

CHAPTER 13

Family and Micro Business Strategy

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LEARNING OBJECTIVES

- *To define family business and micro business, and describe their importance in the economy.*
- *To discuss the implications of family vs business systems on the family business.*
- *To explain the challenges of sustainability in succession, and competitive advantage in the family business.*
- *To analyze the relationship between strategic intent and corporate strategy in the family business.*
- *To appreciate the role of strategic decision-maker in the micro business.*
- *To understand decision, succession, and learning processes in the micro business.*
- *To explain the significance of network linkages in the micro competitive advantage.*

INTRODUCTION

In this chapter, we discuss strategic management issues related to the family and micro businesses. Until recently, the popular literature believed that with globalization and competition, the competitive advantage of the family businesses will be eroded, and these businesses will be forced to adopt the best practices associated with the professionally managed corporate sector. Similarly, the micro businesses were associated with aberrations in the economy—when the economies are in a temporary phase of downturn, and where formal business sector is unable to absorb the full supply of workforce. However, recent studies suggest that the family businesses remain a prominent form of organization even in the most competitive economies, such as the US. Further, family businesses outperform the professionally managed businesses on many criteria. Similarly, micro businesses are the most dominant form of organization in most of the economies.