FAMILY BUSINESS MANAGEMENT PROBLEMS: CASE STUDY WITH PROFESSIONAL MANAGERS IN KOSOVO

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Abstract: Family businesses are the most widespread type of business in the world. On the other hand, family businesses are estimated to contribute the most to the economic development of a country. Due to the importance of these businesses, numerous studies have been conducted to identify the problems faced by these businesses. One of the main problems of these businesses is the lack of professional management that is a result of the conventional approach of the owners of these businesses. This study was conducted in order to identify the problems faced by family businesses, and to also understand the negative reflections in the internal business environment that arise as a result of not shifting to a professional management of local family businesses operating in Kosovo. In order to provide information on managerial problems, direct meetings were held with 8 managers of these family businesses. In this paper, a qualitative research method is used, using the "case study" model. For data analysis, the program "MAXQDA 2020" was used, with which codes and categories were created, while the frequencies of these codes were provided from these results. In addition to the code frequencies, the answers of the managers regarding the management problems in these businesses are also presented. The findings of this study have presented important data on the managerial problems of these family businesses. These problems presented in this paper are a a result of the attitudes of the owners of these businesses and a result of the lack of a professional management. From the results of this paper, it is also made clear that the various negative reflections are the result of mismanagement of these family businesses
Keywords: Family businesses, managerial problems, professional management.

1. INTRODUCTION

Family businesses, which play an important role in many industries, represent 75-90% of the enterprises in the world. 70% of businesses in Europe are family businesses, while this rate in the US is around 96% (Kalkan, Bozkurt, Oktar, & Türk, 2013). Most of the businesses in Kosovo are family businesses as well According to a published report it seems that the number of family businesses in Kosovo is about 85% (Nixha, Hashani, Abdixhiku, & Mustafa, 2015). Different definitions have been made regarding family businesses, but we in this paper we will limit ourselves to just a few, to present an overview that helps us better understand this type of business and to understand their importance. Family businesses are defined as a type of business which are owned and managed by the family for at least two generations and the goals and interests of the family are also manifested in business policies (Donnelly, 1996). Whereas, another source defines these businesses as it follows: "family business is controlled by members of a single family, and it turns out that the distribution of profit is done under the control of this family" (Barry, 1975). Although there is no consensus on the definition of a family business, these can only be defined as an "enterprise controlled by members of a family" (Getz & Nilsson, 2004).

The principles and rules of business management are generally valid for family businesses as well. However, the management of family businesses shows some unique differences due to some features they have, and in a way it makes it difficult to manage these businesses. Managing a family business is closely related to the power and position of the manager. In family businesses, the founder usually tries to do all the business work himself. Moreover, they, as founders, see their businesses as their children who always need his care. Family business founders do not trust anyone and feel compelled to intervene in everything (Bozkurt, 2005).

Most of the research that has been done related to family businesses, aimed to understand the problems of these businesses and the impact of these problems on business performance (Jaskiewicz, Uhlenbruck, Balkin, & Reay, 2013). Problems in family businesses start to grow as the business grows. One of the causes of these problems stems from the business founders themselves. Because despite the growth of the business, they do not make the necessary changes due to the patriarchal approach of the owners. The patriarchal approach emerges as a result of not taking measures for change. In this style of management, relationships are hierarchical. All the power and authority belong to the head of the family. All important decisions are made by the business owner. The rise of problems is also a result of the fact that the business owner retains all the competencies for himself, he does not express willingness to delegate tasks, and this situation affects the viability (longevity) of family businesses. (Bayramoğlu, 2017).

Engagement of professional managers is necessary to avoid management problems. But unfortunately, family business owners, non-family managers are seen by business owners more as a cost than as a business investment. Moreover, business owners are not able to accept the fact that a professionally skilled manager is able to increase business profits. On the other hand, business owners often feel that non-family managers are less trustworthy and do not contribute to the enterprise as much as family members do. There are also cases when business owners are also afraid that if non-family managers are placed in decision-making positions of the enterprise, the values and culture of the family may fade. (Aronoff & Ward, 2011). Even the owners of these businesses in China would prefer the business to split into several new companies, or collapse (bankrupt) completely rather than professional managers occupying an important leadership position (Jinwen & Xiaoying, 2011). Management problems in family businesses are among the most talked about and discussed topics in the business field. These issues usually result in the idea that family businesses should be managed by a professional management approach (Ünlü & Selek, 2004). A professional management approach requires that the family business include other managers and professionals who have no blood ties to the business owners. Numerous publications have shown that the need for professionals, which are nowadays engaged as employees in large organizations, has increased (Adams , 2020). Many studies have argued that professional managers who have no family ties should be involved in family businesses to provide "objectivity" and "rationality" although the integration of these managers may be considered challenging for the family business. (Hall & Nordqvist, 2008). Professional managers have been evaluated as useful in the public sector ; they enable the professionalization of institutions (Yıldırım K. E., 2019). The concept of professionalism is one of the most discussed issues in family businesses. The concept of professionalism in family business research is defined as "the process of involving professional managers in the management or ownership of a family business" (Culasso, Giacosa, Manzi, & Truant, 2016). By another definition, professional management is defined as the transition from an autocratic style of management to professional management which also means the transfer of competencies from family members to professional managers. In professional management, family members make political decisions, while family managers are responsible for various processes, which make operational decisions. (Şimşek, 2002).

Given the importance of professionalism of family businesses and the lack of any paper with family businesses in Kosovo, this paper becomes even more unique in terms of its contribution to this area. The purpose of this paper is to identify the problems faced by these businesses. As a result, it is estimated that such study in this area is a contribution to the literature, in the first place, and it also mirrors the situation of local family businesses operating in Kosovo. Some "research questions" are defined for this paper; they are stated below:

RQ1: What are the problems of family businesses in Kosovo?

RQ2: What are the reflections of the family business management problems?

2. RESEARCH METHODOLOGY

Qualitative research method was used for this paper. Qualitative research method is a research method that follows certain steps to discover perceptions and understand events in the natural environment with a realistic approach, using data collection techniques, such as interviews, observation and document analysis. (Yıldırım & Şimşek, 2006). Data collection is required to discover the answers to the questions posed. In this context, in qualitative methods the researcher is in the role of a tool which establishes direct contacts with certain individuals to collect data and to analyze the data provided by the interview or observation. (Merriam, 2009).

"Case study"is the preferred research model in this paper . Case study is a model in qualitative research methods through which each process, event, subject or person is examined and explained in detail ,in their context. (Yin, 2018). Case study as a model aims to meet one or more people to understand a topic, a phenomenon or a problem (Güler, Halıcıoğlu, & Taşğın, 2015), or to understand participants' views , respectively the views of interviewers on a particular event or phenomenon (Barlett & Vavrus, 2021). In the "case study" model, isolated cases are studied, respectively an individual or a group of individuals, an organization, a community, a nation, etc., but through this model an in-depth analysis and description of the phenomenon or problem is made. (Merriam, 2009).

Sample selection

Intentional sample selection method was used in this study. In some cases, due to the purpose of the study and to become acquainted with population, the selection of the sample was done according to the purpose of this paper. This type of sample is called "*intentional sample*" (Temmuz, 2009). Qualitative research methods aim to discover typologies. Therefore, people who have knowledge and information related to the topic addressed in the research, are identified in the sample selection. (Kara, 2021). Due to the nature of the paper, 8 family businesses were selected.

Data collection

Interview questions were defined to provide the data for this research. In order to find the deepest possible data on the phenomenon or phenomenon of research, semi-structured questions are assigned. Semi-structured interviews are such interviews that enable the collection of data which have similarities that enable comparisons between interviewers' responses. Thanks to the semi-structured questions we can ask additional questions and thus provide more data to find support for "research questions". (Kara, 2021). Interviews were recorded with a voice recorder. The duration of an interview on average lasted about 35-40 minutes. After completing all the interviews all the interview data are transcribed to extract more easily codes and categories. Interview participants were assured that privacy data would not be disclosed in this research report.

3. RESULTS

This paper aims to identify the types of managerial problems and to understand the result of mismanagement in family businesses. Therefore, a topic called "Managerial problems in family businesses" was initially defined. Then, 2 categories and 20 codes which are in accordance with the "research questions" of this paper were provided from the interview. Below are the data which were analyzed with the program "Maxqda 2020".

Table 1: Managerial Problems

	Segments	***Percentage***
Lack of enterprise strategy	6	9.84
Indistictness in the duties and responsibilities of employees	6	9.84
Interference in competencies	6	9.84
Lack of ability to manage meetings	6	9.84
Ignoring managers	5	8.20
Lack of owners' trust in managers	5	8.20
Lack of organizational structure	5	8.20
Lack of standards for problem solving	5	8.20
Non-engagement of managers in the meeting	4	6.56
Lack of recruitment standards	4	6.56
Lack of influence of non-family managers in the meeting	4	6.56
Inadequacy of education with the position of family members	4	6.56
Interference in managers' decisions	1	1.64
TOTAL	**61**	**100.00**

Table 1. shows that 13 codes and 61 frequencies have emrged, pointing that these family businesses face various problems. From the above data it seems that a large part of these businesses do not have strategies, the responsibilities and duties of employees are not clear, the owners of these businesses interfere in the competencies of non-family managers and are ignored by the owners. At the same time it seems that the owners of these businesses do not trust the managers. In addition to these, there are other data which testify the lack of organizational structure and lack of standards and other problems of a managerial nature. Below are some of the answers of the interviewers that present the managerial problems of these businesses. Interviewer **(P1)** regarding managerial positions expressed him/herself as follows:.. *"The positions held by family members are not in line with the education they have received, and there are even those who have not completed their basic studies ... ".* From this we understand that key positions in these family businesses are managed by people who are not adequate. While the interviewer (**P2**) explained the owner's interventions in his competencies, saying: *"Despite my many years of experience, both in this company and in other companies, the company owner often interfered in the decisions I made, and this situation is disturbing and hinders the professionalization of the business ... "* Regarding the decision-making process, the interviewer **(P5)** explains that they have no influence on the meetings held;he stated: *"Non-family managers are involved in the decision-making process, but we do not have a significant influence on the decision-making process. The main role in the decision-making process is played by the business owner himself*. Interviewer (**P6)** indicates that responsibilities and tasks are not clear: *"... our responsibilities are not clear. "We often perform different tasks that should not be carried out by us."* The interviewer (**P7)** regarding the existence of

standards and procedures said*: "When I started working in this company there were no standards and procedures. Although 6 years have passed since I started working, there is no significant change in the advancement of the management of the enterprise ".* Date are presented above, proving the existence of problems which are as a result of the approach of an unprofessional management.

Table 2: Mismanagement results

	Segments	***Percentage***
Decreased staff motivation	5	22.73
Conflicts between family members	4	18.18
Lack of communication	4	18.18
Managers'mistreatment	4	18.18
Lack of productivity	3	13.64
Conflicts between members and other officials	2	9.09
TOTAL	**22**	**100.00**

Whilst in table 2., 6 codes and 22 frequencies that display facts about the results of mismanagement of these family businesses have been identified. The outcome of theses data is that various conflicts between the family members themselves and other employees in these buisnnesses have appeared as a result of a lack of professional management. There is also a lack of proper communication between employees. On the other hand, it seems that the productivity and motivation of managers has decreased as a result of mistreatment of managers by owners. Below are some of the answers of the interviewers in which the problems in these businesses have appeared. Interviewer **(P4)** talks about the conflicts that arose in this business: "*In this company, family members often get into conflicts with each other. Mostly conflicts are between brothers and usually for unimportant laughter. The worst thing is that they expect us to take sides.These situations usually put us in an insurmountable position".* In his answer, the interviewer (**P8)** talks about the problems that have emerged as a result of the general state of the business: *"... there are a series of problems that we face every day. Unfortunately all these problems have negatively affected all of us who work here. I can say that no one is calm. I can claim that even the owner and his sons who work here are not motivated. As a result of these problems, there have been cases when some of the employees have been fired."* The problems faced as a result of unprofessional management are apparent from these data.

4. CONCLUSION

From the results of this paper, it is clarified that almost all family businesses that were included in this study faced problems of various natures. These results identify the types of problems and the negative impact of these problems on business performance, as well as the impact of these problems on non-professional managers and other employees. The results of this study have also supported the "research questions" which are posed in this paper.

As a result of the above data of this paper, it can be said that the engagement of professional managers in business and providing the opportunity for career advancement, enables the advancement of family business (Aronoff & Ward, 2011). All the more, through their way of management, professional managers enable the family business to ensure its existence. On the other hand, professional managers contribute to the professionalization of family businesses (Staggenborg, 1988), which is also a guarantee of business longevity. To accomplish this, business owners need to change their approach to non-family managers and treat them as part of the business and seek their support for family business professionalism. As a result, their performance can be increased and consequently the longevity of family businesses is ensured.

Due to the nature of the research method, this paper has its limitations. One of its main limitations is the small number of correspondents which is a hindrance to generalizations. Our proposal in this paper is to conduct a paper with the quantitative method, to provide statistical results that identify problems of family businesses

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