

The effectiveness of a family business

Business, Strategy



\n[[toc title="Table of Contents"](#)]\n

\n \t

1. [Introduction](#) \n \t
2. [Handing Over the Business](#) \n \t
3. [Planning Well in Finding the Heir](#) \n \t
4. [Close Relationship](#) \n

\n[/toc]\n \n

Introduction

Family governance is concerned with the governance of the company executed by the owner and the family. In other words, is how the mechanism can be used for company and family monitors. Family governance refers to the structures and processes families use to organize themselves and guide their relationship with their enterprise (Leach, 2019). When well-designed and properly implemented, family governance can help set boundaries, create clarity, and result in greater harmony between family members, a more focused business, and easier transitions between generations.

However, in order to be effective, family governance must reflect the particular culture, dynamic and objectives of the family in question (Leach, 2019). When families work together in a business, investment portfolio or philanthropic enterprise, the combination of a long term view coupled with a strong foundation of trust can be a fantastic source of competitive advantage.

Handing Over the Business

In Seleraku Trading Sdn. Bhd., Mrs Zunita is confident that her children are also able to determine and continue the success of the business. For her, is not the only one who can do the business without the help and support from her children's, siblings and her employees. Therefore, for Mrs Zunita she was not afraid of the reality when she was no longer a business owner after the process of replacement for her children. Typically, the owner's job is to manage their own business and has the full power to control business operations. They cannot easily abandon the available authority because of their authority that can help them to influence others. This is because, the release of power is a huge loss for a business owner who has long been managing the business. But for Mrs Zunita before she releases her authority, she gives full knowledge to her son in order to continue and manage the business well. Therefore, before the substitution process carried out Mrs Zunita always gives constant commitment and watch them so that she confident to pass her authority to others.

Some business owners are afraid to lose their authority or position when handing over to their successors. This is because of their loss of authority as it relates to the loss of identity. But for Mrs Zunita she believed that her children were able to carry on and hold her authority very well. This is because, Mr. Zunita has educated in advance how to manage the business to her children. Although Mrs Zunita will hand over the business to her successors, she will also monitor the company's business from time to time. She has also been able to monitor the ability of his children to manage the business although she no longer has the ability and potential of managing

the company. For her the success of a return is due to the first planned before the transition takes place. Hence, despite her successors being her children, she continued to make the right assessment and selection by testing the competencies and abilities she earned. So there is no sense of envy or dissatisfaction with the owner when they feel that the successors is simply doing the simple thing and does not endeavor as they strive to keep the business up to date until now. Therefore, Mrs Zunita can avoid conflicts between parents and children due to manage the family business.

To make the governance of a family business run well it is not only dependent on the owner but family factors are also has important to manage the business. This is because the couple usually does not encourage her husband to resign and retire from managing the business. The wife also does not want to miss the main role held in the family business. For the wife, if the husband left his business, his wife's would be afraid of her own interests and her social identity would be diminished. But for Mr Ismail bin Yusof, who's her husband, who is the company's adviser, always supports the actions of his wife Mrs Zunita. For Mr Ismail, her actions in training and guiding her children from the early stages are the best factor to make the children as her successors. Mr Ismail knew that the trust to inherit the business was high if it was inherited to the children rather than to pass the authority to the outsiders. This is because, children can make parents as a reference to managing a business. Therefore, Seleraku Trading is able to become good family business governance if the children are capable of following the potential that have from Mrs Zunita.

Planning Well in Finding the Heir

Other governance that is used for company and family monitors is that children need to discourage their property from responsibility. This is by avoiding talking about financial matters and who will inherit the parent's business in the future is not appropriate to be discussed in front of their parents. This is because, evading from the owners feel that their children are more interested in their property and business than their parents' love and health. Mrs Zunita's children do not care who their heirs to company. This is because, two children only involved in the business is out of four of her children. Although two others did not involve in business, Mrs Zunita always looked after the interests of all her children. Their children also do not care about the shares that they get, because they always understand Zunita's actions. This is because, if all his children get equal shares it will cause a quarrel about who is the manager in the business in the future. Therefore, Mrs Zunita has planned well in finding the heir to determine the future of her company.

Close Relationship

Lastly to be good governance in family business is also the role of the employee and the siblings. This is because the close relationship between the employee and the owner is very important to be maintained. When the owner releases his job to others, it is likely that the employee will feel uncomfortable because the personal relationship between the manager and the owner is very close. In addition, managers will feel uncomfortable to adapt to the new system formed by the replacement do. They will also be afraid of losing jobs during the change process in the administration system.

But at Seleraku Trading its employees are very close to everyone in the companies. Not least from superiors to subordinates they can understand and talk to each other. Mrs Zunita always makes family gatherings to get more love among all her employees. Educating them to continue to discuss if they have the problems without lingering one another. Therefore, Mrs Zunita did not worry about her employees to work uncomfortable with the new successors because she had trained her children on how to communicate and solve problems in companies and the business. In addition her children are also having comfortable and familiar with his employees.