

DEVELOPING MANAGEMENT SKILLS IN SMALL FAMILY BUSINESS FOR SUSTAINABILITY

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ABSTRACT:

The purpose of this paper is to assess the contribution of management skills in small family business. Manager should combine theoretical knowledge with practical skills, which increase business efficiency and contribute in the growth of the organization. Besides, they must master a mix of basic skills with the purpose of executing their role successfully. Consequently, a family business is chosen as a case study to investigate the importance of managerial skills in regard to the growth of small firm. Interviews done with all the managers, as well as observation and management tools are used as the source of information to analyze management skills in small family business. The results represent that owners and managers in small family business must improve the technical, human and conceptual skills. They need to possess knowledge and skills before running a business.

Keywords: Managerial skills, Small business, Managerial development, Family Business in Lebanon, Case study

INTRODUCTION

“Family Business is a business owned, controlled and managed by one or more of the family members who are actively involved in running of the company activities” (Anderson & Reeb, 2003). It supplies a lot of jobs and produce huge wealth. Family Businesses are very significant for economic growth and represent a main source for employment. Family Businesses, in Lebanon, represent 85% of the private sector, constituting 1.05 million of 1.24 million careers (Fahed-Sreih, 2006). In war torn transmission economies, the family business is frequently the simply unbroken socioeconomic organization able of sustaining industrial activities (Fahed- Sreih, 2009 p 249).

In Lebanon, family businesses are considered the base of the economy, constituting around 90 % (Ministry of Economic and Trade, 2014 p6). One feature of family businesses is that they live for a short-term and just around 10 % move to the third generation. In most situations, this stoppage is referred to a lack of fixed corporate governance system. However, to improve the governance of a small family firm, there is a need to improve the managerial skills.

In these family businesses, the managerial positions are filled with family members who use a traditional managing approach and react slowly to environmental changes (Daily & Dollinger, 1993). The main goal of the owners is to protect the family business and wealth to the next generation without any level of risk. With the intention of realizing their objectives, the founders utilize an informal management practices by centralizing all the decisions and the authorities (El-Chaarani, 2014).

Moreover, direct family members, who are the successors from the day they are born, inherit some of the high positions. Generally, and no matter how qualified and huge the business, the inheritor will be the son of CEO or the president. Sometimes, he prepared for it and sometimes he has to catch things in charge suddenly which is a big responsibility. It is a risk the company has to submit to and the results may be from time to time disastrous (Beyrouti, 2010).

Some researchers illustrate that for small family business to grow up successfully owners must develop new skills (Stanworth & Gray, 1992 p11). As small businesses are growing in fast due to the challenges, the management team will be enlarging and the skills required will vary. This indicates that development and training needs might become significant as the company grows up (Pansiri & Temtime, 2008; Alasadi & Al Sabbegh, 2015 p 294).

Geber (2001) illustrated that small family businesses are founded by technicians or specialists who “know their onions” but have insufficient data and experience in the domain of management. Owners or managers execute their job on specialized level, but they rarely attempt to obtain knowledge by themselves. They face problems in managing their small businesses because they just concentrate on their specialized field of knowledge. The managerial skills are ignored in order to look at business from a strategic perspective (Papulová & Mokroš, 2007 p2).

Basic Knowledge in management is needed for running a small family business which is carried out by the owner (Temtime, 2001). The founder must execute all the activities needed to successfully expanding the business. However, as a result of the business expansion, crisis arises since the owner cannot cover all the areas of the business, and has not the capacity to run it due to lack of required knowledge and managerial skills (Temtime, 2001; Papulová & Mokroš, 2007).

This article describes a case study of a small family business located in North Lebanon to shed the light on the importance of managerial skills of the owners. Semi-structured interviews with the owners and managers were conducted as well as management tools such as competency grid and time management. These were used to analyze the managerial skills accessible in small family business.

LITERATURE REVIEW

Lack of management skills constitutes a main principle to prevent the growth of small family business (Argenti, 1976). These skills might consist of “general management training, financial advising, assistance with formulating a business plan, and other technical assistance associated with business ownership” (Blakely & Leigh, 2010; Lerner, 2009). They differ at every stage of small

business growth, and become more specialized (McFarland & McConnell, 2012 p 103-104).

Since the majority of small family businesses have the orientation to grow, managers must acquire a mix basic skills with the intention of executing their roles successfully in business (Peterson & Van Fleet, 2004). Managers cannot effectively run a business without these basic skills (O'Neal, 1985). It is essential for owners or managers to acquire proper skills and knowledge before managing the business (Okpara & Wynn, 2007).

Accordingly, business competencies are also interconnected to the individualities of the managers themselves, such as learning, practice as well as motivation. Nowadays, with the intention of succeeding and sustaining in the global competitive market, a manager necessitates possessing a variety of types of industrial with managerial skills, which are developed by katz (1995) as sources of small business growth. The set of managerial skills were:

- Technical skill is used for a specific kind of activities and includes particular knowledge. It includes competencies in a specific part, diagnostic capacity, and the capability to use right tools and techniques. Managers must possess a wide variety of technical workplace skills with the intention of working with advanced technologies (Norman, Tharmmaphornphilas, Needy, Bidanda & Warner, 2002; Katz, 1955).
- Human skill is a specific capability resulting from individual knowledge and practice in performing a task (Abu Mansor, Ahmad, Din, Hanissah & Mohd Noor, 1999). It is knowledge and ability to work with employee. It facilitates for the managers and CEO to work effectively as a team and to construct supportive effort within the team. In addition, it creates more awareness and beliefs about other individuals for the manager or supervisor who has high human skills. This reduces resistance to change among employees since the manager has the capability to accept the existence of different perceptions and beliefs. Also the person with highly developed human skill can create a good atmosphere in which subordinates can express without fear and are encouraged to participate in planning as well as to contribute to improve their place of work. Human skill is important for each actor and every level in the organization, but it differs from one level to another (Petridou & Spathis, 2001; Katz, 1955).
- Conceptual skill permits to see the company as a whole, and reveals how the different functions of the business count on one another in addition to how changing one of these functions has an effect on all others. Also it allows owners to visualize the entire business with its external environment. Through these skills, the mind-set of the CEO or the owners determines the business personality which differentiates a business from another. In fact, conceptual skill is more important at the top level for the executive positions (Katz, 1955).

These skills are interrelated to each other. They facilitate for the owners and managers to understand the managerial process, and differ with the level of organizational responsibility (Katz, 1955).

However, gaining managerial skills is a complicated task since it indicates to use theoretical knowledge into praxis. On the one hand graduates from college ignore the practical experience; conversely, the hard employees

with continuing praxis several times have not yet deal with new theoretical knowledge. Simply through interconnecting theoretical knowledge with experience from praxis it is likely to acquire managerial skills. Theoretical knowledge deteriorates in the nonexistence of practice and on the contrary, completely practical knowledge is exposed to unexpected modifications in procedures, job scheduling, and so forth (Savall & Zardet, 2008).

The theoretical Knowledge and practical skills complement each other. At every level, in an organization, where knowledge assists the person to understand the essential concept, skills enable them to perform plans and strategies in the most effective manner.

Consequently, the improvement of professional skills necessitates the combination of various categories of knowledge and interaction between theory and practice, and that the development of the workplace as a learning environment for employees is important to ensure the continuous development of competence. This requires close collaboration and partnership between education and work (Tynjala, 2007).

METHODOLOGY

A case study was conducted in small family business. It focused on the managerial skills related to the development of owners and managers in small business. According to Yin (1990, 1994), a case study is a research that studies a new fact or situation in its daily context. Case study can interfere in a research procedure after gathering qualitative data (Hlady-Rispal, 2000). However, it can also compose a research strategy. The case study has an object to experiment or to create a theory, derived from observation, particularly when presented theories are not persuasive.

Case study methodology enables researchers to collect rich data through utilizing different methods of inquiry, various informants, as well as different sources of existing literature. Consequently, the researchers can analyze general categories and their belongings for situations and problems of broad and precise demand. On the basis of the data presented, readers can draw their own conclusions from the findings and apply them to their particular situation. Therefore, a case study is dissimilar from any other research methods; it studies the circumstances of an organization over a comparatively long time period.

Data collection, in this case study, is based on semi-structured interview, observation, and using management tools. First, semi-structured interviews were conducted with the main people involved in the analyzed procedures in order to understand the governance in small family business. Overall, 6 interviews were done with 6 different people (including senior members and nonfamily executives), all in their workplaces. Semi- structured interviews were conducted one-on-one with the managers and employees. Each interview was completed by one to one and a half hours. The semi-structured interview makes it obligatory for researcher to take exhaustive notes which is better to recording discussion. In fact, a tape recorder is disposed to the risk of a terrible interview, and decreases the level of confidence and the flexibility of the communication. In addition, taking exhaustive notes restrict the researcher interruptions and liberate the interviewee to completely give details about the situation.

Through interviews, most of actors were accessible to talk about the managerial problems in their administrative department and they were having the intention to improve their managerial skills. On the other hand, one actor refuses to cooperate by saying that everything is perfect.

Second, data were collected from direct field observations. Direct observation permits for the researcher to figure out what was missing unsaid and unwritten. Observation facilitates to validate and shed light on the key ideas spoken as well as to gather new data. It studies the real management situations inside the organization. Since the researcher enters a company and wait for an appointment, he should view what is going on: people's movements, informal discussions, etc... Consequently, the researcher should benefit from his existence inside the organization to perform direct observation.

Third, permission was given to the researcher to analyze business archives, and annual reports. This allows for the researcher to complete knowledge and to make collected assessment more objective.

Finally, management tools were used to analyze the managerial skills. These tools permit for actors to observe their use of time, to discover whether they possess the necessary competencies, and develop prioritizing and strategic planning. Moreover, through these tools, actors can examine their priorities as they are connected with the strategic plan, as well as they can learn how to create a process for implementing strategies and creative competitive advantage. By utilizing these tools, company can recover several causes which are normally offered for the failure of crafting and implementing strategic human resource management.

A competency grid was used to evaluate the existing management skills in the organization. This tool illustrates that there is vulnerability in the administrative department. Only the owners possess the tasks related to development management operations (allowing fulfillment of medium-term development goals) while other managers acquire only safety management operations (set of a common operations aiming to provide adequate continuity of operation). This means that there is a lack of managerial skills which are essential to improve the performance in the organization.

Besides, competency grid a time management was used at the administrative department. Every actor completed the time management independently. This grid facilitates to put into practice new high value added operations might generate over capacity for the actors if there is no immediate cleaning up and up-rooting of the existing low value added tasks.

In the course of the case study, the researcher facilitates the organization's understanding of the problem, discover the fundamental root causes, and build up strategies to condense them. The researcher does not offer solutions. Rather, it is throughout the mutual efforts between the researcher and the actors that the problems are recognized and the suggestions for improvements are derived.

DISCUSSIONS

This case study demonstrate that there is an important relation between management and small family business since the managers spend most of his time on managing the business. Thus, the effective management is an important

ingredient for the success and long –time survival of a small family business (Mullins, 1993). This relies to a large scope on the managers who must be provoked in the direction of enhancing their success and must be trained to know in addition to understand the requirements for change.

The owners and managers, in this study, lack the necessary skills to carry out the survival and growth of the enterprise. They necessitate management skills which are fundamental for the managers’ success. However, growing business has need of intensifying knowledge about and capability of improved production technologies, as well as a diversity of connected management skills (Liedholm and Mead, 1999).

First of all, managers must improve their managerial skills through evaluating the competency level of each person within four categories, which can be achieved by utilizing competency grid. To assess the quality of the actual execution of an operation, four mains symbols are used, as illustrated in **table 1**:

- Completely Black Square: The employee has full control for accomplishing of the task. He knows theoretical aspects and practical.
- Half black square: the employee knows the aspect theory of the task with an acquaintance practice limited and occasional
- Completely white square: the employee has only a theoretical task knowledge
- Line: the employee has no theoretical or practical knowledge
- Circle: there is training to be provided on the job

Table 1: Four Categories of the Competency Grid

	Practice		Lack Of Practice
Theoretical Knowledge	Acquired ongoing 	through process	Need practice training 
Lack Of Theoretical Knowledge	Need theoretical training 		Need both: theoretical training and practice 

According to these four categories, small business can identify the managerial skills needed at each level of the organization, which are related to practical and theoretical knowledge.

Managers must possess theoretical Knowledge and practical skills as basic skills. Practical knowledge is not appropriate as theoretical knowledge is. Besides, not including theoretical knowledge as the root, practical knowledge has no prospect to carry on. Consequently, the alternative should be combining theoretical foundation and at the same time taking part in practical jobs to accelerate the mixture of two types of knowledge (Yong, 2012).

According to the theoretical and practical knowledge, the three basic managerial skills must be developed. Generally, managerial skills among managers play an important role in business growth. In agreement with previous findings (Bailey & Mitchell, 2007), technical skills are required by a business owner, which play a role in the growth of small business. It should be used as basic management skills in the preparation of a business plan. Moreover, owners must develop their human and conceptual skills. Initially, a large number of

actors in small business are treated as human capital and not as human potential. This is the consequence of lack of human skills in the organization. Occasionally actors are not respected from their supervisor; so they believe that they are under-estimated and this decreases organization productivity. Consequently, this small family business should start to focal point on improving human skills at all the level of the organization. This permits actors to feel valued, have obvious track and purpose, and their achievements are recognized. Then, above and beyond human skills, conceptual skills must be developed by the owners. Conceptual skills are significant to synchronize the various departments into a successful group. This synchronization permits the owners or the CEO to achieve the maximum good for the total organization. Through acquiring these skills, managers become able of visualizing and understanding the most important objects of every group inside the department and how those groups function together to generate the end product or service.

CONCLUSION

The main purpose of the paper is to illustrate the contribution of management skills to the development of small family business owners and managers. To evaluate the fundamental role of managerial skills, the manager must possess three basic personal skills: technical, human and conceptual. The manager needs: technical skill to execute the mechanics of the specific work for which he is responsible, human skill to work as effective group and build cooperative effort within the team, and conceptual skill to recognize the correlation of a range of factors concerned with his situation.

The results clearly support the view that managerial skills have significant influences on small business growth. These competencies must be based on theoretical knowledge and practical skills; accordingly the manager can understand the essential concept and has the ability to perform plans and strategies in the most effective manner. Improving skills contribute to the survival and growth of the enterprise, as well as affords the next generation with fundamental and wide range knowledge and skills needed to manage effectively a small family business.

LIMITATION

The results of this research contribute to academic and practical features. Nevertheless, there are limitations of the research. First of all, many dimensions are not tested in this study, such as recruitment and selection, policies, performance management, organizational culture, which have an impact on the strategy of the organization. However, subject to the time, these factors are not included in this study. Moreover, this study is limited to a small family business. It would be more comprehensive through involving two more small family businesses to understand the impact of managerial skills on the functioning of small family business.

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