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The Dynamics of Succession and Challenges in Family-Owned Export Businesses: A Narrative Inquiry in Sialkot Pakistan

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Abstract

This paper explores the complexities of family businesses in Pakistan, focusing on succession planning, gender discrimination, and nepotism. Using qualitative methods, we conducted semi-structured interviews with 10 second-generation family business owners to gain insights into these challenges. Findings reveal that unplanned succession, gender biases, and nepotism affect business efficiency and longevity. Key factors for successful succession include education, trust, and clear role definitions, while effective financial management and preserving core family values are essential for sustainability. The study highlights the need for strategies that promote inclusive cultures and merit-based decision-making. Despite limitations such as a small sample size and regional focus, the research offers valuable guidance for business owners and researchers, advocating for fair practices and sustainable business practices to enhance community well-being and resilience.

Keywords: Succession Planning; Gender Bias; Nepotism; Family Business; Sustainability; Family-owned business; Firm growth; Qualitative Research; Inclusivity; Business Longevity

INTRODUCTION

Family businesses constitute a significant and diverse segment of the global economic landscape, defined by the ownership and management of one or more family members (Tagiuri & Davis, 1996). This organizational structure is prevalent worldwide, spanning a spectrum from small local enterprises to large multinational corporations (Neubauer & Lank, 2016). Notable advantages attributed to family businesses encompass their capacity to uphold strong values and traditions, adaptability to change, and a steadfast commitment to long-term objectives (De Massis et al., 2016). Exemplifying global success stories, corporations such as Walmart, Samsung, and Ford have thrived due to robust leadership, innovation, and adaptability to evolving markets (Ding & Phan, 2021). Despite the widespread success of family businesses, comprehensive statistical data on the success and failure of such enterprises in Pakistan and Asia, including the reasons for their outcomes, remains limited (Hyder & Lussier, 2016). Nevertheless, existing studies highlight common challenges faced by family businesses globally and emphasize the importance of strong family values, a long-term focus, and adaptability for success (Gupta et al., 2009). Recognizing family businesses as crucial contributors to economic development, their substantial presence in Pakistan's private and public sectors underscores their significance, contributing over 80% of employment in the country (Gulzar & Wang, 2010). However, despite their prevalence, a concerning trend emerges as many family businesses in Pakistan struggle to extend beyond the second generation. The imperative nature of a family succession plan, prioritized before a business succession plan, is emphasized (Chang et al., 2021). This plan should align with the needs, goals, and objectives of each family member, acknowledging the challenges associated with coordinating diverse family interests within the business. The dichotomy observed among family businesses in Pakistan, some thriving while others declining, prompts an exploration of factors influencing successful transitions and hindrances to progress (Chang et al., 2021). In Pakistan, particularly within the SME sector, enterprises like Khaadi, Shan Foods, Sialkot Surgical Instruments, Forward Sports, Grays of Cambridge Pakistan, and Rana Enterprises have earned acclaim for their quality, innovation, and global expansion (Khurrum et al., 2008). Once thriving, some firms have vanished, succumbing to challenges such as succession issues and management shortcomings that eroded their past growth.

The study aims to delve into the intricacies of succession planning and management in Pakistani family businesses, addressing conflicts that may impede the process (Jasir et al., 2023). Gender dynamics, with traditional roles potentially favouring male offspring, also warrant consideration (Arifeen, 2016). A critical understanding of family businesses necessitates recognition of their dual systems - familial and corporate. The interplay between emotional bonds, loyalty, and corporate objectives can lead to conflicts, which effective governance strategies may mitigate (Habbershon et al., 2003). Human resource management emerges as a pivotal factor in sustaining family business success, countering perceptions of nepotism through equitable treatment of all employees (Botero & Litchfield, 2013). Given that family firms are important to Pakistan's export industry, the proposed exploratory research project in Sialkot aims to unravel the complexities of succession planning and management in this unique context. The study promises insights into how these businesses navigate challenges and capitalize on opportunities, particularly within the export-oriented industries of football manufacturing and surgical instruments (Boje & Khan, 2009).

LITERATURE REVIEW

Family-owned businesses exhibit a unique characteristic that sets them apart from other types of businesses. They prioritize family interests over business interests, which often results in conflicts between the two. Daily and Dollinger (1992) define family-owned business as an organization in which a family member on the board or in management makes all operational decisions and plans relating to leadership successions. Family-owned businesses are typically micro and small-sized businesses that are fast-growing and profitable (Handler, 1989; Hollander & Elman, 1988). Family businesses dominate the private and public sectors in Pakistan, as well as in most emerging economies worldwide (Hussain and Safdar, 2018; Sikandar and Mahmood, 2018). Transferring a family-owned business to future generations poses a significant challenge for its long-term physical security, making it a crucial issue for family businesses. Moving a family business is a challenging undertaking that entails organizing, integrating, and coordinating ownership, financial, legal, and tax aspects—all of which heighten the emotional impact. There are two categories of succession planning: natural succession or unplanned succession. Most family businesses in the research had natural succession, meaning that the heir felt obligated to help his father in the firm or understood he had to take over(Chang et al, 2021). Succession planning is a complex system that encompasses two complex systems: a corporate system and a familial system (Miller et al., 2003; Chirapanda, 2020). Formal succession planning is deemed necessary by family business researchers, as it is the most significant aspect that appears to create the most tension between business and family (Churchill & Hatten, 1997). Companies that want to avoid problems with succession plan and train potential successors from the beginning so that everyone understands who will assume the role that the business now fills (Aronoff & Ward, 2011: p. 54). The global economy benefits from consulting and training initiatives that help multigenerational family members become more successful and efficient. However, very few previous research have looked into the causes of generational differences in family businesses and how consulting might help close these gaps. (Sonfield & Lussier, 2004). Finally, PwC's (2014) study showed that only around 70% of the family-owned businesses it examined had formal conflict resolution procedures in place to address interpersonal conflicts. This underscores the importance of developing and implementing conflict resolution procedures in family businesses.

A 2014 PwC analysis highlighted that the long-term viability of family businesses is at risk due to succession and conflicts. The latter can stem from various sources such as marital disputes, sibling rivalries, and owners' reluctance to cede control to the next generation. These conflicts may impact the management and transfer of ownership during succession. Such conflicts tend to occur when resource allocation or division of Strategic Business Units (SBUs) is unexpected or when the potential successor is not interested in joining the family business. Another scenario is when the current Family Firm (FF) does not engage other relatives in the business, which may result in intra-family conflicts and family members boycotting one another. Additionally, if potential heirs start their own business and do not wish to take over the family firm, conflict between father and son can arise. In family businesses, culture is more intricate than in non-family enterprises due to the firm's history and social ties. Culture is defined by Alvesson (1993) as a shared and taught universe of experiences, meanings, values, and understandings that shape people and are conveyed in symbolic form.

Family businesses often consider their relatives as prospective employees, especially if they plan to maintain the business within the family for many generations. In some cases, however, families try to exclude next-generation family members from the business, which can significantly affect family trust and relationships. It is essential to handle these sensitive issues appropriately to avoid conflicts. Effective recruitment processes for family members are crucial to building strong family relationships and trust, which is why finding and hiring the right individuals is vital. To achieve a good employee fit, recruitment methods must account for the organization's culture and values. According to Massis, Chua, & Chrisman (2008), several factors could hinder a successful succession, such as a lack or capability of successors, loss of confidence or motivation among potential successors, the founder's personal attachment to the business, and conflicts within previous generations. Adequate formal training and education of individuals can enhance professionalization that is "the process through which professional managers become part of the family business at management or ownership level (Culasso, et al 2018). Furthermore, family firms typically have a hierarchical organization with a single point of authority. They rely on their connections within the company to keep track of their tasks and communicate with one another informally (De Massis et al., 2018). Nonetheless, motivated successors are produced when the organizational characteristics of the family firm and the individual characteristics of the successors combine. The external environment, comprising elements like customs, economic conditions, historical background, institutional support networks, and cultural influences, has a big impact on how family companies behave and how their successors feel about themselves psychologically. According to Porfírio et al. (2019), these elements highlight the need for the increasing importance of offering institutional assistance for family companies.

Succession

In family enterprises, succession refers to the transfer of authority from the founder or current manager to the successor of the following generation. This transfer of power has an impact on the operations of the business and its results, including innovation, growth, and an entrepreneurial mindset. Studying the succession plan, advancement, power transfers across generations, and the successor's desire to join the company are crucial. The results of succession can be influenced by variables like the organizational features of the family business and the personal traits of the successors (gender, age, education, etc.). Succession involves transferring ownership and management responsibility, with family members sharing functions based on expertise and non-family professionals handling other roles (Bracci and Vagnoni, 2011). In Malaysia, family-owned SMEs are usually managed by first-generation founders, with a trend towards involving non-family professional managers and choosing successors based on merit, although 97% of second-generation companies are still family-run, with 92% of leaders being sons (Jasani, 2002).

Chinese families often select a male child to inherit the business, but a lack of interest or commitment from the chosen child can harm the business, highlighting the need to understand resistance to succession planning across generations (Tang & Hussin, 2020). Majorly, management succession is always discussed rather than ownership succession until owner dies. Considering the significance of succession, choosing a successor is one of the most important choices to be made in the family company succession process (Bertrand et al., 2008; Kammerlander, 2022). The incumbent values the successor's willingness—more specifically, the successor's commitment to leading the family business—because it will determine whether the successor will carry on the family business for a considerable amount of time and eventually pass it on to additional family generations (Richards, et al., 2019).

The conditions necessary for the business to survive over several generations are the early preparation of the selected child for his or her role; the training of the successor; the avoidance of conflicts within the family (De Massis, et al., 2018); and the dedication of the younger generation (Sharma and Irving, 2005). Moreover company management training must to incorporate social capital and social skills, particularly in the context of family businesses (Yezza et al., 2021). In fact, a smooth transition cannot be guaranteed by the predecessor's nomination of the successor. The effective transition of the company's leadership is largely dependent on the successor's engagement and sincere desire to succeed (Chalus-sauvannet et al., 2016).

Family conflicts: Family ownership poses obstacles to developing a strategic resource portfolio for foreign market success. Agency problems, conflicts of interest, and difficulties in acquiring financial and intangible resources further impede export performance

(Fernández and Nieto 2006). According to the results, there is a U-shaped relationship between family ownership and export performance, with the highest and lowest family ownership levels corresponding to the highest and lowest export performance, while the performance suffers when there is a mix of family and nonfamily ownership because of "conflicting voices" that dominate strategic visions and approaches, undermining the firm's export commitment. Furthermore, the results demonstrate that the association between family ownership and export performance is enhanced by less financial restrictions and/or greater financial flexibility. In family ownership conflicting voices harm the firm's export commitment. However, improved financial conditions strengthen the link between family ownership and export performance (Pascucci, et al., 2022).

Trust and Mutual Interest

The concept of trust is frequently used in the context of organizations (McAllister, 1995). According to Edmondson and Moingeon (1999) and Levin and Cross (2004), it has an impact on a company's performance-related activities like learning, knowledge transfer, interpersonal cooperation, work relationships, and employee happiness. In family enterprises, trust is a basic and vital component (Corbetta and Salvato, 2004; Eddleston et al., 2010). Kinship ties, common experiences, and similar personality features are often found to create trust amongst family members in business (Davis et al., 2010; Tagiuri and Davis, 1996). It is believed that mutual trust is critical to family company governance (Corbetta and Salvato, 2004; Steier, 2001). Within family businesses, trust is thought to be a prerequisite for altruism (Davis et al., 2010). Altruism then shapes the organization's unselfish regard for others and altruistic motives (Batson and Shaw, 1991; Konovsky and Pugh, 1994).

Trust is also believed to promote stewardship, which is the conduct in which family members give up their personal goals and work as stewards of the business, synchronizing their objectives with those of the corporation (Davis et al., 1997; Corbetta and Salvato, 2004).The establishment and upkeep of cooperative relationships between family companies are facilitated by trust. However, in order to encourage family companies to collaborate in the first place, trust—which is derived from previous friendships and values congruence across varied family leaders—becomes crucial (Hadjielias & P Poutziouris, 2015). In family businesses, trust is especially important for small and medium-sized firms as it shapes the behavior and performance of the organization for long-term stability (Bell, 2019).

Communication

Effective communication among family members in business enhances operational efficiency. To prevent misconceptions, both predecessors and successors must actively engage in dialogue. Analysis of failed succession processes underscores the paramount role of communication (Mair & Bitsch 2018). Sustaining the business relies on family members' communication, as research indicates structured communication enhances family business effectiveness (Cini, 2020). Extended perspectives emphasize that open communication, coupled with conflict prevention and resolution tools, is vital for maintaining satisfaction, resilience, sustainability, and competitiveness in family businesses (Valentová & Zbránková, 2023).

METHODOLOGY

This study adopts an exploratory research approach to investigate issues related to family businesses, such as succession, sustainability, failure, and growth. The study employs majorly a qualitative approach as it allows for a more comprehensive understanding of the research questions (Micelotta et. al., 2020). We have selected respondents through purposive and snowball sampling mainly for 2nd generation of the chosen companies. Semi-structured interviews are conducted with stakeholders in family businesses to gather rich insights into their experiences and perspectives on issues such as succession planning, gender discrimination, and nepotism. These qualitative data are then analysed thematically to identify key themes and patterns. The research population comprises family-owned businesses operating in the export industry located in Sialkot, Punjab, Pakistan, which is a significant commercial and industrial centre with a focus on exports. The respondents are selected from both past and future successors, and are interviewed using semi-structured open-ended questions to gather data.

Interview: All the respondents are interviewed. Each interview lasts about 30 to 40 minutes and is conducted face to face. With the participants' permission, we audio-recorded each interview on a mobile device. Both researchers conducted all of the interviews. We also performed follow-up interviews where we felt there was a need for more information or additional questions not addressed in the previous interviews.

Profile Analysis: Although the ten informants who were interviewed came from a variety of industries, including exporting sectors, Table 1 shows certain commonalities among them. Every informant from the firm is in the almost third or second generation. As in the case of participant #7, whose predecessor never had a son or daughter, does not have a potential heir to the business, and none of the other family members pursued the technical education that could have helped them take over the business, only five of the informants have a potential successor planned or available, while the other half either do not have a successor planned out or the potential successor is unavailable.

According to the interviews, there are two basic categories of succession planning: planned succession and unplanned or natural succession.

Succession Happened Naturally

The heir was not aware that he needed to take over the company, nor did he feel obligated to support his father's economic endeavors. For instance, after his father passed away, the forerunner of Firm 1 and Firm 4 joined his father's factory. My father had never truly explained to us—that is, we had never comprehended that we needed to join our dad's business—according to representatives of firm 1 Perhaps we didn't understand it at the time, but he had the energy to do everything alone. I started to see my dad's aging and weariness. And it dawned on me—he needs someone The use of the phrase "we had never realized" suggests that the father may not have planned since he had never considered that the following generation would ultimately bear the brunt of duty. Participant 2, from firm 2, informed us that "proper planning is not necessary in our environment for business transfer." Things proceed on their own accord, and the successors will eventually launch the company.

Table 1:
Profile Analysis of selected firms

	Firms/Business	Business Type	Participants	Year Founded	Generation	No of Employees	Potential Successor	Planned or Unplanned Succession
1	Firm 1	Working Gloves/Wear	Participant 1	1985	3rd	300	2 Daughters	Planned & verbal
2	Firm 2	Surgical Instrument	Participant 2	1979	3rd	170	Many people	Unplanned
3	Firm 3	Motor bike Wear	Participant 3	1991	2nd	600	3 Brothers	Planned & verbal
4	Firm 4	Household Supplies	Participant 4	1983	2nd	80	Many people	Unplanned
5	Firm 5	Surgical Instrument	Participant 5	1961	3rd	600	4 Brothers	Planned & Written
6	Firm 6	Surgical Instrument	Participant 6	1993	2nd	180	2 Brothers	Planned & Written
7	Firm 7	Medical Instruments	Malik Riaz	1978	1st	350	Missing	Unplanned
8	Firm 8	Hosiery Products	Participant 8	1989	2nd	250	2 Brothers	Unplanned
9	Firm 9	Sports Equipment	Participant 9	1964	2nd	450	Many people	Unplanned
10	Firm 10	Latex	Participant 10	1975	2nd	100	Many people	Unplanned

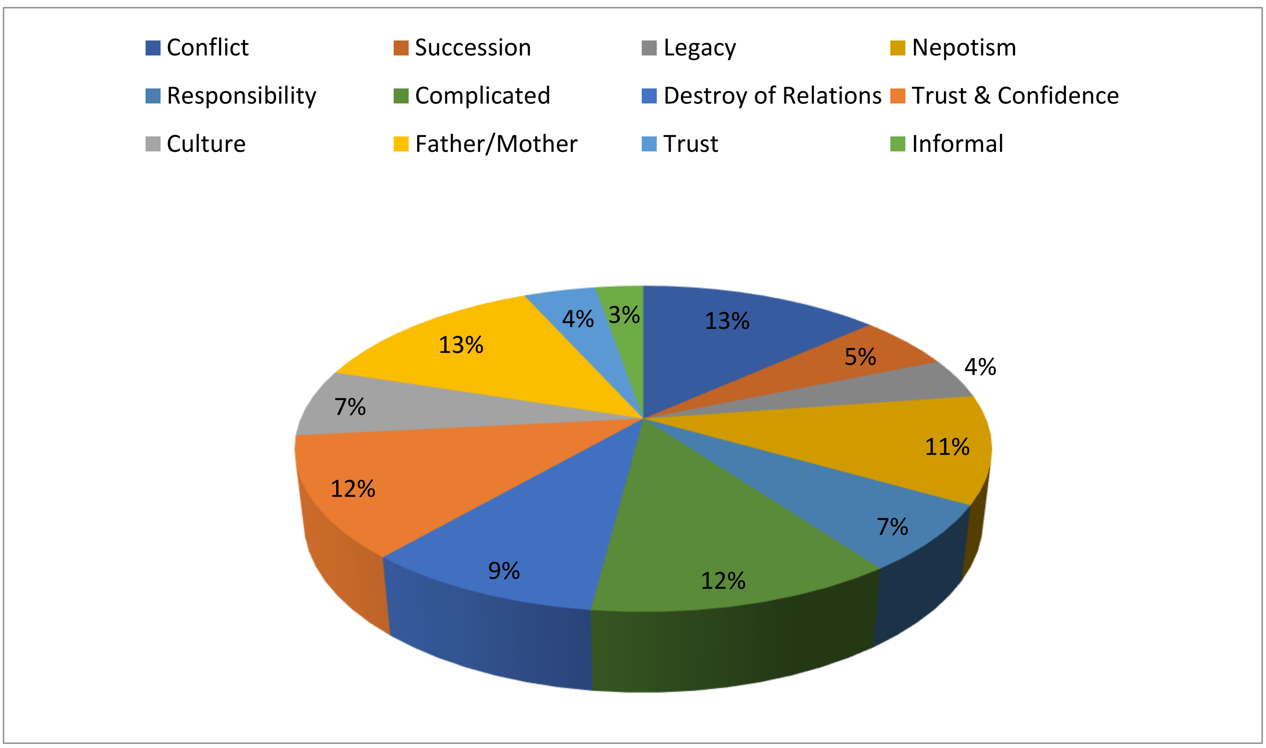

Figure 1:
Respondents' One-Word Descriptions of Family Business

Planned versus Unplanned succession

Planned succession: Certain children possess an inherent feeling of ownership. For example, third-generation Firm 1 Participant 1, the eldest daughter, understood she would eventually be responsible for the family.

Participant 1: Well, I did FSC pre medical because it was a field of my interest. But after that I realized I have to join my father business because I have no brother and then I decide to study business for joining my father business. The knowledge I gained helped me expand the business. Written or verbal agreement Planned succession is model of success of family so I asked I: is it a verbal agreement or a written one?

Firm 6: It is obviously written agreement for the sustainability of my family businesses, Firm 6 is basically the combination of my two sons name, I own 30% stake in my company, with the remaining 70% divided between my two sons. For sustainability it is a compulsory thing to do plan and make that plan a written one. The data from table 1 is witnessed that only 2 companies out of 10 has done a written planned succession to avoid any future conflict

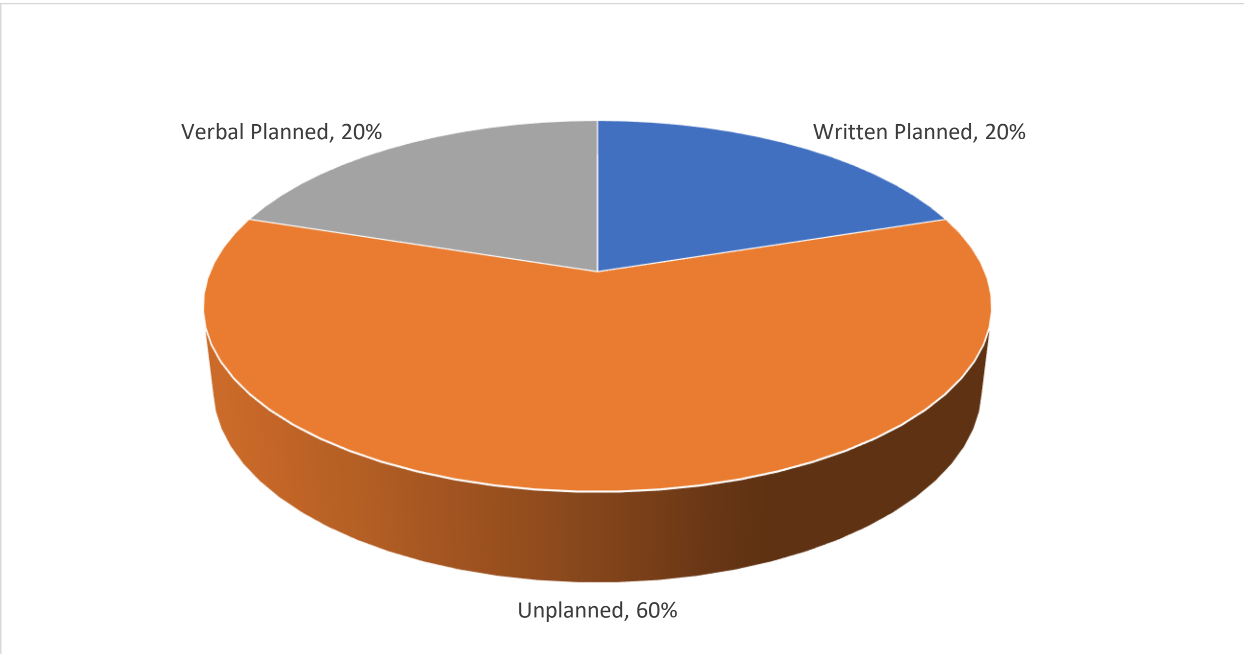

Figure 2:
Respondents' Perspectives on Planned vs. Unplanned Succession

Gender Discrimination in Succession

Because of the male-dominated culture in which we live, it is challenging for a lady to run her own business because there are only men working in the workforce. Since the participants worked in a setting where men predominated, they felt compelled to defend their female members. This is demonstrated in Participant 1's narration, which follows: Firm 1 is a wholly male-focused company. You would see that it was not a place for a lady if you had ever been there. Many folks used to tell me to send a man to talk when I first started here. However, I've since recruited a lot more women.

Family Business Nepotism

Nepotism refers to a wide range of activities that involve favouritism; this includes hiring family members or promoting members of the workforce who are only marginally competent or underqualified based on their familiarity with the company. Firm 1: "My cousin was my uncle's only son, and he wasn't very capable. Choosing him as the next leader of the Firm 1 Company, my uncle disregarded his skills and talents. This causes a severe predicament within the organization. Sadly, nepotism undermines employee empowerment, which means that employees lose out in the long run.

Conflicts in Family Businesses

Families and enterprises, which are two whole separate systems, are combined to form the family firm. The foundation of the family structure is emotion, loyalty, and concern for one another's welfare. There is no room for the emotions that form the basis of family connections in the workplace, which pursues results based on the successful completion of the assigned responsibilities. Conflicts result from these two systems interacting too frequently, which is also evident in the decline of family companies. Family businesses come in different shapes and sizes, but the majority of them fall within the SME category. Many interviews with family companies come to this conclusion. Families and jobs are generally considered to be the two most important things in life. So, it makes sense why organizations that combine both have unbeatable power. Family businesses are a unique type of business, with both positive and negative outcomes as their "specialty," and they play a significant role in the advancement of the economy.

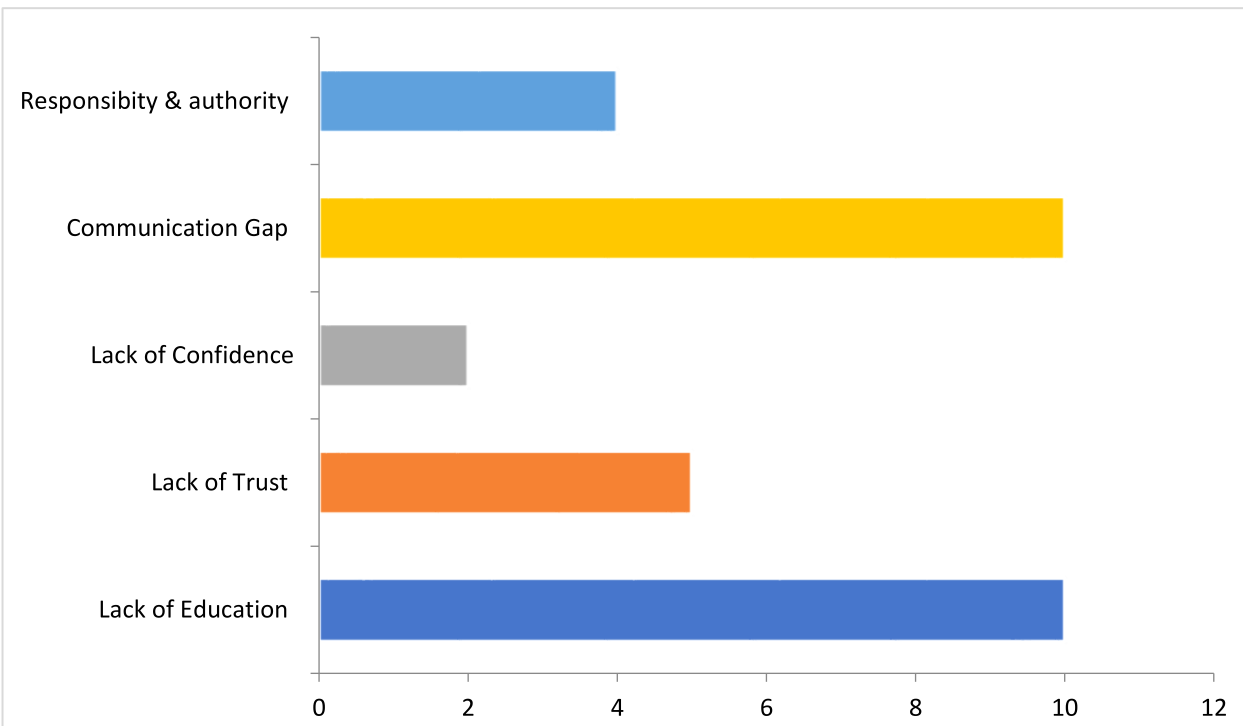

Figure 3:
Reasons of conflicts among firms from the perspective of respondents

Level of Education: Every responder expressed agreement that education is a prerequisite for the next generation to enter the family company.

Firm 10: We are three brothers. I have studied business so the trust that my father on me is far more than other two brothers. Entrepreneurs should educate their future successors in the appropriate direction from the start so that they are aware that they will assume the function of the business, in order to avoid any issues that may emerge with the transfer of succession.

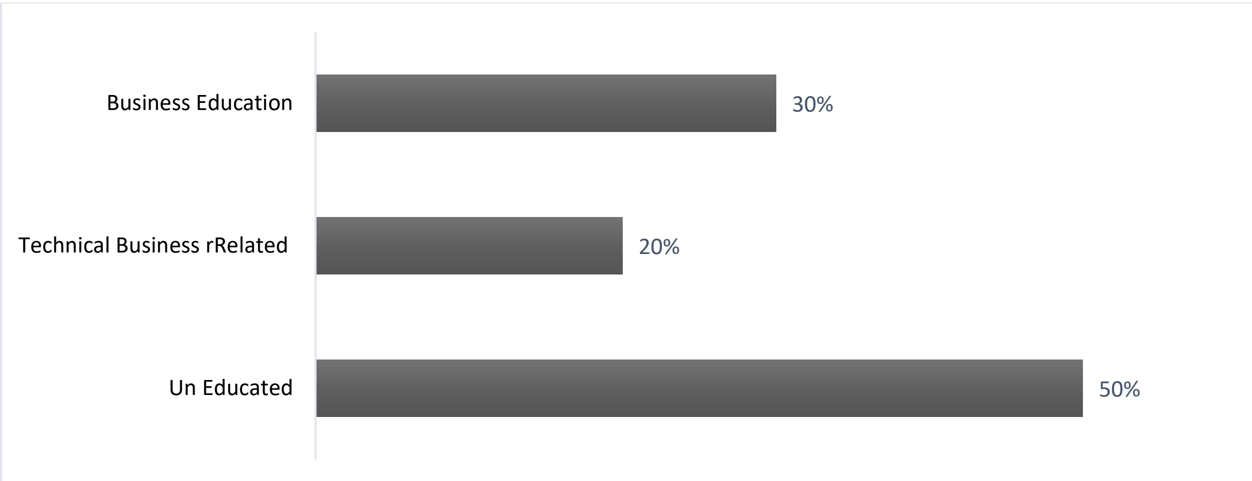

Figure 4:
Education in Family Businesses

Trust & Respect: Building trust is essential, both in oneself and in the successors' ability to take on the business's tasks with assurance. According to the respondents, trust is essential between family members involved in the business because, in the event of a problem, it will not only negatively impact the firm but also lead to disputes amongst the partners.

Firm 2: I have TRUST on my sons and this in turn gives them confidence, which in turn increase their ability and enable them to lead our Company.

Firm 3: When family members are involved in business, cooperation, integrity, and trust are essential for success. Establishing fair and transparent norms and consistently enforcing them are necessary to foster trust among family members. All interactions inside an organization must be based on trust. Siblings must learn to control their negative emotions, appreciate each other's talents, and try to understand and take into account each other's points of view in order to deal with related challenges. The degree of loyalty, trust, and interaction between them is determined by family ties to each other and to business.

Effective Communication

For the heirs to be informed of the family business's future, there must be excellent communication between the founders and them.

Firm 5: "the timely communication is necessary in the family so that our children (our successor) can manage businesses appropriately" The succession is the most crucial area where conflicts inside families and businesses tend to be most prevalent. Because it entails numerous adjustments, succession is usually tricky. Following a succession, it is necessary to structure administration and ownership in order to re-establish family ties and conventional institutions. It's crucial that you create an acquisition plan in order to avoid disputes between businesses related to the succession issue. The plan must be properly designed in light of the demands of both families and enterprises in the future. Determined that persons who are brothers or Participant 2 often struggle to keep family concerns apart from creating a productive work environment. The relationship between any siblings must be evaluated for a firm to succeed. Next-generation family members are prone to experience resentment, irritation, and a lack of appreciation when working in the family business when the working relationships across generations are difficult. Such constitutions have the major benefit of allowing for the resolution of succession-related concerns before any actual crises arise. The success of family enterprises can be increased by having the capacity to enhance relationships, knowledge creation and sharing, and coherence among family members. Other issues in family businesses are made worse by poor leadership. Family-owned business leaders need to be skilled change agents who can adapt to technical and cultural changes and constantly work to inspire other family members in that direction.

Responsibility& Authority: Another problem that prevents family-owned firms from being sustainable is a lack of responsibility and authority. The likelihood of disagreements among family members can be reduced by clearly defining responsibilities and the delegation of authority. A major source of conflict in family-owned enterprises is the lack of responsibility given to an individual. This can result in conflicts that have an impact on the performance of family business. A person who has the authority to make decisions for the firm and command everyone else to obey and follow those decisions is known as the Authority. In a family-run business, the owner has the authority to handle every aspect of operations while still having control over others. Family-owned enterprises establish distinct roles, responsibility, and obligations. Family members adhere to the organization chart's layout to a reasonable extent because there is a clear organizational structure in place. Both family and non-family personnel agree and adhere to the established policies and procedures, and they do not cause trouble where it is not their responsibility. A strong environment of reliance is created when an authorized person makes commitments and upholds them. Conflicts in family-owned businesses are reduced by good.

Organizational structure: Conflict in family-owned businesses can arise when each family member believes that only those with authority or authorization are accountable for each step. In addition to the authorized person, each individual has certain obligations that contribute to the expansion of a family-owned firm.

Firm 9 "The CEO is in charge of everything. Since the CEO is in charge of the company's expansion, it is his responsibility to manage the duties and ensure that they are completed. If I give authority away, someone might misuse it, utilize it carelessly, and do harm to the business.

Finance Management in Family Businesses

In this era where firms are growing rapidly still, 60% of firms have finance department and 40%of family firms manage their finance independently. As far as we are aware, the majority of family firms don't even employ financial managers, manage the finance alone. They handle their personal funds independently. They don't maintain accurate financial records. Without budgets, profit and loss statements, balance sheets, cash flow statements, and management accounts, business owners are operating in the dark. Sometimes a family member will utilise money from the family's own funds to pay the company's bills. The family member doesn't add any new funds to the personal account after that. These factors contribute to business failure. Participant 2: We handle all of the financial matters on our own; I collect all of the receipts, I make all of the payments, and my son keeps track of all of the payments and receipts.

Family-Related Workers Are preferred Every employee in your organization has a connection to you, whether it be direct or indirect. They need to feel like they are a part of your organization. Regardless of their lineage, every employee in your organization deserves the same respect and weight. A reasonable compensation plan is a must for any single-family firm. Each person's advantages and rights must be fought for, not taken for granted. Once you build trust and a fair system with your staff, you will be able to run the company efficiently. This leads to an efficient workforce, which facilitates your ability to run the company profitably and effectively.

Underlying Culture and Values within Family Businesses:

One of an organization's most potent and steady factors is its culture. It is a cornerstone of the family business and has the power to help or hurt a company's strategy. Scholars concur that family business culture is even more intricate than that of nonfamily enterprises because it encompasses family values ingrained in the company's social ties and historical background. There are two different approaches to culture. Culture is widely seen to be a shared and taught world of experiences, meanings, values, and understandings that inform people and are expressed, reproduced, and communicated in part symbolic form. In the first, culture is emphasized at the organizational level and is viewed as a construct that is easily influenced. As a result, this strategy views culture as a management tool that can enhance organizational performance. The alternative method focuses on family culture and contends that culture is more holistic than a tool for management. Thus, organizations are cultures rather than being cultures. Using the second viewpoint, we will describe the culture of a family business in this thesis as the culmination of values, beliefs, and objectives derived from the family, its past, and its current social interactions.

A family business's generational stage is crucial since owners from successive generations may have very different attitudes, principles, and methods for conducting business. Later generations might attempt to create a more professional structure with a stronger focus on the business number of employees, whereas the founder generation has been more entrepreneurial and family-oriented. The last component that can affect a family business's culture is the generational cohort. Owners who grew up in the 1930s, for instance, during the Great Depression, usually have a different perspective than their children who grew up during a period of boom. As a result, the organizational culture is impacted by their interactions. Figure 1 summarizes the internal and external aspects that can influence the culture of a family business. Since they are most pertinent to our research topic and the parameters of the study, we will concentrate our research efforts on the internal factors that affect family firm culture. The blurring of boundaries between personal and professional spheres is a common feature of family-owned businesses, as evidenced by their culture.

Opinion about Longevity of Family Firm: In closing, the participants were asked if they believed that family companies only last to the third generation. All participants, save for representative 2, indicated that they were in agreement. He has great strong religious beliefs , high expectations for their grandkids, and a great deal of trust in them. With each generation that passes, it seems as though the stories about the difficulties our ancestors faced in starting a firm and the lack of motivation that the industry faces diminish. Firm 4 also emphasized this: Absolutely, I agree. The second generation is driven to push the firm to new heights because they have heard their grandparents' stories of struggle and are highly enthused about it. Like, I want to carry it forward because I am aware of my dad's struggles. However, the legends become stale to third or subsequent generations and serve little purpose as inspiration. They stop wanting to work hard because they have become accustomed to the comforts and take them for granted. or eager to pursue their own interests. Therefore, it becomes essential to instill family values in every generation through narrative and conditioning if one is determined to maintain the business within the family.

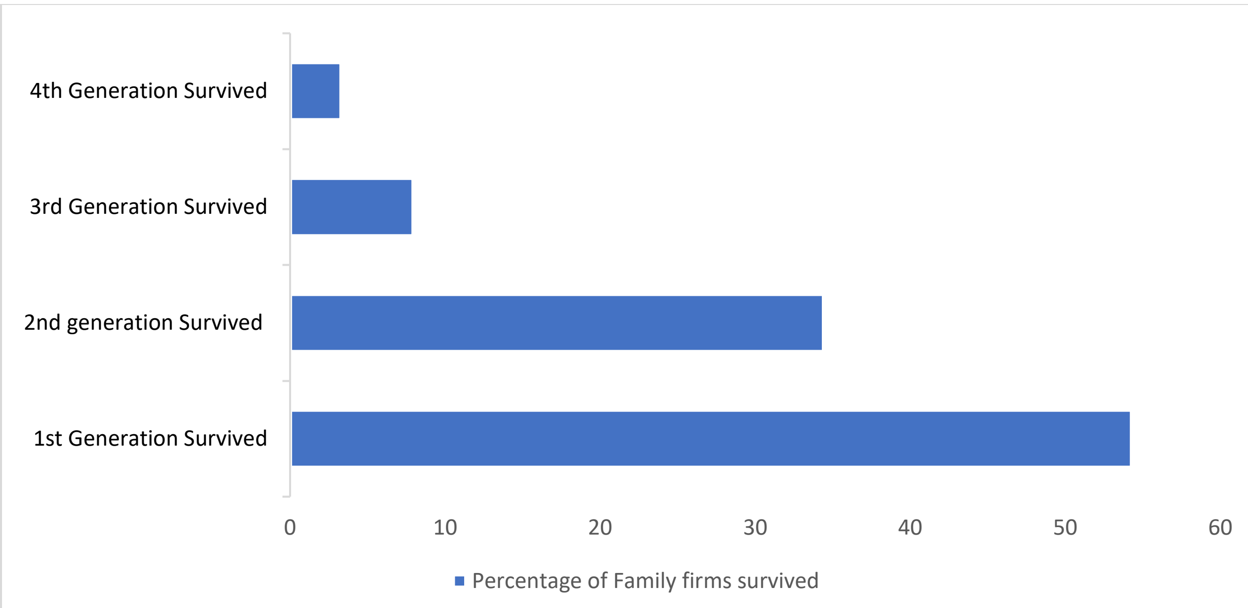

Figure 5:
Longevity of Family Businesses

Challenges faced by firms in succession planning

The interview analysis highlights several challenges faced by family firms in succession planning. In firms such as Firm 4, Firm 2, Firm 7, Firm 8, Firm 9, and Firm 10, the absence of clear succession plans or identified successors creates uncertainty regarding future leadership transitions. Gender bias and traditional gender roles present obstacles for female family members in Firm 1, Firm 2, and Firm 7. Conversely, Firm 5 and Firm 6. demonstrate proactive succession planning with written agreements ensuring clarity in leadership transitions. Complex family dynamics and the presence of multiple successors pose challenges for firms like Firm 3 and Firm 5. Nepotism and competency issues affect firms such as Firm 1 and Firm 3. Educational differences among successors impact Firm 8 and Firm 10. Trust and communication challenges are evident in Firm 2, Firm 3, and Firm 5. Additionally, poor financial management practices and a lack of planning are observed in Firm 8, Firm 9, and Firm 10. These challenges underscore the importance of adopting strategic approaches to ensure smooth transitions and long-term sustainability in family businesses.

CONCLUSION AND SUGGESTED MODEL TO ENSURE FAMILY BUSINESS SUCCESS

The analysis of challenges faced by family firms in succession planning reveals several nuanced issues. Firstly, many firms lack clear succession plans or identified successors, creating uncertainty and potential conflict regarding future leadership transitions. For instance, firms like Firm 2 and Firm 4 demonstrate unplanned succession, indicating a lack of preparedness for leadership changes. Gender bias poses a significant hurdle, as seen in Firm 1, where traditional gender roles initially limited female involvement in leadership positions. Nepotism and competency issues, as evidenced by Firm 7, highlight the complexity of family dynamics impacting succession decisions. Educational differences among successors, illustrated by Firm 10, underscore the importance of education in preparing the next generation for leadership roles. Trust and communication gaps, as seen in Firm 5 and Firm 3, can impede effective succession planning and transition. Moreover, poor financial management practices, indicated by Firm 8, suggest a need for better financial planning and control mechanisms within family businesses. These challenges collectively emphasize the necessity for proactive succession planning strategies, clear communication channels, addressing gender biases to foster inclusivity, building trust among family members, and implementing robust financial management practices.

Addressing these challenges is crucial for the long-term sustainability and success of family firms. By recognizing and mitigating these issues, family businesses can ensure smoother leadership transitions and continuity across generations, ultimately enhancing their resilience and competitiveness in the market. In conclusion, the analysis of small and medium family businesses in Sialkot reveals critical challenges that affect their sustainability and success. These include the distinction between planned and unplanned succession, gender discrimination in leadership roles, the detrimental impact of nepotism on organizational efficiency, and the prevalence of conflicts arising from family dynamics and business operations. Education and trust play a pivotal role in preparing successors and ensuring smooth transitions, alongside the necessity of clearly defined responsibilities and authority to mitigate conflicts. Financial management also poses significant challenges for these firms. Gender discrimination is a notable issue, as daughters often face barriers to leadership roles despite parental support and family business experience, which have been shown to positively influence succession intentions (Clinton et al., 2024). Moreover, societal norms and the gender gap continue to shape the succession dynamics within these businesses.

The influence of culture and values on organizational longevity is evident, highlighting the need to instill strong work ethics across generations to overcome the hurdle of survival beyond the third generation. Leadership in family businesses, marked by its complexity and ambidexterity (Palalić et al., 2024), plays a crucial role in decision-making and ensuring the long-term success of these firms. Addressing these challenges through effective leadership is essential for promoting the resilience and longevity of family businesses in Pakistan. The above analysis of selected small and medium family business issues in Sialkot reveals critical aspects such as the distinction between planned and unplanned succession, gender discrimination in leadership roles, the detrimental impact of nepotism on organizational efficiency, and the prevalence of conflicts from family dynamics and business operations. Education and trust play a vital role in preparing successors and fostering smooth transitions, alongside the necessity of clearly defined responsibilities and authority to mitigate conflicts. These firms face significant challenges in financial management. Additionally, the influence of culture and values on organizational longevity is underscored, with the need to instill strong work ethics across generations to overcome the hurdle of survival beyond the third generation. Addressing these issues is paramount for the sustainability and success of family businesses in Pakistan. We have offered a family business model as a means of overcoming these issues of family businesses such as gender discrimination, lack of trust, communication gap, nepotism, and conflicts among family members. This model will assist the company's manager and owner in overcoming these obstacles that family businesses encounter. Additionally, it will assist them in managing the company's operations effectively and efficiently. According to this concept, the manager needs to keep their feelings apart from the managerial procedure. It also implies that in order for everyone to understand their roles and responsibilities, upper management needs to establish clear goals and objectives. In order for the next generation to comprehend business plans and manage the company as it currently operates, there needs to be a suitable succession plan in place. The promotion and compensation systems must be based on the abilities and merit of each member in order to lessen nepotism and feuding. All family businesses need to implement this strategy in order to overcome the business threats since these elements are interconnected and failing to handle any one of them will result in the failure of the business.

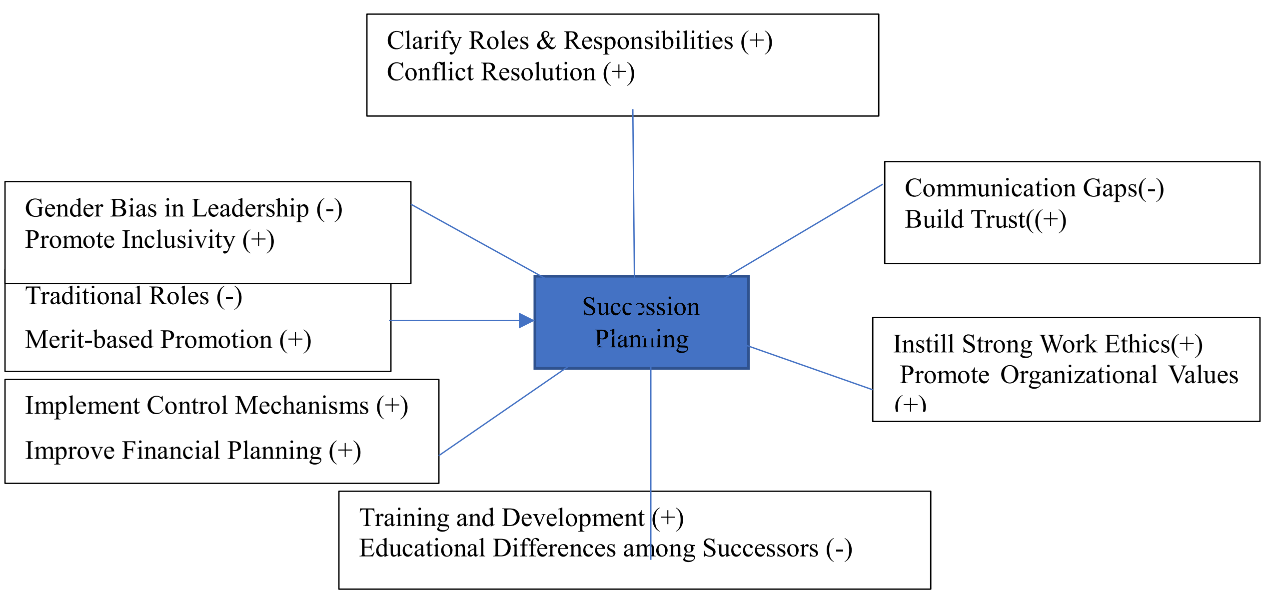

Figure 6:
Purposed Model of Successful Family Business

LIMITATIONS OF THE STUDY

Research is limited in the context of constrained sample size, potentially impeding the generalizability of findings, while reliance on specific data collection methods like interviews or surveys may introduce biases or overlook certain nuances. Additionally, limitations in scope regarding regional or industry-specific focus, coupled with temporal constraints and potential researcher biases could restrict the depth of analysis and interpretation. Cross-cultural considerations and the availability of comprehensive data may further constrain the study's external validity, emphasizing the need for cautious interpretation and acknowledgment of these limitations in drawing broader conclusions about family business dynamics in Pakistan.

PRACTICAL IMPLICATIONS

This valuable insights for business community by highlighting the importance of addressing challenges such as succession planning, gender discrimination, and nepotism. Understanding these dynamics can guide family business owners in implementing effective strategies for succession, fostering inclusive workplace cultures, and promoting merit-based decision-making for sustainability of businesses.

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