

# A Study on Entrepreneurship and Family Business Management in India with Special Focus on the Andaman Islands

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## Abstract

Two important cornerstones of India's financial system are family business management and entrepreneurship. Since families own more than 70% of enterprises in India, these innovations have a significant impact on employment, GDP, and national development. Simultaneously, the emergence of a vibrant entrepreneurial ecosystem, propelled by government support and technological breakthroughs, is reorganising the establishment, growth, and expansion of firms. The expansion of family businesses and entrepreneurial endeavours in India, their socioeconomic impact, important issues like professionalization and succession planning, and the function of origination and governance in promoting long-term development are all examined in this paper. It also discusses how, in the Indian setting, modern entrepreneurial techniques are merging with traditional family-run structures.

**KEYWORDS:** Business Management & Financial Growth, Entrepreneurship, Family Business and Governance.

## 1. Introduction

India has an ironic tradition of entrepreneurship, profoundly rooted in its cultural, public, and economic fabric. Since early guilds to recent enterprises, business has been a vital part of Indian culture. Over the ages, family-owned businesses have subjected the private sector, particularly in trade, manufacturing, services, and agriculture. At the similar time, the last two decades have seen the rapid emergence of start-ups and first-generation entrepreneurs, transforming traditional business models through innovation, technology, and global market contact. Family businesses, categorized by multi-generational participation and legacy-based management, coexist with new-age entrepreneurial ventures that are fast-paced, investor-driven, and tech-enabled. Empathetic the connection and contrast between these two forms of enterprise is significant to estimate India's evolving monetary identity.

## 2. Importance of Entrepreneurship and Family Businesses In India

- Family-owned enterprises show a vital role in India's economy, creation a substantial role to GDP and employment. As reported by the Union of Indian Industry (CII), family businesses constitute over 79% of private sector companies in the country.
- India is standard as one of the world's fastest-expanding start-up ecosystems, with more than 100,000 registered start-ups and over 100 unicorns recorded as of 2024.
- Entrepreneurship has developed as a powerful driver of social and economic change, promoting social mobility, youth participation, and digital innovation, mainly through government creativities such as Start-up India, Digital India, and At manir bhar Bharat.

## 3. Objectives of The Study

- ✓ To explore the present position of entrepreneurship and family businesses in India
- ✓ To study the organizational and functional differences between family-managed and professionally managed initiatives.
- ✓ To find the key challenges handled by family businesses in the recent entrepreneurial environment.
- ✓ To suggest strategies for balancing tradition and origination in Indian business models.

### Scope of The Study

The study scrutinizes Indian enterprises about both traditional family-owned businesses and fashionable start-ups operating across segments such as retail, manufacturing, services, and technology. It incorporates visions from urban and semi-urban areas and considers firms at various stages of progress and expansion.

### Entrepreneurship in India

India has established into a prominent centre for entrepreneurial action, particularly within the technology and service industries. The rapid evolution of start-ups, maintained by digital advancements and favourable government policies, has extended entrepreneurial opportunities beyond main cities to embrace semi-urban and rural regions.

Gupta and Das (2017) note that India's entrepreneurial landscape has undertaken substantial change over the last two eras, shaped by factors such as globalization, improved access to education, and loyal initiatives like Start-up India and Digital India. Together, these advances have fostered a conducive environment for the creation and growth of original enterprises.

### Family Business Management in India

Family-owned enterprises play a vital part in India's economy, creation substantial aids to national income and job creation. These businesses are considered by family ownership and control, with leadership and assets typically moved from one generation to the next (Chittoor & Das, 2007).

In India, family businesses span a wide spectrum, from small-scale trading units to foremost corporate groups. Their sustained achievement is often linked to strong interpersonal trust, a common long-term image, and an emphasis on preserving family heritage. At the same time, many such businesses encounter organizational challenges, with weak formal governance structures and reluctance to contain professional or external management (Sharma, 2004).

## **Comparative Perspectives: Start-Ups and Family-Owned Enterprises**

Family businesses are typically conservative and long-term intensive, while start-ups are agile, disorderly, and innovation-driven. As Das and Mukherjee (2018) highlight, this divergence makes both fight and collaboration openings. Numerous new-generation family members are now founding their particular ventures, blending legacy and revolution.

### **Research Methodology**

The methodological outline adopted for the study on Entrepreneurship and Family Business Management in India, with specific reference to the Andaman Islands. It details the research design and approach, data sources, sampling methods, and the tools applied for data collection and analysis, along with the study's scope and limitations. The chosen methodology aims to provide a clear understanding of the tasks and opportunities met by family-owned businesses and entrepreneurial ventures, especially concerning succession, revolution, governance structures, and sustainable growth.

## **4. Research Design**

**The study assumes a descriptive and exploratory research design:**

- Descriptive: To present the recent status, outlines, and practices in family businesses and entrepreneurship in India.
- Exploratory: To examine emerging issues and the growing relationship between traditional family businesses then new-age entrepreneurship.

A mixed-method way was used, merging both quantitative and qualitative techniques for a well-rounded analysis.

## **5. Data Collection Methods**

### **PRIMARY DATA:**

Primary information was collected using structured questionnaires administered to entrepreneurs and family business owners. Semi-structured interviews were conducted with designated business owners and professionals to get detailed insights. In addition, field observations were carried out to know actual business practices in real-time settings.

### **SECONDARY DATA:**

Secondary information was collected from government publications such as reports from the Ministry of MSME and NITI Aayog, industry reports and whitepapers issued by bodies like CII and FICCI, and peer-reviewed journals, research articles, and academic sources. Company records, published financial

statements, online databases, and newspapers were also stated to for supporting data.

## **SAMPLING TECHNIQUE**

A non-probability purposive sampling method was adopted to find respondents who possess applicable experience in entrepreneurship or family business management.

## **SAMPLE SIZE**

The study covered a total of 100 respondents selected from different segments of the business ecosystem. Among them, 60 participants were drawn from family-owned businesses, 30 respondents represented start-up enterprises, and the last 10 participants were business consultants or professionals. This arrangement ensured a balanced depiction of traditional family firms, emerging entrepreneurial ventures, and expert perspectives, thereby attractive the comprehensiveness and reliability of the study findings.

## **6. Tools of Analysis**

- Quantitative Data: Analysed with Microsoft Excel and SPSS (Statistical Package for the Social Sciences) for frequency distributions, cross-tabulations, and basic inferential statistics.
- Qualitative Data: Analysed over thematic analysis to identify recurring patterns, sentiments, and challenges expressed by respondents.

## **7. Limitations of The Study**

The use of non-probability sampling may result in a certain degree of bias in the selection of respondents. Furthermore, data collection was limited to specific regions owing to time restrictions and logistical challenges. Still, as entrepreneurship in India is continuously evolving, the findings of the study may need reassessment and validation over future research.

## **Demographic Profile of Respondents**

The findings indicate that maximum respondents belong to the mid-career age group of 31–45 years, are predominantly male, and possess a high level of educational attainment. Furthermore, a significant proportion of the businesses have been in operation for over five years.

**AWARENESS OF GOVERNMENT SCHEMES**

Response	%
Aware	72%
Not Aware	28%

Although a majority are aware of schemes like *Start-up India* and *MSME support programs*, awareness remains lesser among older and rural family business owners.

**INNOVATION AND TECHNOLOGY ADOPTION**

Technology Use in Business	Family Businesses	Start-ups
High	22%	78%
Moderate	38%	18%
Low/None	40%	4%

Start-ups lead in tech adoption, although numerous family businesses still rely on traditional business practices, affecting competitiveness.

Demographic Variable	Category	%
Gender	Male – 72	72%
	Female – 28	28%
Age Group	21–30 (22)	22%
	31–45 (48)	48%
	46+ (30)	30%
Type of Business	Family Business – 60	60%
	Start-up – 30	30%
	Others – 10	10%
Education	Graduate – 35	35%
	Postgraduate – 50	50%
	Other – 15	15%
Years in Business	<5 years – 34	34%
	5–15 years – 42	42%
	15+ years – 24	24%

**CHALLENGES IDENTIFIED BY RESPONDENTS**

Challenge Area	Family Businesses	Start-ups
Succession	60%	18%
Technology Adaptation	55%	10%
Funding/Access to Capital	35%	70%
Talent Retention	42%	38%
Governance Issues	48%	15%

- Family-owned businesses mainly face problems related to leadership succession and adopting modern practices.
- Start-ups experience greater difficulties in obtaining finance and forming a reliable team.
- Weak governance continues to be a major issue in family-managed businesses.

**FINDINGS OF THE STUDY**

- ✓ India has seen speedy growth in entrepreneurship, particularly in start-ups, stayed by government initiatives such as Start-up India and Digital India.
- ✓ Maximum start-ups are run by well-educated and technology-oriented entrepreneurs who emphasize invention and growth.
- ✓ Partial access to funding and skilled workforce leftovers a key challenge for start-ups, especially in Tier II and Tier III cities.
- ✓ Family businesses are the basis of India’s private sector, but maximum of them function with informal systems and practices.
- ✓ Compared to start-ups, family businesses adopt technology at a much slower pace, which reduces their ability to compete effectively in the market.
- ✓ Only 25% of family businesses have professional managers in key leadership parts.
- ✓ Younger family members support innovation and the use of digital technologies, whereas older generations prefer traditional and low-risk business approaches.

**SUGGESTIONS AND RECOMMENDATIONS**

- Document roles, timelines, and succession policies primary to avoid future leadership gaps. Boost mentoring between generations for smoother transitions.
- Offer younger family members with energetic decision-making responsibilities to encourage innovation.
- Encourage and providing their education in management or entrepreneurship.
- Care not only on rapid growth but also on long-term sustainability and social impact.
- Encourage formalization over tax incentives or digital platforms.

## CONCLUSION

Entrepreneurship and family businesses composed play a dynamic role in India's economic development, with start-ups driving innovation and family firms ensuring steadiness and employment. The study shows that family businesses need to implement professional management, technology, and planned succession to remain competitive. At the same time, start-ups require stronger financial and mentoring care for sustainable growth. Mutual learning, supported by appropriate policies and a progressive mindset, can help make a balanced and active business ecosystem in India.

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