

CHALLENGES THE MEXICAN FAMILY OF ENTREPRENEURS FACES

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ABSTRACT

Given that the Mexican family provides more support and assurance than the State, the family still takes an important place in the Mexican's life. Therefore, this work describes and analyzes how this phenomenon can impact the profitability and continuity of the family businesses in our country. To achieve this objective it was done a documentary interdisciplinary consultation including classic authors of the Mexican's psychology and present contributions from the field of the family business. The results obtained showed that the expectations that a family who owns a business has respect to the family and the family business itself have an effect on the assets and the family business's legacy. It is concluded that it is not about to nullify the influence of the family in the family business, but rather to manage it adequately.

JEL CLASSIFICATION & KEYWORDS

■ M120 ■ M140 ■ M150 ■ M190 ■ CONCEPT ■ DYNAMICS
■ FAMILY ■ FAMILY BUSINESS

INTRODUCTION

More than 70% of the businesses in México have a family structure and are source of employment to 54 millions of Mexicans approximately (Grant-Thornton, 2011). Of the 5,144,056 businesses that are in México, 3,724,019 are family businesses (Alcaraz, 2012). However, a high mortality rate characterize the Mexican family businesses, because of every 100 family businesses, only a third of them survive to the first generation change and barely a 10% survive to the third generation change (Grabinsky, 2010). Often, the failures in the continuity of the family business are not of the management kind, but are family related. One of these failures is related to the expectations that a Mexican family business has about the family and the family business itself (Alcaraz, 2012). In that regard, Banamex (2008) found that 67% of the family businesses surveyed is at the service of the family. Only 33% of such businesses expressed that they put ahead the business' interests to those of the family. Likewise, 72% of the family business in México lack family hiring and firing policies and 58% of these do not have a family council and do not carry out formal meetings to treat family matters related to the business.

In spite of the globalization impact and of the changes happened in the social norms that regulate the behaviour, in México the family is still culturally rooted in the Mexican idiosyncrasy. This, in turn, has an influence in the expectations that the individual build with respect to what is that he should get from the family, but also in regard to what he should give to his family for not breaking the existing norms and principles that regulate the family life. This phenomenon has an impact in the dynamics of the family business and portrays a threat for the continuity of the business. Originates dilemmas, because either it is

answered to the family requests to comply with the correspondent norms and principles, or, the family is sacrificed for the sake of profitability and competitiveness of the business. Therefore, our objective is to describe and analyze how the expectations that the Mexican has in regard to the family, influence the members of a family business and impact the profitability and continuity of the family business. To attain such objective it was done a documentary interdisciplinary research reviewing the contributions of disciplines such as the Mexican psychology and the management of the family business.

The family in the life of the Mexican

Recent researches mention that for the Mexicans the most important thing is the family that he forms and to which he belongs to (Soriano, 2012) and that for each nine out of ten Mexicans, family is of the most importance (DIF, 2006). This confirms what Bejar-Navarro (1983) said, who decades ago stated that the value that is given to the family in México is a relevant cultural characteristic and one of the more outstanding. Likewise Abascal (2010) mentions that unlike other cultures, the family network in México still is significantly extended and complex and relations are characterized for being continuous through time. Besides, the concept of family includes not only fathers and sons, but it also assigned an important role to the grandparents, uncles and aunts, cousins, nephews, etc. Even the spouses, brothers and sisters in law, parents in law and in-laws tend to be considered part of the family (Belausteguigoitia, 2010).

More than three decades ago, Riding (1985) stated that the family in México has been a vital institution to maintain the political stability, because it offers a support structure and greater assurance that the one the State provides and explained it as: "For the most part of Mexicans the family continues being the central part of his life. All the variety of passions - love, hate, jealousy, devotion and violence - can be lived in the family... Those who have an employment use their influence to get their parents that are unemployed, hired. In the government any relative with influence carry all his family to the bureaucracy" (p.287).

Why it is that in spite of the globalization and the changes of the social norms that regulate the Mexican behavior, the family is still important in the life of the Mexican? The answer is given by Abascal (2010) when affirms that the Mexican satisfies his security need by being a family member, because still prevails the norm that the members of a family should help each other, in spite of the existing conflicts within the family. One of the strengths that are still preserved in the Mexican family resides in the solidarity between their members.

Impact of the idiosyncrasy of the members of a business family with regard to the family business

The influence of the family over the family businesses in México is considerable, so much that frequently they are named emotional organizations due to the affective nature

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and influence that comes from the family dimension, and although the family business changes in structure when it grows, these changes would not diminish importance to the family ties (Belausteguigoitia, 2010). The very existence of the extended family in México and its growth through the inclusion of the in laws exerts a growing and considerable pressure over the family business. There are a variety of ways through which this pressure is expressed:

- First of all because a profitable business turns out to be attractive to the family members who even, try to incorporate also their in laws, friends and people with whom they feel in debt to or want to help.
- Secondly, when the business is in the second or third generation there will be more family members (sons in law, daughters in law, grandchildren, brothers in law, in laws, godfathers, etc.) that will feel with the right to be hired. This, because the solidarity is a value that prevails in the family that translates in a moral obligation in favor of the family to help them.
- Finally, there are also those relatives that because of their poor qualifications are unable to get a job in other companies and so hope that because form part of the family they will be helped getting a job (Belausteguigoitia, 1996).

The previously mentioned is a source of conflict and ambiguous feelings for the founder or present director, since he will be confronted with the dilemma of accept or reject them. If he accepts them he threatens the business profitability. If he rejects them he will be breaking the support and solidarity norms that rule the family. Before these circumstances often unavoidable, the business should be prepared to face these kind of situations.

How can the founder satisfy the expectations and demands of the business family without risking the management assets?

Give a professional status to the family business. This means that the assignment of job positions depends of the personal competencies and not on the family relations and interests, that the organizational structure be coherent with the business needs and not the ones of the family, and that the promotions are achieved based on a good performance (Vásquez, 2010). As part of the professional status of the business, Belausteguigoitia (1996) provides the following recommendations:

- Define and clearly make known the guidelines that regulate the incorporation of relatives at the company. These rules will have to be written in advance, and not wait until the family members knock at the door of the business, to take a decision about their incorporation. Also should be included the reasons for separation of the job.
- With the involvement of the family members, it is necessary to project what they desire for the future of the business and determine the way in which such members can contribute to reach it. It is possible that there could be not room for everyone in this project, situation that should be faced with honesty and respect.
- As far as possible it is necessary to effectively separate the dimensions of business and family, in such a way that the roles played in the business are not a mere expanse of the family roles.

Go up from a family business to a family of entrepreneurs. For family of entrepreneurs it is understood the transition, that the family business makes to growth and expands the

business and/or establishes and diversifies new businesses managed by the different family branches. For that, the family of entrepreneurs designs and implements a Common Family Project that allows the family business to become a family of entrepreneurs. This proposal requires of a considerable effort, dedication, sacrifice and is more complex, but nevertheless, we consider it is the more viable to preserve the management assets, satisfy the family expectations and ensure the sustenance of the new generations (Scerpella, 2006). The transition from a family business to a family of entrepreneurs implies the compromise by the family group to drive united the different ways of growth. It also implies to establish clear principles to regulate the relation of the family with the business, as well as a healthy and transparent communication among all the family, Fuentes-Lombardo (2008).

Creating support structures to the family business: finally, it is advisable to create support structures such as the Family Council and the Family Protocol. The latter allows managing and reducing the conflicts between the family and the business, while the protocol allows the family of entrepreneurs to put on paper the rules which are to govern the relation among the family, the business and the property, as well as the policies with regard to the selection. Compensation, evaluation and training processes (Grabinsky, 2010).

Conclusion

The Mexican family is not immune to change. Presently the family relations are more open, the authority that the father exerts tends to be less rigid that in the past, etc. However, the family network still is considerably extended and complex. The concept and expectations that the Mexican has respect the family, can impact the family business.

In the context of the Mexican family business, the solidarity towards the family becomes an ambiguous attribute inherent to the organization. On the one hand, promotes that the relatives are ready to work extra hours, to work without benefits, to be loyal, etc. But, on the other hand, there will be relatives that by way of this solidarity that "should be" in the family, should be "hired" even if they do not meet the requirements of the job position.

Given the influence of the family in the family business, the challenges that the Mexican family business has are:

- To establish a balance between the expectations and demands of family of entrepreneurs and the profitability of the family business. Considering that, on the one hand, if does not comply with the expectations and norms that rule the family, the family conflicts put under risk the continuity of the business and on the other hand, if only is looking forward to the family benefits at the expense of the business profitability it would get the same result, the closure of the business.
- To make aware the family of entrepreneurs aware about the impact that their expectations with regard to the family, has at the profitability and continuity of the business. Remembering always that "the business can support the home, but the home cannot support the business".
- Finally, under any circumstance should be nullified the good influence that the family can have over the family business. The challenge that every Mexican family business has, is to effectively manage such influence with the purpose of preserve the business patrimony, the family harmony, the sustenance and employment of the next generations.

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