



FAMILY VALUES

THE ROLE OF HR IN A FAMILY BUSINESS

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Family businesses are fascinating – 70% of businesses worldwide are private or family owned; they are the oldest form of business in the world, and in the UK, for instance, they provide 9.2 million jobs and generate £1.1 trillion in annual turnover.

Family businesses tend to take a long-term view and can be quite risk-averse. Many favor debt-free growth strategies offering economic stability. However, for some, risk aversion manifests itself in an insular leadership that ineffectively manages issues such as succession, conflict and communication – particularly between family members. For HR people, this can make life quite complex.

Managing influence

It is essential for HR representatives in a family business to understand who owns and leads the corporate culture. The family sitting on a board is not the same as an anonymous shareholder and it's important to understand its values, philosophy and vision in order to understand how they translate into the company's culture.

Longevity can have a positive and a negative influence on the business. Many staff like the sense of security of knowing that the leader might be in place for 15 or 20 years, and employees who gel with the strong sense of identity will be particularly happy, dedicated and loyal to the company.

HR supporting succession preparation

The drawback to holding on to leaders for a long time is that it can make strategic or cultural change difficult. Today's pace of innovation requires extreme responsiveness and adaptability, making any business that is slow to react to change especially fragile.

A key area where HR can provide long-term support and security is in preparing for succession, particularly when it comes to grooming and developing talent. As transition phases in family businesses can last several years and involve deep changes in the organization, HR has a pivotal role in organizing concerted efforts to strengthen the business and to engage and retain key family and non-family talent in the long term.

In many parts of the world, first-born sons are expected to take over the family business. Sometimes, though, the presumed successor simply isn't up to the task. Here, senior HR representatives can be particularly helpful and support the business leader as they rationalize their decisions and selection processes.

In Western economies 40 years ago, markets were booming, and if you were smart enough and could surround yourself with good people, you could be successful with almost any business. Nowadays, the picture is very different. Competition is fierce – and global – making it vital to develop young leaders with strong management and governance skills. This is why IMD has launched new programs – run in both Switzerland and Singapore – to provide successors with skills in key areas including leadership, innovation and entrepreneurship.

Standing the test of time

We design our programs to help make family businesses aware of their inherent weaknesses and build on their strengths. I believe that family businesses will continue to stand the test of time. They can have such strong cultures and visions, and, when managed properly, tremendous longevity. Their continued success will lie in a delicate balance of history, pride, expertise and emotions.

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The [Leading the Family Business](#) stream at OWP in Singapore takes place from November 16-20 2015.

This article was originally published by Hays.

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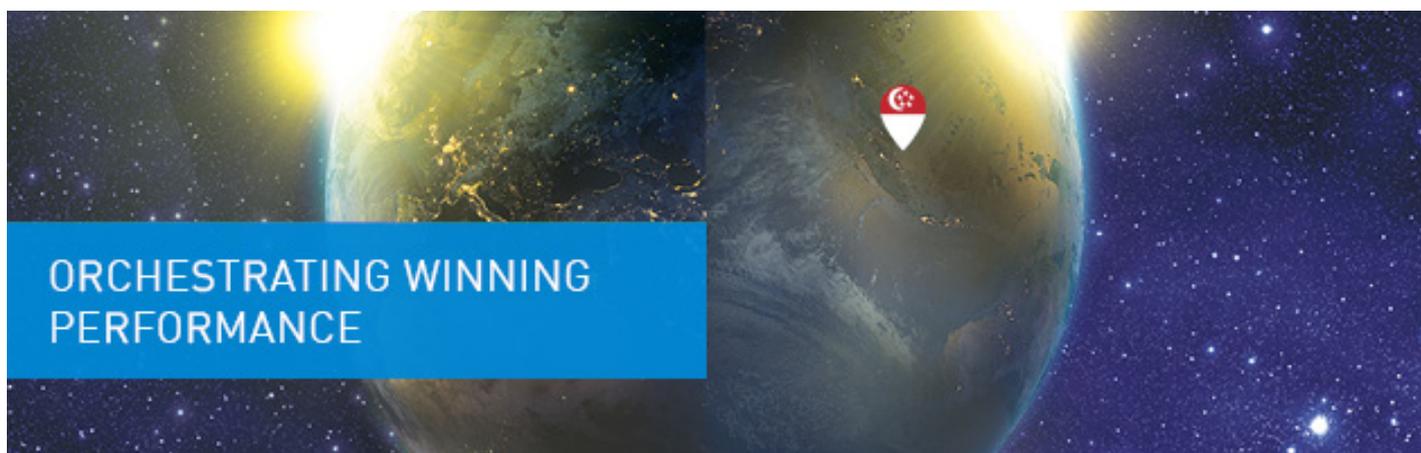
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