Exploring Challenges Forefront to Family Business Leaders: A Perspective of Family Business Owners

Syed Yasir Abbas Zaidi  
_Human Resource Operations Lead– SMC Pvt Ltd._

Muhammad Waqas  
_Assistant Director, Punjab Higher Education Commission._

Faisal Mahmood  
_Head of Programme, GIZ_

Corresponding: _yasir2040@gmail.com_

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**ABSTRACT**

Family businesses, owing to their unique blend of family dynamics and business operations, often face distinctive hurdles that can significantly impact their sustainability and growth. This qualitative study delves into the multifaceted challenges that confront family business leaders, as seen through the eyes of family business owners, which is a missing aspect in the extant literature database. Through in-depth interviews and thematic analysis, this study aims to shed light on the key challenges family business leaders encounter. The findings of the study reveal that the family business leaders have challenges related to the succession planning, financial management, conflict resolution, communication breakdown, governance, HRM, and the evolving business environment in the day-to-day business operation. These findings further echoed the need for a personalized approach and support systems to face the challenges and to be successful in the long run. These results not only contribute to the existing literature related to the management of family business, but also provide a very practical use to the practitioners in increasing the strength of both the family and business while operating within the context with such complexity.

**KEYWORDS:** Family firms challenges, Family business leaders, Succession planning, Governance, Family dynamics

**JEL CLASSIFICATION:** L20, M19, M10, O21, G30

**INTRODUCTION**

The work of Kustin (2021) finds that family firms have the capability to provide solutions to the problems experienced in the world. Family businesses contribute a lot in terms of employment, innovation, and even the economic performance of the global economy (Miller & Le Breton-Miller, 2019). These companies, unique in that they blend family and business systems in a unique way, often face challenges that could affect their long-term sustainability and profitability (Chrisman et al., 2020). Family businesses, the hubs of the financial sector, are influenced by a variety of internal dynamics that are shaped by customs, governance structures, and relationships with the family, as well as external market forces (Bettinelli, 2014). These companies are unique in their ability to blend family dynamics with commercial operations, creating an organizational structure that is both demanding and rewarding. The leadership of family businesses is predominantly vested in family members, often transitioning across generations (Gomez-Mejia et al., 2018). As such, family business leaders are entrusted with the responsibility of maintaining the family legacy, while
simultaneously steering the company through competitive and dynamic business environments (Habbershon & Williams, 1999).

Family business leaders—primarily family members who hold key managerial and ownership positions—operate at the nexus of these interwoven systems (Chua et al., 1999). Their role demands a delicate balance between business growth and family harmony (Ward, 2011). Family business leaders are known to take a beneficial long-term approach, but better governance structures are needed to contain the darker side of family business leadership (Vysniauskiene, 2021). Navigating this complex landscape requires them to address several challenges that extend beyond typical corporate concerns (Zellweger et al., 2019). Understanding the subtle nuances of family business dynamics is vital so that when families inevitably face them, they can have measures and strategies in place to proactively overcome them and avoid conflict (Botha, 2020). However, despite their vital role, family business leaders often face obstacles that are underrepresented in the mainstream management literature, thereby necessitating a specialized focus on their experiences and challenges.

Family owned companies face difficulties on their own (Haynes et al., 2021). Family businesses have several obstacles that need to be navigated skillfully to be sustainable and flourish (Zaidi & Jamshed, 2023; Zaidi et al., 2023). Family company executives must be flexible and adaptable because of the shifting nature of the global marketplaces, technological advancements, and consumer preferences (De Massis et al., 2012). Moreover, complexity in succession planning, conflict resolution and governance structures arises from the natural overlap between family and business systems (Hollender & Elson, 2019). For family companies to succeed, it is essential to recognize and solve these issues. The nature of their business structure presents a distinct set of issues that family owned enterprises must overcome, and it is critical to recognize these obstacles (Abellera, 2011). Both conceptual and empirical family firm studies have generally originated in the U.S. and Europe (De Massis et al., 2012; Janjuha-Jivraj & Woods, 2002). Although family firms are the dominant business form in most countries across the world (Astrachan & Shanker, 2003; La Porta et al., 1999; Morck & Yeung, 2003), especially in Asia (Jiang & Peng, 2011; Peng & Jiang, 2010), less is known about the extent to which current theory and research in Western countries are generalizable to family firms in Asia. While prior research has acknowledged the complexities of family business leadership, gaps remain in understanding specific challenges from the perspective of family business owners. Prior studies have investigated internal challenges, such as succession planning and governance (Jasir et al., 2022; Miller et al., 2006), but there is a dearth of research focusing on the intrapersonal challenges faced by family business leaders. Intrapersonal challenges encompass psychological factors, personal conflicts, and identity struggles that may arise because of overlapping family and business roles (Tagiuri & Davis, 1996).

Addressing these challenges is crucial for developing efficient support systems for family company owners. By filling this knowledge gap, this study aims to advance our knowledge of the complexities of family company leadership in Pakistan, eventually offering useful advice for the management and sustainability of family enterprises. This study is guided by the question, "what are the primary challenges faced by family business owners in navigating the complexities of the contemporary
business environment, taking into account internal dynamics such as succession planning, family conflicts, and governance structures, as well as external factors like market competition, technological advancements, and regulatory pressures?" The aims of this study were as follows:

To explore the primary challenges that family business owners face in today’s intricate business climate, considering both internal and external factors.

Analyzing the contextual factors that contribute to the unique challenges faced by CEOs of family businesses, such as family relationships, succession planning, and operational challenges.

Gathering the viewpoints and observations of family company owners via in-depth interviews offers a personal narrative of their opinions and experiences.

Developing the insights and implications derived from the research findings into practical recommendations and actionable advice for use by family business leaders, advisors, and stakeholders to address and cope with the identified challenges.

Contributing to the knowledge base in this important field and provide insight into problems of family company executives within the framework of scholarly discourse on family business management.

The current study aims at providing essential insights in management and profitable strategies through the achievement of these aims and pointing out the difficulties of the family company executives. This is a study that is set to enhance the understanding of challenges faced by family business leaders through the unique perspective of family business owners. From the perspective of family-owned businesses, this is because their aegis encompasses an understanding of the complexities involved in strategy development, conflict resolutions, and decision making (Sarathy et al., 1999). This will be further likely to develop the theoretical understanding of the dynamics of family business and provide practical implications for scholars and practitioners alike. The study contributes to the advancement of family business management knowledge from an academic point of view. By doing so, it strengthens the literature in that it overcomes the limitations which have been identified from the point of view of family business owners, bringing the academic frameworks closer to real practical experience. Practically speaking, professionals working with family businesses, such as advisors and consultants, can gain from the knowledge offered by this research. By tailoring advice and services to the specific needs of family business owners, the results can promote healthier family dynamics and business growth. Comprehending the obstacles they encounter can result in better-informed and calculated choices, guaranteeing the long-term viability of the enterprise and family.

This study can provide governments and policymakers with information to help them create policies that assist family companies in light of the difficulties they face. Tax breaks, help with succession planning, and materials for family business education and training are a few examples. The literature on family businesses and leadership issues is examined in the following sections, emphasizing the complexity of the issues faced by family business executives. After presenting the methodology of
this study, the challenges faced by family business owners were carefully investigated. The paper's conclusion addresses the implications of the findings and future directions for research on family business leadership.

**LITERATURE REVIEW**

In essence, the family business systems theory is based on the dynamics created by the interaction of the ownership, firm, and family subsystems all overlapping and interdependent (Gersick et al., 1997). For example, succession planning, resolution of possible conflicts within the family, and balancing the needs of the individual and the commercial are some of the issues specific for family-owned businesses to which the successful heads of the family company adapt and demonstrate persistence for (Wahyudi et al., 2021). Through empirical research, the characteristics and behaviors of family business leaders have been made clearer. In addition to it, gender perspectives—enabling inclinations when included in firm leadership—are connected to the ethical conduct, innovation orientation, and entrepreneurial mindset positions of the firm (Tirdasari et al., 2022; Ahn et al., 2020). Family businesses are commercial organizations in which family members are in charge of the management of the business's duties and obligations (Fang et al., 2022).

Family relations in the described firms are one of the key reasons for the effectiveness of leadership operations. (Ahn et al., 2020) Relationships among trusted family members provide support for each other in bad times and promote good decision making. Unresolved conflicts or power struggles may block effective leadership and overall performance in a business. The owners of family businesses face challenges at each level of their businesses' development and progression toward the next level of development and expansion. These challenges, therefore, call for a characteristic set of business acumen coupled with family-based strategies (De Massis et al., 2014). As such, leadership issues in the family firm are hence different from those within the non-family organization. For instance, employment or promotion decisions may be tainted by family linkages and hence there can exist issues of nepotism in the firm. This could affect staff morale and how effective, overall, the organization is (Maseda et al., 2023). Keeping the family together even as tough calls are taken on finances that put long-term survival ahead is a kind of fragile balancing act.

**Challenges forefront to family business leaders**

Family business owners frequently face financial challenges that require skilled management. First, people must reconcile their personal and business accounts (Ramadanti et al., 2021). This means considering the demands of the family and keeping personal assets apart from corporate interests. Second, because fewer external financial sources are available, raising money for growth and expansion may be difficult (Chundu et al., 2021). To overcome this challenge, family business executives can examine partnerships or strategic alliances. According to Wahyudi et al. (2021), financial risk management necessitates long-term sustainability. To minimize any risks and safeguard their financial stability, family companies must use effective risk-management strategies.
Creating enthusiasm and support for change, preparing successors, building trust and confidence among successors, and establishing a clear business strategy are essential for the transformation and survival of the family business (Nwuke & Adeola, 2023). Succession planning is one of the most important issues facing family business leaders (Gersick et al., 1997). There are many emotional, psychological and strategic difficulties in transferring leadership from one generation to another (Handler & Kram, 2003). Research shows that choosing the right family members and ensuring the continuity of the company can be a difficult task for family business owners (Lansberg, 1988; Tajiuri & Davis, 1982). The conflict between family loyalty and firm performance has been studied extensively in the family business literature (Chirico & Salvato, 2008). Control, as well as success, is an important concern for family employees (Chrisman et al., 2003). Good corporate governance promotes accountability, transparency, and alignment of company and family interests while reducing conflict (Schulze et al., 2001). However, creating a management model that addresses the characteristics of family companies is a difficult task (Miller & Le Breton-Miller, 2005). Establishing appropriate governance structures is often complicated by ideological factors, unclear boundaries between ownership and management, and differences in ownership (Carney 2005; Le Breton-Miller & Miller 2006).

Organizational politics are observed to moderate the link between employee performance and leadership (Rathore et al., 2017). Family businesses usually have trouble with governance and decision making. Establishing effective governance frameworks is crucial for the long-term success of the firm and the family's harmony (Ramadanti et al., 2021). When conflicts arise between the interests of family members and company goals, it is frequently required to carefully negotiate in order to create a balance that sustains both family connections and corporate objectives (Ardyan et al., 2023). Family business executives also have challenges in making strategic decisions because they must strike a balance between the long-term objectives of the firm and the interests of many stakeholders (Wahyudi et al., 2021). This necessitates both a keen understanding of market dynamics and the ability to adapt to changing circumstances.

Additionally, blurred lines between the family and the business might result in role and responsibility confusion, which might not be good for family togetherness as well as the effectiveness of the firm (Dyer, 1986; Dyer & Whetten, 2006). The act of preferential treatment to the family members regarding any other workers that are non-family with regard to the hiring and promotion decisions has been termed as "nepotism" (Berrone et al., 2012). If not managed correctly, such incidents could have a damaging effect on organisational enthusiasm and creativity among the non-family staff (Craig et al., 2008; Schulze et al., 2003).

Moreover, disagreements amongst related co-owners might arise in family firms (Pearson et al., 2008). Conflicts that endanger the company's long-term viability might arise from disagreements about dividend policy, resource allocation, and strategic direction (Chua et al., 1999). Effective conflict resolution techniques and open lines of communication are necessary, according to prior research, to reduce these disputes and promote healthy family dynamics (Uhlmaner et al., 2007).
Additionally, Younas et al. (2023) discovered connections between workers’ performance, positive organizational behavior, information sharing, and authentic leadership.

In essence, the complex interactions between family and corporate issues present a range of problems for family company CEOs. Because succession planning, governance, role entanglement, nepotism, and intra-family disputes are complicated issues, managing them effectively and ensuring long-term sustainability need a deep grasp of these subjects.

RESEARCH METHODOLOGY

The present study illustrates qualitative techniques that have been employed in assessing the problems that family business managers have faced. In other words, this study aimed at gaining an in-depth understanding of the multitude of problems faced by administrators of family businesses due to the unique organizational settings within which they operate.

Using a phenomenological research approach, we explored the views and lived experiences of family business owners as they faced leadership challenges. Phenomenology provides an in-depth analysis of participants' thoughts, emotions, and perceptions regarding the difficulties they face (Creswell, 2013; Moustakas, 1994). This design enabled us to uncover the true essence of the problems described by the informants. Twenty Pakistani family company owners and leaders with extensive experience were selected using purposive sampling method. The participants for the study were chosen on the basis of their experience with running and managing a family business for at least a decade so that they could have a better understanding of the challenges faced by family businesses in the long term. Aiming to gain insights into diverse aspects of family firm executives’ experiences, the researcher strived to get a sample of family firms across different sectors and sizes (Patton, 2015). Table 1 below provides an overview of respondents. The main tool for data collection was semi-structured interviews. The goal of these free-form questions was to let participants think about their leadership journeys and talk about challenges they encountered. Keeping it aligned with the research objectives, the interview plan was modified accordingly based on initial interviews (Fontana & Frey 2005).

We adopted the technique known as thematic analysis to capture the data from the interviews. This process gave us a good insight into the issues that CEOs who run a family business run into (Braun & Clarke, 2006). We used NVivo, a computer program from QSR International, to handle data in a way that was effective. The investigation moved forward in several ways. An important part of the cycling included getting to know the data, writing initial codes, searching themes, reviewing, defining and naming themes, and in the end make a report (Braun & Clarke, 2019). Precisely with those strategies, we confirmed whether the results were correct. The participants were able to give us feedback, because we revealed our early results to them. Additionally, we were consulting with our teammates with experience in qualitative research. This in turn made us refute whether our judgments were right (Lincoln & Guba, 1985). With the approval of the Institutional Review Board,
this research was then undertaken. Parties to the involvement knew that they were getting into it and they also had the option of walking away from the involvement whenever they wished (Creswell & Creswell, 2017).

The purpose of the research was to find out issues small and medium businesses are caught with. They also wanted to find out what can shift leadership inside those companies rather than only focusing on the culture or practices. They explored the pool further by way of interviews and reviewing the key notes. This helped to ensure that firms could grapple with the issues their business families, as well as the business community, might face.

### Table 1: Respondents profile

<table>
<thead>
<tr>
<th>Participants</th>
<th>Industry</th>
<th>Company Size</th>
<th>Experience</th>
<th>Job Domain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant 1</td>
<td>Construction</td>
<td>Small</td>
<td>10+ years</td>
<td>CEO</td>
</tr>
<tr>
<td>Participant 2</td>
<td>Real estate</td>
<td>Small</td>
<td>10+ years</td>
<td>Director</td>
</tr>
<tr>
<td>Participant 3</td>
<td>Conglomerate</td>
<td>Large</td>
<td>10+ years</td>
<td>Chairperson</td>
</tr>
<tr>
<td>Participant 4</td>
<td>Textile</td>
<td>Medium</td>
<td>10+ years</td>
<td>Managing director</td>
</tr>
<tr>
<td>Participant 5</td>
<td>Healthcare</td>
<td>Medium</td>
<td>10+ years</td>
<td>Director</td>
</tr>
<tr>
<td>Participant 6</td>
<td>Hospitality</td>
<td>Medium</td>
<td>10+ years</td>
<td>CEO</td>
</tr>
<tr>
<td>Participant 7</td>
<td>Furniture retail</td>
<td>Large</td>
<td>10+ years</td>
<td>CEO</td>
</tr>
<tr>
<td>Participant 8</td>
<td>FMCG retail</td>
<td>Large</td>
<td>10+ years</td>
<td>Managing director</td>
</tr>
<tr>
<td>Participant 9</td>
<td>Chemical manufacturing</td>
<td>Medium</td>
<td>10+ years</td>
<td>Director</td>
</tr>
<tr>
<td>Participant 10</td>
<td>Water processing</td>
<td>Small</td>
<td>10+ years</td>
<td>CEO</td>
</tr>
<tr>
<td>Participant 11</td>
<td>Maintenance services</td>
<td>Small</td>
<td>10+ years</td>
<td>COO</td>
</tr>
<tr>
<td>Participant 12</td>
<td>Dairy distribution</td>
<td>Large</td>
<td>10+ years</td>
<td>Director</td>
</tr>
<tr>
<td>Participant 13</td>
<td>Logistics &amp; transportation</td>
<td>Medium</td>
<td>10+ years</td>
<td>Managing director</td>
</tr>
<tr>
<td>Participant 14</td>
<td>IT</td>
<td>Small</td>
<td>10+ years</td>
<td>Director</td>
</tr>
<tr>
<td>Participant 15</td>
<td>Vehicle trading</td>
<td>Large</td>
<td>10+ years</td>
<td>COO</td>
</tr>
<tr>
<td>Participant 16</td>
<td>Security services</td>
<td>Medium</td>
<td>10+ years</td>
<td>CEO</td>
</tr>
<tr>
<td>Participant 17</td>
<td>Electronic media</td>
<td>Medium</td>
<td>10+ years</td>
<td>Director</td>
</tr>
<tr>
<td>Participant 18</td>
<td>Interior designing</td>
<td>Large</td>
<td>10+ years</td>
<td>Chairperson</td>
</tr>
<tr>
<td>Participant 19</td>
<td>Sanitary and plumbing</td>
<td>Large</td>
<td>10+ years</td>
<td>Managing director</td>
</tr>
<tr>
<td>Participant 20</td>
<td>Ceramics and tiles</td>
<td>Medium</td>
<td>10+ years</td>
<td>CEO</td>
</tr>
</tbody>
</table>

### RESULT AND DISCUSSION

#### Findings

This section spells out the main categories of findings after the analysis of data from the in-depth interviews with family business owners. The purpose of this study is to get further insight into the challenges faced by family business owners in the contemporary business landscape. Figure 1 presents the main takeaways from the findings. According to the interviews, family business owners handle a variety of problems that affect their regular business operations.
Theme 1: Financial Management

Financial management was one of the main topics that came up throughout the conversation, with participants highlighting the challenges of managing both family and business finances. Finding a point between the family objectives and the company financial concern was realized. It was at times a daunting and conflict-generating work that sometimes made things difficult among us.

"One of the major challenges that I am facing as the head of the family company is to introduce proper governance. As we expand, the informal processes, ad hoc procedures, and subjective performance criteria will need to be replaced with more formal methods emphasizing standardization and measurement. The beginning was a very small, ad-hoc team. Finding an appropriate balance to bear family traditions coexisting with more practical approach could be very difficult." (Participant)

"Overseeing the allocation of assets and income among relatives was a persistent difficulty. It was difficult to maintain justice while taking different participation and contribution levels into account. It frequently resulted in strained relationships and misunderstandings." (Participant)

"Conflict arose from the establishment of rules for family members who worked for the company versus those who didn't. Some believed they should receive advantages
even if they weren't actively participating, and others thought their contributions weren't given enough credit." (Participant)

"Collaboration and trust can only be fostered by maintaining financial openness. Telling family members about the financial issues, though, might be difficult. Some people can find it difficult to completely understand the complexity, which might lead to potential disputes. Striking the ideal mix between openness and complexity is never simple." (Participant)

"Allocating resources between family members and the business is a never-ending battle. Making decisions that meet the needs of family members whose livelihood depends on the business while still acting in the company's best interests is challenging." (Participant)

**Theme 2: Conflict Resolution**

Family conflicts may have an impact on the business, and vice versa.

"Family conflicts can affect the company's culture, while arguments over commercial matters can strain interpersonal ties. I've had to focus on honing my abilities to decide fast and professionally while not letting my emotions get in the way of my judgment."(Participant)

"Family conflicts may easily find their way into the workplace, damaging relationships on the professional and interpersonal levels. Knowing how to settle conflicts in a professional manner without letting them get out of control is essential. It takes a lot of emotional intelligence to walk this fine edge."(Participant)

"Finding a balance between family dynamics and professional decisions is never easy. It might be difficult to distinguish between what is best for a company and what is personal. Family disputes make this problem much more challenging." (Participant)

"Balancing fairness and meritocracy is tough. We want to treat all family members fairly, but we also need to acknowledge and reward those who contribute the most. It's a delicate situation that often leads to tensions."(Participant)

"Managing family disputes that spill into the business is a significant challenge. Personal conflicts can disrupt the workplace and affect decision-making. Finding ways to address these conflicts while maintaining business operations is crucial."(Participant)

"Decision-making can be slow and contentious in a family business. Different family members may have conflicting visions for the company's direction."(Participant)
"We often encounter disagreements on critical business choices. Emotions can cloud rational judgment, making it challenging to make the best decisions for the company." (Participant)

**Theme 3: HRM Challenges**

Additionally, Human Resource Management surfaced as a critical challenge, as family businesses often involve the employment of family members. Respondents expressed the difficulty in maintaining a professional work environment while managing personal dynamics among family employees. Struggles in handling employee performance evaluations, promotions, and fair compensation were common points of contention.

"Maintaining a healthy work-life balance is another significant challenge. In a family business, the lines between personal and professional life often blur. It's hard to switch off from work when family discussions at the dinner table often turn into business strategy sessions. This constant connectivity can lead to burnout." (Participant)

"Access to external talent is a challenge. Sometimes, the family environment makes it difficult to attract and retain non-family professionals who can bring fresh perspectives and expertise." (Participant)

"Proving oneself as a capable professional rather than being seen as a beneficiary of nepotism is an ongoing challenge. Others sometimes doubt our skills due to our family connection." (Participant)

"Striking the right balance between hiring family members for key roles and bringing in external expertise is essential. It's a challenge to justify our choices to both family and non-family employees." (Participant)

"As a family business owner, it's hard to draw a clear line between work and personal life. The business is always on your mind, and family gatherings can quickly turn into business discussions. Achieving a healthy work-life balance while keeping the business running smoothly is a real challenge." (Participant)

"Separating work from family time is tough. The business is always on your mind, even during holidays or family outings." (Participant)

"One challenge I've encountered is convincing family members to pursue external professional development. Sometimes, there's a belief that being part of the family is enough qualification. Encouraging continuous learning and skill improvement has been an uphill battle." (Participant)
Theme 4: Succession Planning

The findings emphasized the intricate process of Succession Planning, wherein participants expressed concerns about identifying capable successors who possess the necessary skills and commitment to steer the business forward. The absence of clear criteria for choosing successors and the challenge of maintaining a balance between meritocracy and family traditions were recurring issues.

"Making sure that the leadership transfer to the next generation happens smoothly is one of the biggest problems. It’s not an easy job to be both commercially proficient and to live by your family ties. With succession planning the task is quite difficult. Deciding who is the best person to lead a shelter who may have differences in opinion could be challenging and might result in disagreements.” (Participant)

“The families’ fundamental task throughout the succession process is balancing the business interests and the family interests. It is important to verify that the chosen heir is capable of holding and preserving the family business’s heritage.” (Participant)

"Successorship can be difficult. Family members who are close to the leadership role are concerned that they do not get to keep control of everything. This requires a level of abilities and emotional control.” (Participant)

“It is rather challenging to plan the process of succession. It can be especially difficult because the older generation might not like the idea of letting go of the power. The process which requires emotional control together with skill is similar to that.” (Participant)

“I get up at night and think about the future. My concerns are: finding the right successor from the family who is required to have the needed skills and take the business to new heights. The fact that the business will continue in the future is one of the issues on which I concentrate.” (Participant)

“Keeping a smooth successional transfer of the baton to the next generation turns out to be one of the biggest problems.” An employee should be able to manage his business responsibilities and family life well. While I want to make sure my children are prepared, I also have to consider if they are the most qualified individuals to lead the company.” (Participant)

Theme 5: Governance

Furthermore, when participants talked about the necessity of establishing efficient decision-making mechanisms, governance-related challenges became clear. Finding a balance between including family members in significant choices and using expert management techniques was perceived as a never-ending struggle. The findings pointed toward the need of developing well-understood and
clearly delineated roles and responsibilities, maintaining open lines of communication, and promoting a culture of mutual respect.

“It was also hard to ensure that the governmental and administrative processes were carried out and implemented duly and in an efficient manner. The decision-making became harder and slower as the family members increased with the expansion of the business and some members who got married. To make sure that decisions were made on the basis of merit and business needs rather than interpersonal ties, we had to set explicit procedures.” (Participant)

“It was difficult to strike a balance between maintaining family peace and making corporate decisions. Every now and again, we had to make decisions that the family didn’t like, but they were necessary for the business to grow. Handling these delicate situations was a constant struggle.” (Participant)

“It might be hard to distinguish between family dynamics and corporate choices at times. There may be conflicts of interest, and it might be difficult to balance everyone's opinions.” (Participant)

“There have been instances where personal disagreements have erupted during business meetings. To lessen these difficulties, it is essential to set up limits and lines of communication that are unambiguous.” (Participant)

“In family enterprises, controlling the emotional component of decision-making presents a special difficulty. Emotions can occasionally impair judgment and cause people to make judgments that may not be optimal for the company.” (Participant)

“It’s difficult to keep family issues and business decisions apart at all times. Arguments during the family get together might become work-related.” (Participant)

“Roles and duties might be difficult to define. There are situations where the demands of a defined organizational structure conflict with family relations. There have been times when a family member believes their contribution is not valued enough or that others are treated better than them. Morale and general productivity may be impacted by this.” (Participant)

**Sub-Theme 5.1: Communication**

"Working in a family company may make communication extremely difficult. We sometimes think that everyone understands what's going through our minds since we're so accustomed to one another. Misunderstandings and even confrontations may result from this. It has been a learning curve to figure out how to communicate effectively with family members and in the workplace.” (Participant)
"Keeping lines of communication open is difficult. As the business grows and more family members join, ensuring that everyone is on the same page becomes complex. Miscommunication can lead to misunderstandings and conflicts." (Participant)

"Clear communication is essential, especially when working with non-family employees. Sometimes they feel left out of decisions or think there's favoritism. We've had to work hard to create an inclusive environment and ensure everyone feels valued and informed." (Participant)

"Communication breakdowns emerged as a recurring challenge within our study. Poor communication among family members and between generations can lead to misunderstandings and hinder effective decision-making." (Participant)

**Theme 6: Changing Business Environment**

The interviews revealed that family business leaders are grappling with the Adaptation required to thrive in a rapidly changing business landscape. Innovation and Technology emerged as a central theme within this category, with participants expressing the challenges of integrating new technologies into traditional business models. Many family business leaders acknowledged the need for digital transformation but cited resource constraints and resistance to change as barriers to implementation.

"We realized that the business needed to evolve and embrace innovation to stay competitive. However, convincing older family members to adopt new technologies and practices was met with resistance. Bridging the generation gap in terms of business approaches was a continuous challenge." (Participant)

"Bringing in external expertise to professionalize certain aspects of the business was met with skepticism by some family members. They were concerned that it might erode the 'family' feel of the business. Finding ways to integrate outside perspectives while preserving our core values was a complex task." (Participant)

"Survival depends on innovation, yet getting older generations to accept change can be difficult. People are afraid of losing what makes their company special." (Participant)

It has been difficult to uphold traditional recipes while welcoming innovation in our family owned bakery for many generations. It is difficult to bring fresh ideas and items to customers without upsetting them. We wish to preserve the essence of what sets us apart. (Participant)

"We were aware that our use of technology was lagging. Convincing the family members to invest in new systems, however, was greeted with resistance and worries about expenses." (Participant)
"Adapting to change is a constant challenge. Family businesses can be resistant to change, but in today's rapidly evolving business landscape, staying stagnant is a risk. Navigating this balance between tradition and innovation is not easy." (Participant)

**Theme 5: Market Completion**

Market Competition emerged as a significant concern, with participants expressing the difficulties of competing against larger corporations with greater resources. Navigating global markets, understanding consumer trends, and differentiating their offerings were highlighted as key areas of struggle. The findings emphasized the need for strategic planning, continuous learning, and a proactive approach to staying competitive.

"Competition from outside markets increases pressure. Even if we might desire to continue as we have, watching rival companies—both family run and not—innovate and grow might cause us to reevaluate our tactics." (Participant).

"The market is changing so rapidly. To accommodate shifting consumer preferences, we had to rethink our product lineup completely. Keeping up without compromising our essential principles is difficult "(Participant)

"Globalization has presented opportunities and difficulties. Even when breaking into new markets is simpler, competition is now very intense. It has been difficult to modify our tactics to work in many cultural contexts."(Participant).

*It is challenging to keep the company's long-term goals in mind for future generations. It's difficult to match everyone's interests, but we want to preserve the company's legacy."*(Participant).

"We must balance thinking about the future with delivering outcomes in the short term. Finding the ideal balance between rapid financial gain and long-term expansion is never easy."

Finally, our study sheds light on the complex issues that family company owners deal with. Among these challenges include operational concerns, succession planning and governance, and adjusting to a changing business environment. The findings demonstrate the necessity of certain strategies and support systems to address these problems and maintain the profitability of family companies.

**Discussion**

Through interviews with family business owners, we gained an understanding of their struggles. This research digs deep into the problems they face daily. It lays out the tough things about running and keeping a family business afloat. Pulling in ideas from older studies, this section points out where our results match up or differ from before.
Succession Planning and Leadership Transition

The period when the top CEO position will be vested with another person is dealt with extremely competently in family firms. This involves identifying and putting into practice the thing that should be handed down to the next generation by carefully evaluating the activities and the responsibilities that the current generation needs to be responsible for. Survey respondents emphasized the idea of how to balance the overall performance and corporate history with an uncomplicated handover of authority to the next generation of managers. Those findings correspond to the consequences of earlier respective researches (Schulze et al., 2003; Habbershon & Williams, 1999), which stress out the significance of optimal planning and transitioning of top management to prevent disruptions that may arise during this transition. A rather sticky topic emerges when we try to find a balance between ever existing familial relationship and meritocracy by taking into consideration the leaders of the future. The recurring themes included as observed from the interviews were to do with uncertainties about the readiness of the successors, disagreements among the family members on whether to have a leadership share, and the fear about the destruction of their unique family heritage in case the power is passed. A lot of people running family businesses had worries about whether the upcoming generation would prove to be likeminded and ready to continue their legacy. This kind of a concern resonates with studies conducted in succession matter which underscore the essence of having formalized succession plans (Handler, 1994). This study revealed the imperative duty of family businesses for leadership succession issues, bringing forward the skills development aspects and preparing for future challenges.

Financial Strain

For the years now, the instability of the budgeting has occurred among a great part of the population and of the companies, because of a close connection between the personal and corporate budgets. The fighters acknowledged that it was a permanent forbidden zone to balance the family's financial structure by being the bosses of the company during the economic unforeseen. Family business’s behavior is similar to what Astrachan and Shanker (2003) found that showed there is some tendency of family businesses to prefer their family finances above the reinvestment of their company itself. With regard to family business executives this is against the background of short-term family financial needs and long-term company success as the problem that still persists. Similar to studies (Miller & Le Breton-Miller, 2005; Ramadani et al., 2020), our findings reveal that business are ineluctably mixed with family matters that make family businesses and the ones they conduct more complex. One of the recurrent trends here is economic burden which had also further made worse by the responsibility of reinvesting in the organization and financial care for the family (Danes & Stafford, 2017). Family members in business know this problem well enough and admit the sacrifice that needs to be done in order to become more successful at work. Therefore, achieving a balance between financial sustainability for a family and a career becomes very difficult.
Governance and Decision-Making

An appropriate set of governance procedures should be adopted with an aim to minimize the occurrence of conflicts of interests and ensure the company's strategic directions are directed to that. Nevertheless, family businesses do have an internal struggle to the creation of governance structures that may match both the needs the family desires with business necessities (Chrisman et al., 2021). The positioning of both business reasoning and family emotions in decision-making makes it difficult to distinguish strategic moves from emotional judgments as decision-makers struggle to get an optical view. The time again and again, it was expressed the situation can take a toll emotionally as well as the bottom line. Participants said that with a legacy as well owner to be responsibility for not only a company but also the family’s legacy, then some decisions became heavier to carry. This burden is certainly consistent with references to emotional labor (Dyer, 2006) as being psychological in nature and predominantly emanating from the worry over choices one makes that may put the company’s legacy a risk as well as the business itself.

Communication failures and conflict

The great historical background of dysfunctional operations as well as conflicts inside the family business leadership (Tagiuri & Davis, 2019) can be described truly. This was evidenced by the results of our studies, which demonstrated that the disputes on the subjectivity of decision brewed worker vs viewpoint, thus challenging the overall strategic processes (Bennedsen et al., 2015). The absence of well-established structures of governance frequently leads to such a conflict as there is no way to set out unequivocal lines of authority and succession (Carney, 2021). In the same context, the generational transfer turns out to be complicated while it is seen as a critical hurdle in terms of the sustainability of families businesses (Cruz et al., 2022). Communication and the overall dynamics of the dialogues were dominated by discussion conflicts. The family business issues left unresolved can be a source of a problem in business decisions taken and the firm performance negatively affected, as Duran et al. (2016) said. Analysis findings match the body of research, illustrating positive outcomes related to utilizing open lines of communication and conflict-resolution techniques such as dispute-resolution techniques, hence minimizes job dissatisfaction.

Balancing Family Interests and Business Goals

This study notes the hardship of balancing what is best for the business with what is right for the family in family run businesses and unveils a noticeable mingling of business needs with family oriented dynamics (Craig & Moores, 2020). The very process of role conflicts and the blinding boundaries make strategic decision-making, especially, in the period of enterprise development going on, such as expansion or diversification, harder and even impossible (Chrisman et al., 2003). The role of family company leaders, who fill in the role of both family members and company executive, present unique problems, that have been identified in studies (De Massis et al., 2018; Miller & Le Breton-Miller, 2018). Ensuring that family priorities are not the source of conflicts and, at the same time, maintaining the smooth function of the company continues to be the most challenging matter (Gersick et al., 2020). Participants highlighted the multiple layers
relationship between family and business objectives that come in line with the concept of the enterprising family (Aronoff & Ward, 2016). That is to say, the family peace and the success of the business as a result of the family peace are the challenge of a family enterprise, which manifests in the relationship dynamics and conflicts among older and younger generations (Cruz et al., 2019). Psychological interference by the past relationships of an individual can cause communication failures between co-workers as well as the deterioration of teamwork which, in turn, may result in the absence of a friendly atmosphere in the workplace (Aronoff & Ward, 2016).

**HRM Challenges**

Family-owned companies may be subject to a severe leadership challenge in the business of succession and leadership development. Motorists are likely to point the things like lack of promotions about compensation and performance evaluations by employees. The nature of business is to remain in operation whether the leaders are the same. Thus, it is very significant that smooth and fair leadership transfer between generations takes place (Cover et al., 2018). Here lie the tasks like searching for the worthy successor, an equal distribution of property among the family members with all fairness, and balancing between need for harmony and justice (Chrisman et al., 2012). A common problem in family business is role ambiguity, where family members’ functions may get into each other’s way, it affects the top leadership and influence decision-making (Zellweger et al., 2012). Nepotism is seen as the main cause of discouragement of none family employees and as a reason of a feeling of unfairness and frustration (Gomez-Mejia et al., 2011). Getting the balancing act between maintaining family pride and external integrating junior appointments in the senior roles display a dilemma to families business owners (Habbershon & Williams, 1999). A fair compensation system that entails the consideration of the contributions of family members at the same time doing the same for non-family employees is paramount to the equity and fairness (Uhlaner et al., 2007). Fair pays with consistency remove possibility of unequal treatment among employees.

**External Factors and Business Environment**

The research also clearly demonstrates the challenges that cannot be controlled by different exterior factors and within the surroundings of the company organization. The participants fathom the hardness of seeing shocking economic forces, strict legislation and unpredictable market conditions (Miller et al., 2006). The same finding is getting in tune with the earlier survey that says that family firms should create both strategic flexibility and responsiveness in order to cope with external crises (Ireland et al., 2003; De Massis et al., 2018.) The study’s conclusions as well point out a fact of high complexity of issues in the sphere of retaining the ability to think innovatively and independently. It is therefore true or rather; there is sufficient research that conservativeness and unwelcomeness of change are obstacles to innovation in family firms (Chrisman et al., 2012). Successful leaders of the family run companies must look for ways to promote new ideas but accept what makes their businesses truly special. The innovational drive and professionalization were the most common problems which the family firm owners have faced. To list perhaps the core aspect in the competitive field is the fact that the company needs to develop a harmony of both the traditional
value and novel procedures (Zellweger et al., 2012). This would be in tandem with other research (Chua et al., 1999; Dawson et al., 2018) which points that a family business's active growth or survival point much on the need of professionalization and innovation.

**Navigating the Modern Landscape**

Family-run CEOs are not an exception to the rule and they have to solve new issues in the digital age. Adaptability is needed as one of the elements of the journey of remaining competitive in the face of the continuous introduction of advanced technological systems (De Massis et al., 2015). Surprisingly, we found that the companies had an awareness of technology and also accepted its value but took their time to introduce technological advances in the decision-making process mainly because of fear over data security and some respect for the set methods of the company. These problems show up among the countries which globalize their economies. With time, family enterprises, who in the past could have concentrated only on local markets, should now have developed a certain level of international notion as it is obvious that they already interact with a lot of cultures and countries (Costa & Barbosa, 2024). Expansion brings regulatory compliance, supplier management, and new client models in the negotiation's area.

**CONCLUSION AND POLICY IMPLICATION**

**Theoretical Implications**

This research has contributed to the expansion of the existing knowledge base on the management of family business, by portraying numerous theoretical implications. The research also explores how parents in family organizations deal with the unique aspects of a family firm, thus contributing to the growing body of knowledge on the intricacies of family businesses. Moreover, one of the non-parametric theoretical contributions of this study is on the identification and assessment of the conflict-resolution methods employed by the family business executives. The study's principals state the importance of clear communication, established responsibilities and well-organized decision-making procedures in fixing issues in family firms (Bettinelli et al., 2022). Through offering a detailed account of how family businesses employ concrete strategies of preserving unity that not only retain temperament but limit conflict, the study becomes a significant addition to the conflict resolution literature. Originally, there was some documented evidence on the leadership development process, and the mentioned study show that a solid succession planning process mapped the individual goals to the organisational objectives (Miller & Le Breton-Miller, 1993). And this highlights the need for building strategy to develop capacity and define leadership transition in family firms and the direction that leads to long-term sustainability. Another thing, there is a thesis according to that maintaining balance between family and work is the practical problem in the family management in business is the theoretical comprehension of the complexity of border control in family businesses. This study brings a new input into the overall theme of role theory in the family businesses where flexible ascribing of roles at home and work is of a high importance. Lastly, a look at the hindrances endured proposes that family business executives are
rather resilient and capable of dealing with obstacles. This study is valuable as it brings to light the expertise obtained from family business leaders, while they negotiate multiple obstacles. The dimensions of this impact contribute supplementarily to the branch of knowledge concerning family-owned businesses, leadership, and organizational durability. In addition, they foster connections among family business practitioners, leading to the scaling up, and settled our family businesses.

**Practical Implications**

The research is aimed to highlight key issues for the family businesses leaders as well as offer provisions that could be applied to make decision making more appropriate to the situation, sustain growth and ensure cohesion of the family. One of the main triggers here is a complexified transition in family businesses. The definitive solution to this is to devise strategic succession planning, which involves defining and incoming family members' aspirations, agreeing on the selection of successors at early levels, ensuring they are trained as well and equipping them with whatever is useful, and finally, an orderly leadership transition brings it to term. Moreover, the second point is practicing a professional approach to managing the family business that relates to ethical issues and competency problems (Strik et al., 2018). The re-organization is particularly the identification of who gets promoted and the establishment of formal management structures, the addition of independent board members, and hiring of external managers to correct malpractices, introduce new ways and reduce unnecessary internal conflicts. The research confirms that communication and dispute management tools are fundamental to harmonious family relations and good business performance (Schulze et al, 2003). Effective communication, weekly household meetings, and conflict resolution plans strategically encompassing individual and organizational needs are also stressed. Moreover, the research distinguishes the impediments emerging from the productivity in family firms, where especially the executives are urged to take different paths by deploying more resources for research and development (De Massis et al., 2015). It is the matter of creating a culture of openness and creativity within the organization concerning which the practices will be developed in an innovative way (Zaidi & Jamshed, 2021; Zaidi et al., 2022). To complete this process, the family business executives of an organization are urged to utilize wider business environments, comparable industrial associations, and networks of ideas for solutions. Setting up relations with other family business owners and asking for professional experience counseling might be a source of very useful opinions. In conclusion, an entrepreneur can accomplish the above objectives through the employment of the approaches indicated below. These include; succession planning, professionalizing management, enhancing communication, embracing innovation, and seeking external advice. In this way, an entrepreneur can address all obstacles and create a durable and sustainably profitable firm.
Limitations

This article aims at highlighting the difficulties that befall executives in family run businesses; however, it is paramount to note the limitations of this study such as the composition of the sample, the methodology used, and potential biases that affect the depth of the findings with the generalization that should be exercised in its interpretation. Initially the volunteers come from a particular localization then their application can be questioned on the wide scale. Besides that, it is highly possible that interests of big corporations may be pushed out of the limelight while those of some small businesses may not be discussed thoroughly. Besides self-selection bias the research population may differ in experience or characteristics from those families who decided not to participate, underestimating the perception and depiction role of difficulties faced by family business executives (Guba, & Lincoln, 1989). In third place, if someone with the difficult alternative is socially available, they might conceal their feelings regarding the sensitive issue (Podsakoff et al., 2003). What is more, recall bias maybe as a cause for the decreased accuracy and fullness of challenges kept in people’s memory because they think about what they had experienced during recent past (Schwarz et al., 1991). Lastly, the use of the cross-sectional methodology implies difficulties at a particular moment without a longitudinal vision that would give a more comprehensive understanding of the way the challenges evolve and resolve over time in family companies (Chrisman et al., 2005).

Future Directions

As for the following the results of this study, we are to pay our attention to the ways how the subject is to be explored further to fully understand its complexity and handle the issues appropriately. According to the studies by Heras-Rosas and Herrera (2020), the significant issue would be the discovery of how sustainable practices can be incorporated in the operation of family owned companies in their different specific sites if they are to long run and to also serve society. Experts e.g., Baltazar et al. (2023) suggest doing some further research on the kinds of succession plans that work well considering among other things differences in skills, generations and leadership issues relating to the new work environment. In order to be assured the worldwide business is on the right track, we need to understand how businesses that are family owned deal with cross-cultural complexity and changes of the international market. Another drawback is the frustration of executing the task of professionalization while dealing with family relationships. A scrutiny of the idealized structure of governance and the role of the non-family executives that was highlighted by Villalonga and Amit (2019) will provide answers to the question of how to properly manage the multi-faceted relationship between professional management and family influences.
Concluding Remarks

This study explores the challenges the family business executives are facing. The research directly hears the voices of owners and stresses the necessity for distinct strategies that are to be used to manage family-run enterprises because they have unique features. Furthermore, there is a demand in the report for advanced research focusing on specific sectors and regions to gain more detailed contextual conditions, providing very precise management advice on succession planning, internal family communication and smoothness in alignment of family and business goals. The case for flexible leadership and flexible usefulness show the most important points, including that it is to answer the changing consumer preferences, technology advancing, and the fierce in global competition. Hence, they are saying that the company has to have them to answer the above-mentioned challenges. It highlights that leadership enhancement is stepping stone and the successful leaders will be flexible, innovative norms, aim for balancing personal and professional conventions. The study makes it clear that executive of the familial businesses have their task cut out for them in terms of developing and nurturing philosophies that focus on communication, strategic succession planning, creativity, and market awareness. Policymakers, education sectors and traders should help out through forms of services customized to help the family enterprises improve their leadership. The result of the research shows that the strength and the duration of these entrepreneurs are determined by their leader’s style of handling difficulties from one hand and preserving their tradition and principals on the other hand.
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