

Debt Position

H_{01h} : Family and non-family businesses are not significantly different in terms of Current Ratio.

H_{01i} : Family and non-family businesses are not significantly different in terms of Quick Ratio.

H_{01j} : Family and non-family businesses are not significantly different in terms of Debt-Equity Ratio.

H_{01k} : Family and non-family businesses are not significantly different in terms of Interest Coverage Ratio.

Number of Employees

H_{01l} : Family and non-family businesses are not significantly different in terms of Number of Employees.

6. RESULTS AND DISCUSSION

6.1. Difference between Family and Non-Family Businesses in terms of Profitability

Table 3 shows the difference between family and non-family businesses in terms of profitability. It shows that the mean RONW for family businesses is at 17.28 and that of non-family businesses is at 18.23. The F value stands at 1.92 with a significance value of .165. Since the p -value is at .165 for Levene's test, it is concluded that the sample has equal variances. Looking at equal variances column, it is evident that RONW of family business and non-family business is not significantly different. Since the p -value (0.665) is more than 0.05, the study fails to reject the null hypothesis, H_{01a} . Thus,

Table 3. Difference between family and non-family businesses in terms of profitability

| Variables | Family Firms | | | Non-Family Firms | | | Levene's test for Equality of Variances (Sig.) | Equal Variances Assumed (Sig.) | Equal Variances not Assumed (Sig.) |
|-----------------------------------|--------------|----------|------|------------------|----------|------|--|--------------------------------|------------------------------------|
| | Mean | Std. Dev | N | Mean | Std. Dev | N | | | |
| Return on Net Worth (RONV) | 17.28 | 22.24 | 1467 | 18.23 | 81.29 | 1687 | 1.92(.16) | .665 | .646 |
| Return on Capital Employed (ROCE) | 12.38 | 30.25 | 1467 | 14.25 | 34.37 | 1687 | 3.03(.08) | .107 | .104 |
| Return on Total Assets (ROTA) | 8.04 | 11.64 | 1448 | 9.28 | 10.09 | 1671 | 1.038(.308) | .002** | .002 |

Note: Results computed using SPSS 20.0

*sig at 1% **sig at 5% ***sig at 10%

there is no significant difference between family businesses and non-family business in terms of Return on Net Worth (RONW).

Additionally, Table 3 also shows that the mean ROCE for family businesses is at 12.38 and that of non-family businesses is at 14.25. The F value stands at 3.03 with a significance value of .82. Since the p -value is at .82 for Levene's test, it is concluded that the sample has equal variances. Looking at equal variances column, it is evident that ROCE of family business and non-family business is not significantly different. Since the p -value (0.107) is more than 0.05, the study fails to reject the null hypothesis, H_{01b} . Thus, there is no significant difference between family businesses and non-family business in terms of Return on Capital Employed (ROCE).

In contrast, the mean ROTA for family businesses is at 8.04 and that of non-family businesses is at 9.28, as shown in Table 3. The F value stands at 1.038 with a significance value of .308. Since the p -value is at .308 for Levene's test, it is concluded that the sample has unequal variances. Looking at unequal variances column, it is evident that RONW of family business and non-family business is significantly different. Since the p -value (0.002) is less than 0.05, the study rejects the null hypothesis, H_{01c} . Thus, non-family businesses have significantly higher Return on Total Assets (ROTA) when compared to family businesses.

Table 4. Difference between family and non-family businesses in terms of size

| Variables | Family Firms | | | Non -Family Firms | | | Levene's test for Equality of Variances (Sig.) | Equal Variances Assumed (Sig.) | Equal Variances not Assumed (Sig.) |
|-----------------------|--------------|----------|------|-------------------|----------|------|--|--------------------------------|------------------------------------|
| | Mean | Std. Dev | N | Mean | Std. Dev | N | | | |
| Firm Size (SIZE) | 46591.6 | 182131.9 | 1463 | 75968.2 | 232586.5 | 1681 | 39.01(.000) | .000 | .000* |
| Total Assets (ASSETS) | 62343.1 | 216004.4 | 1463 | 87386.2 | 27006.1 | 1681 | 23.40(.000) | .002 | .002** |
| Total Revenue (REV) | 46433.0 | 208852.6 | 1430 | 83663.6 | 328470.7 | 1661 | 39.19(.000) | .000 | .000* |

Note: Results computed using SPSS 20.0

*sig at 1% **sig at 5% ***sig at 10%

6.2. Difference between Family and Non-Family Businesses in terms of Size

Table 4 shows the difference between family and non-family business in terms of size. It shows that the mean Firm Size (SIZE) for family businesses is at 46591.6 mn and that of non-family businesses is at 75968.2 mn. The F value stands at 39.01 with a significance value of .000. Since the p -value is at .000 for Levene's test, it is concluded that the sample has unequal variances. Looking at the unequal variances column, it is evident that family businesses and non-family businesses differ significantly in terms of the firm size. Since the p -value (0.000) is less than 0.05, *the study rejects the null hypothesis, H_{01a} . Thus, the size of non-family businesses is significantly higher than family businesses.*

Additionally, Table 4 also shows that the mean Total Assets (ASSETS) for family businesses is at 62343.1 mn and that of non-family businesses is at 87386.2 mn. The F value stands at 23.40 with a significance value of .000. Since the p -value is at .000 for Levene's test, it is concluded that the sample has unequal variances. Looking at unequal variances column, it is evident that there is a significant difference between family and non-family businesses in terms of ASSETS. Since the p -value (0.000) is less than 0.05, *the study rejects the null hypothesis, H_{01e} .*

Thus, the assets of non-family businesses are significantly higher than that of family businesses.

Similarly, the mean Total Revenue (REV) for family businesses is at 46433 mn and that of non-family businesses is at 83663.6 mn, as shown in Table 4. The F value stands at 39.194 with a significance value of .000. Since the p -value is at .000 for Levene's test, it is concluded that the sample has unequal variances. Looking at unequal variances column, it is evident that Total Revenue (REV) of family businesses and non-family businesses is significantly different. Since the p -value (0.000) is less than 0.05, *the study rejects the null hypothesis, H_{01f} . Thus, non-family businesses have significantly higher revenues when compared to family businesses.*

6.3. Difference between Family and Non-Family Businesses in terms of Market Capitalization (MCAP)

Table 5 shows the difference between family and non-family business in terms of market capitalization. As shown in Table 5, the mean Market Capitalization (MCAP) for family businesses is at 9.83 and that of non-family businesses is at 10.10. The F value stands at .424 with a significance value of .515. Since the p -value is at .515 for Levene's test, it is concluded that the sample

Table 5. Difference between family and non-family businesses in terms of market capitalization

| Variables | Family Firms | | | Non -Family Firms | | | Levene's test for Equality of Variances (Sig.) | Equal Variances Assumed (Sig.) | Equal Variances not Assumed (Sig.) |
|-------------------------------------|--------------|----------|------|-------------------|----------|------|--|--------------------------------|------------------------------------|
| | Mean | Std. Dev | N | Mean | Std. Dev | N | | | |
| Market Capitalization (MCAP) | 9.83 | 1.87 | 1375 | 10.10 | 1.73 | 1557 | .424(.515) | .000* | .000 |

Note: Results computed using SPSS 20.0

*sig at 1% **sig at 5% ***sig at 10%

has equal variances. Looking at equal variances column, it is evident that Market Capitalization (MCAP) of non-family businesses is significantly higher than family businesses. Since the p -value (0.000) is less than 0.05, *the study rejects the null hypothesis, H_{01g} . Thus, non-family businesses have significantly higher market capitalization when compared to family businesses.*

6.4. Difference between Family and Non-Family Businesses in terms of Debt Position

Table 6 shows the difference between family and non-family business in terms of debt position. It shows that the mean Current Ratio (CR) for family businesses is at 1.94 and that of non-family businesses is at 1.45. The F value stands at 2.34 with a significance value of .126. Since the p -value is at .126 for Levene's test, it is concluded that the sample has equal variances. Looking at the equal variances column, it is evident that there is no significant difference between family and non-family businesses in terms of the current ratio (CR). Since the p -value (0.372) is more than 0.05, *the study*

fails to reject the null hypothesis, H_{01h} . Thus, there is no significant difference between the current ratio of family and non-family businesses.

In contrast, as shown in Table 6, the mean Quick Ratio (QR) for family businesses is at .93 and that of non-family businesses is at 1.09. The F value stands at 8.572 with a significance value of .003. Since the p -value is at .003 for Levene's test, it is concluded that the sample has unequal variances. Looking at unequal variances column, it is evident that there is a significant difference between family and non-family businesses in terms of quick ratio (QR). Since the p -value (0.003) is less than 0.05, *the study rejects the null hypothesis, H_{01i} . Thus, the quick ratio of non-family businesses is significantly higher than that of family businesses.*

However, the mean Debt-Equity Ratio (DER) for family businesses is at .9006 and that of non-family businesses is at .806, as shown in Table 6. The F value stands at .000 with a significance value of .984. Since the p -value is at .984 for Levene's test, it is concluded that the sample has equal variances. Looking at equal variances column, it is evident that there is no significant difference between family and

Table 6. Difference between family and non-family businesses in terms of debt position

| Variables | Family Firms | | | Non-Family Firms | | | Levene's test for Equality of Variances (Sig.) | Equal Variances Assumed (Sig.) | Equal Variances not Assumed (Sig.) |
|----------------------------------|--------------|----------|------|------------------|----------|------|--|--------------------------------|------------------------------------|
| | Mean | Std. Dev | N | Mean | Std. Dev | N | | | |
| Current Ratio (CR) | 1.94 | 22.22 | 1457 | 1.45 | 1.94 | 1674 | 2.34(.126) | .372 | .404 |
| Quick Ratio (QR) | .93 | 1.35 | 1465 | 1.09 | 1.98 | 1674 | 8.572(.003) | .010 | .009** |
| Debt-Equity Ratio (DER) | .9006 | 1.83 | 1465 | .806 | 2.52 | 1680 | .000(.984) | .239 | .230 |
| Interest Coverage Ratio (INTCOV) | 147.56 | 932.60 | 1379 | 335.56 | 2561.15 | 1583 | 18.32(.000) | .010 | .007** |

Note: Results computed using SPSS 20.0

*sig at 1% **sig at 5% ***sig at 10%

non-family businesses in terms of the debt-equity ratio (DER). Since the p -value (.239) is more than 0.05, *the study fails to reject the null hypothesis, H_{0Ij} . Thus, there is no significant difference between the current ratio of family and non-family businesses.*

In contrast, Table 6 also shows that the mean Interest Coverage Ratio (INTCOV) for family businesses is at 147.56 and that of non-family businesses is at 335.56. The F value stands at 18.32 with a significance value of .000. Since the p -value is at .000 for Levene's test, it is concluded that the sample has unequal variances. Looking at unequal variances column, it is evident that there is a significant difference between family and non-family businesses in terms of interest coverage ratio (INTCOV). Since the p -value (0.000) is less than 0.05, *the study rejects the null hypothesis, H_{0Ik} . Thus, the interest coverage ratio of non-family businesses is significantly higher than that of family businesses.*

6.5. Difference between Family and Non-Family Businesses in terms of number of employees (EMP)

Table 7 shows the difference between family and non-family business in terms of number of employees. As shown in this table, the mean number of employees (EMP) for family businesses is at 7486 and that of non-family businesses is at 8219. The F

value stands at 3.231 with a significance value of .072. Since the p -value is at .072 for Levene's test, it is concluded that the sample has equal variances. Looking at equal variances column, it is evident that there is no significant difference between family and non-family businesses in terms of number of employees (EMP). Since the p -value (.396) is more than 0.05, *the study fails to reject the null hypothesis, H_{0II} . Thus, there is no significant difference between the number of employees working in family and non-family businesses.*

7. SUMMARY AND CONCLUSION

The present study analyses the performance of family businesses in comparison to non-family business for firms listed on BSE 500 Index for a period of 11 years from 2005-2015. Any firm with 40% or more promoters or promoter group holding has been identified as a family business. Performance of family businesses was measured across 5 categories, viz, Profitability, Size, Market Position, Debt Position and Number of Employees. Within these 5 categories, comparison was done on the following 12 variables like Return on Net Worth (RONW), Return on Capital Employed (ROCE), Return on Total Assets (ROTA), Firm Size (SIZE), Total Assets (ASSETS), Total Revenue (REV), Market

Table 7. Difference between family and non-family businesses in terms of number of employees (EMP)

| Variables | Family Firms | | | Non-Family Firms | | | Levene's test for Equality of Variances (Sig.) | Equal Variances Assumed (Sig.) | Equal Variances not Assumed (Sig.) |
|------------------------|--------------|----------|-----|------------------|----------|------|--|--------------------------------|------------------------------------|
| | Mean | Std. Dev | N | Mean | Std. Dev | N | | | |
| No. of Employees (EMP) | 7486 | 17710.01 | 698 | 8219 | 17368.45 | 1003 | 3.231(.072) | .396 | .398 |

Note: Results computed using SPSS 20.0

*sig at 1% **sig at 5% ***sig at 10%

Capitalization (MACP), Current Ratio (CR), Quick Ratio (QR), Debt-Equity Ratio (DER), Interest Coverage Ratio (INTCOV) and Number of Employees (EMP), using independent t-test.

Although several researches worldwide have recognized family businesses as better performers when compared to non-family businesses (Astrachan & Shanker, 2003; Heck & Stafford, 2001; Sharma, 2004), the results are quite opposite in the Indian context.

It is found that there is no significant difference between family and non-family businesses in terms of Return on Net Worth (RONW) and Return on Capital Employed (ROCE), however, non-family businesses have significantly higher Return on Total Assets (ROTA).

In terms of size, non-family businesses are larger than family businesses in size, total assets and revenue. Non-family businesses also enjoy significantly higher market capitalization and employ more number of employees, when compared to family businesses. The non-family businesses also have significantly higher quick ratio and interest coverage ratio when compared to family businesses.

The present study shows that although family businesses in India are very competent, they have to catch up with multinational and State-run companies in terms of size, market capitalization, profitability, improving their debt position and employing more talent.

8. SCOPE FOR FURTHER RESEARCH

Although family businesses contribute to a large extent to the GDP of India, they are relegated to secondary position in terms of

size, market capitalization and profitability. The present study opens up research avenues for further probing the reasons for lack of size in the Indian Family businesses. There are lot of opportunities for researchers to develop strategies to increase the scale and profitability of family businesses which will in turn boost the growth of any economy.

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КОМПАРАТИВНА АНАЛИЗА ПОРОДИЧНИХ И НЕ-ПОРОДИЧНИХ ПРЕДУЗЕЋА: ЕМПИРИЈСКИ ДОКАЗИ ИЗ ИНДИЈЕ

Hima Bindu Kota, Ramanjeet Singh

Извод

Породична предузећа су од фундаменталног значаја за националну изградњу јер доприносе БДП-у било којој земљи, а такође су и главни креатори запошљавања. Стога, управљање породичним предузећима постаје област академског интересовања. У том смислу, компарација породичних и не-породичних предузећа постала важна област истраживања. Ова студија анализира перформансе индијских породичних предузећа у односу на не-породична предузећа код фирми које се котирају на BSE 500 Index, за период од 11 година, од 2005-2015. Свака фирма са 40% или више промотера или промотера холдинг групе је идентификована као породично предузеће. Перформансе породичних предузећа су мерене преко 5 категорија: профитабилност, величина, тржишна позиција, задуженост и број запослених. У оквиру ових 5 категорија, компарација је обављена на основу наредних 12 варијабли: повраћај нето вредности (RONW), повраћај уложеног капитал (ROCE), принос укупне активе (ROTA), величина фирме (SIZE), укупна актива (ASSETS), укупан приход (REV) тржишна капитализација (MACP), текућа ликвидност (CR), рацио ликвидности (QR), рацио дуга капитала (DER), рацио покрића камата (INTCOV) и број запослених (EMP), коришћењем независног Т- теста. Утврђено је да у Индијском контексту, не-породична предузећа поседују боље перформансе у односу на породична предузећа код свих 5 проучаваних категорија.

Кључне речи: породична предузећа, перформансе, профитабилност, тржишна капитализација, задуженост

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