

“The Study of Leadership Development in the Family-Owned Manufacturing Businesses of Gokul Shirgaon and Shirol MIDC in Kolhapur District.”

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Research under Dimond Jubilee Research Initiation Scheme 2022-23 for affiliated colleges

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Abstract: The leaders are born or trained. In both conditions, leadership development is a long-term, ongoing process. The family-owned businesses are also not an exception to this. The leadership development process in a family-owned business goes on from generation to generation. The leader of the family business carries the family legacy, including family values, culture, and traditions. The family business leaders have to strike a balance between family traditions and new business insights. He also has to strike a balance between the opinions of older generations and the new shifts in the business environment. The leader of a family business has to develop a different skill set to grow the business and maintain a balance between business and family. Thus, in a family business, leadership development is a continuous process.

Keywords: Family Business, Transfer of Business, Succession Planning, Clarity of Ownership. Scion

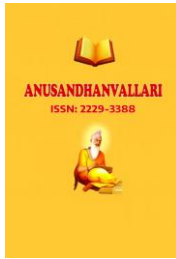
3. Introduction

The micro, small, and medium-scale sector plays a vital role in the country's economic progress by significantly contributing to gross domestic product (GDP), employment generation, resource mobilisation, and the expansion of manufacturing capabilities. Within this sector, micro, small, and medium manufacturing enterprises (MSMEs) form the backbone of industrial growth. A substantial proportion of these enterprises are family-owned and family-managed, with ownership and control retained within family members across various generations.

Family-owned manufacturing businesses typically originate with one or more family members in the first generation and progressively evolve as subsequent generations undertake managerial and leadership responsibilities. The continuousness and sustainability of such businesses largely depend on the effectiveness of leadership development among family members. Leadership development encompasses the systematic identification, grooming, and preparation of next-generation leaders to assume strategic and operational roles within the business. However, in many family-owned manufacturing firms, leadership development tends to occur informally, lacking structured processes, defined policies, or professional frameworks.

Kolhapur district holds an important position at both national and international levels due to its ingrained industrial base. The presence of 04 Maharashtra Industrial Development Corporation (MIDC) estates and 09 industrial estates has provided a strong foundation for manufacturing activities in the region. The major manufacturing industries in Kolhapur include foundries and castings, machining units, industrial fabrication, auto components, machinery for sugar industries, chappal manufacturing, jaggery processing, and the production of silver ornaments and idols. A significant number of these manufacturing units are family-owned and controlled.

The industrial development of Kolhapur is deeply rooted in the visionary and planned efforts of the erstwhile princely ruler, Rajashree Chhatrapati Shahu Maharaj. Many industrial units established during that period have



successfully transitioned into the third generation of family ownership, while several manufacturing units established during the 1980s are currently managed by the second generation. This generational transition highlights the growing importance of leadership development in sustaining family-owned manufacturing businesses.

In this context, the current study emphasises **leadership development in family-owned manufacturing businesses located in the Gokul Shirgaon and Shirol MIDCs of the Kolhapur district**. The study aims to examine existing leadership development practices, the challenges faced by family businesses during generational shifts, and the approaches used to develop future leaders, thereby conducive to the long-term sustainability and competitiveness of these businesses.

Considering this fact, the researcher has opted for “The Study of Leadership Development in the Family-Owned Manufacturing Firms of Gokul Shirgaon and Shirol MIDC in Kolhapur District.”

4. Review of Literature

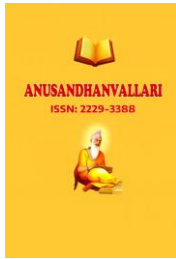
1. **Nadler and Hibino (1990) (Nadler & Hibino, 1990)**: In the book entitled as Break Through Thinking the writers have put forward the concepts of how to identify and solve the problems. In family and business, there are many controversial situations. Therefore, identifying the problems is important. The writers promote that the problems beget the problems. It is important to identify the root of the problems. The writer advocates the breakthrough thinking as a problem-solving methodology. There is a need for a mental shift. The writers also recommend various approaches, such as the do-nothing approach, the chance approach, the affective approach, the rational approach, etc. Thus, the writers have put forward the breakthrough thinking as a methodology for problem-solving. *The implementation of proper problem-solving methodology in family-owned businesses is the research gap.*

2. **Shashank Shah (2018) (Shah, 2018)** In the book titled as ‘The Tata Group’ the writer accounts for the legacy of the tata group. Tata Groups contribution to the country and the world through best business practices. It’s contribution to creating a wealth and adding value to entrepreneurship. Strategies to reach new highs of excellences through innovative practices. Global presence of Tata Group is inspiring and it is the epitome of leadership and succession. The credit is given to the parsi heritage of values and business culture. Developing it as Indian brand with a global perspective. *However, the implementation of these leadership development strategies in micro small and medium scale business is the research gap.*

3. **Gary M. Williamson (Williamson, 2021)** In the research project report titled as ‘Family- Owned Business Leader Succession Planning Strategies’ the researcher has presented the facts on family business leader succession planning strategies. In this research, the researcher has accounted for frailty of succession planning in succession planning. The researcher uses an analysis of multiple case studies method to evaluate the problems of family-owned businesses. The study is qualitative as well as quantitative based. The researcher also mentions for intergenerational as well as interfamily succession strategies. The researcher also accounts for sibling rivalry in the FOB. The researcher has conducted a semi-structured interview for collecting data. *However, the research has limited data collection, based on which generalisation of the conclusion is difficult. This is a research gap.*

4. **Elissa Ann Rogers (Rogers, 2023)** In the research article titled as ‘Family Business Leadership Succession’ the researcher has accounted for reasons for succession, characteristics necessary for leadership, succession process and resistance, and external help required for successful succession. The research is completed through a case study based on a qualitative multi-case study analysis. It puts forward that there should be early succession planning; succession planning is indispensable. There is need for such research in the Indian context. *This is the research gap.*

5. **Stephen P. Miller (Miller, 2012)** In the research presented by the researcher as a submission of partial fulfilment of degree of Doctor of Management Programm titled as Developing Leadership Talent in Family



Businesses: Embracing Risk of Playing It Safe; in this report, the researchers has presented the analysis of risk associated with the leadership development associated with the risk and uncertainty. The researcher has identified four factors that promote and four factors that impede the development of leadership talent in the family business. The researcher accounts for early leadership, emotional and social intelligence, job assignment, and personal reflection to promote the development of leadership. On the other hand obligatory motivations for joining the business, conflicts, and without qualification promotion are the impediments for the development of leadership. In the research, the researcher also studies various aspects of leadership development, such as succession planning, emotional and social intelligence, motivation, risk, intentional change, accountability, and conflict, etc.

5. Research Methodology

5.1 Sources of Data Collection

5.1.1 Primary Data: -

The research paper is based on primary data collected via a questionnaire. The data were collected from 310 family business owners working in the micro, small, and medium-scale manufacturing sectors of the Gokul Shirgaon and Shirol MIDCs. The sample was selected using the snowball sampling method. This is because there is no registration process for family businesses to be identified as such. Therefore, the researcher has chosen samples from references.

5.1.2 Secondary data was collected from books, periodicals, journals, and the internet—websites, etc.

5.2 Method of data collection

The primary data were collected using a questionnaire from 310 owners of industrial units. The snowball sampling method was used to select the samples.

6. Analysis of Data

Table No. 4.1 Leadership Style is Clear and Futuristic

Sr. No.	Particulars	Frequency	Percentage
1	Yes	172	55.5
2	Sometimes	50	16.1
3	No	59	19.0
4	Can't Say	29	9.4
5	Total	310	100.0

(Source: Field Work)

Table No. 4.1 presents the analysis of the variable 'Leadership Style, clear and futuristic. *Leadership style. The business environment is very dynamic. Continuous change brings both opportunities and challenges. To tap these opportunities, a futuristic leadership style is highly essential. Good leadership helps to steer the business activities. It helps create good interpersonal relationships among employees. It also helps with performing good succession planning. A clear, non-ambiguous leadership approach is highly impactful in day-to-day strategic management and other functional areas of management.* Therefore, the researcher has opted to use the variable 'clear and futuristic leadership style'.

Of the 310 sample respondents, 172 (i.e., 56%) reported having a clear, futuristic leadership style. 50 i.e., 16% opted for 'sometimes'. 59 i.e., 19% opted for 'No' and 29 i.e., 9% sample respondent units opted for 'can't say'.

7. Interpretation:



It can be inferred that more than half of the respondents in the total sample report having a clear, futuristic leadership style. The owners try to predict future scenarios and industry trends. They analyse the various elements of the market environment. Albeit, respondents are claiming that there is leadership development with clarity and a futuristic approach. But in personal interaction, it was observed that the owners of the family business are not aware of a professional approach in leadership development. They are aware only of positional leadership and not of the skills of leadership.

8. Conclusion:

It can be concluded that family business owners recognise that leadership development is essential to the proper implementation of succession planning. They are interested in developing clear, thoughtful, and futuristic leadership to guide existing family businesses into the next generation. They are also concerned with foresight and visionary leadership qualities in the next-generation scion. The family business owners are also interested in developing their own values. The family business owners are least considerate of leadership styles, such as autocratic, democratic, or free rein. But they are more inclined toward clear, futuristic, and visionary leadership.

9. Suggestion:

9.1 Identification of leaders in the next generation. The family business owners should assess the talent and skills in the next generation's personalities. They should develop the necessary skill sets through proper training.

9.2 Encouragement should be given for continuous education and training. There are continuous updates in the market scenario. Therefore, leadership training becomes an ongoing process.

9.3 The owners can use various models for learning, such as the use of a private coach, mentoring, or admission to a degree program.

9.4 To make use of mind games, flowcharts, problem solving mechanisms to practice the clarity of thoughts.

9.5. A healthy discussion of the business and family issues with family members and industry leaders would give clarity of thoughts in the business and family.

9.6 Exposure to the external scenarios through visiting exhibitions, industry meetings, workshops, seminars, informal gatherings of industrialists, etc.

9.7 Visiting the libraries and sharing the best practices shall be added to the advantage.

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