CHAPTER-IV

Status of Family Business in Assam

4.1. Introduction

Family business (FB) are an integral part of Assam's socio-economic fabric, contributing significantly to the region's economy and providing employment opportunities. They play a crucial role in sustaining cultural heritage, fostering entrepreneurial spirit, and enhancing economic resilience. Globally, FB contribute to approximately 70% - 90% of GDP in most economies, showcasing their pivotal role in economic development (Birdthistle & Hales, 2023). In India, FB dominate the private sector, accounting for 85% of all businesses (Chahal & Sharma 2020). Assam reflects this national trend, with FB forming a substantial part of the regional economy. This chapter presents an analysis of the demographic data collected during the study to understand the current status of FB in Assam. The findings provide insights into the generational structure, succession planning, organizational patterns, industry presence, and other key demographic characteristics of FB. By examining these characteristics, this chapter directly addresses the first objective of the study: to examine the current status of family businesses in Assam, thereby laying the foundation for understanding the broader dynamics of FB in the region.

4.2. Introduction to Family Business in Assam

FB in Assam are a vital component of the state's economy, deeply rooted in its socio-cultural heritage and reflective of the entrepreneurial ethos of its communities. Over decades, these enterprises have evolved from small, informal setups to structured businesses across diverse industries. This section explores the historical context, economic contributions, and cultural influences that define FB in Assam.

4.2.1. Role of Family Business in Assam's Economy

FB contribute significantly to Assam's economic development. A report by the *Ministry of Micro, Small and Medium Enterprises (MSME), (2023)* highlights that the state houses over 65,000 registered MSMEs**,** of which an estimated 70% are family-owned enterprises**.** These businesses span diverse sectors, including agriculture, tea, retail, and tourism, collectively employing over 1.2 million individuals**.** The tea industry remains a hallmark

of Assam's economy, producing over 52% of India's tea output (*Tea Board of India, 2022*), with several plantations owned and managed by family enterprises. Similarly, handloom and handicraft businesses dominated by family-run units contribute significantly to local employment and exports. According to *Statista (2022),* the handloom sector alone provides livelihoods to over 1.5 million artisans**,** with Assam accounting for 13% of India's total handloom output**.** FB are also instrumental in driving regional growth. For instance, the tourism sector, which relies heavily on family-run hospitality ventures, contributes nearly 8% to Assam's GDP (*Economic of Survey, 2023*).

4.2.2. Cultural, Social, and Economic Influences

The socio-cultural framework of Assam significantly shapes its FB. Extended family structures, common in Assamese society, enable collaborative ownership and decision-making. Core values such as trust, loyalty, and respect for elders underpin the management and operations of these enterprises. However, traditional norms also pose constraints. For instance, male primacy in leadership is prevalent, with only 31.9% of FB owned by women (as revealed in the study's primary data). This aligns with broader trends in India, where women's representation in business leadership remains low (*Bjornberg & Nicholson, 2012*). Nevertheless, the younger generation is challenging these norms, with educated women and youth increasingly participating in FB management. Economically, Assam's reliance on agribusiness and natural resources has defined the nature of its family enterprises. Many businesses are concentrated in tea plantations, agro processing, and artisanal goods. At the same time, the state's strategic location as the gateway to Northeast India has fostered trade and logistics-based ventures. Despite these advantages, FB face challenges such as limited access to credit, infrastructure deficits, and competition from large corporations.

4.3. Socio-economic Characteristics of the Owners

The socio-economic profile of FB owners in Assam reveals significant trends in terms of gender, age, education, and community composition. Ownership in FB is predominantly male, with 68.1% of businesses being owned by men, while women account for 31.9%. In terms of age distribution, the largest segment of FB owners falls within the 39-45 age group, representing 34.6% of the total, followed by those above 45 years (27.1%). Younger age groups, such as 18-24 years, make up only 2.1% of ownership, indicating that

leadership transitions in FB generally occur later in life. This delayed transition often limits the involvement of younger family members in managerial roles. Owners aged 18-31 account for just 8.3%, highlighting challenges such as limited access to capital, resources, and opportunities for younger generations to take on leadership responsibilities. Educational attainment plays a crucial role in shaping the profile of FB owners. A significant proportion (56.7%) of FB owners are graduates, reflecting the increasing importance of formal education in fostering entrepreneurial skills and decision-making abilities. Additionally, 12.8% of owners hold postgraduate degrees, further emphasizing the role of higher education in developing the competencies necessary for effectively leading FB. In contrast, a smaller percentage of owners have only primary (1.8%) or secondary (4.1%) education, underscoring the challenges faced by individuals with lower educational qualifications in scaling or sustaining their enterprises in a competitive environment. The representation of different communities among FB owners also provides valuable insight. The Marwari community dominates FB ownership in Assam, with 40.4% of the sample identifying as Marwari. The Assamese community follows with 24.5%, while the Bihari community comprises 12.6%, and the Bengali community accounts for 11.9%. Other communities, such as Punjabi and Nepali, represent smaller proportions. The historical migration of Marwaris to Assam and their strong entrepreneurial networks have significantly contributed to their prominence in the region's business landscape. This dominance reflects the Marwari community’s deep-rooted business acumen and cultural inclination toward entrepreneurship, while the presence of other communities highlights the socio-economic diversity of Assam. Table 4.1 showing the demographic profile of FB and NFB owners based on the sample data.

Table 4.1. Demographic Profile of the Owner

Sample Characteristics	Family Business		Non-Family Business	
	Frequency (n-436)	Percentage (%)	Frequency (n=304)	Percentage (%)
Gender				
Male	297	68.1	248	81.6
Female	139	31.9	56	18.4
Age				
18-24	9	2.1	0	0.0
25-31	27	6.2	28	9.2
32-38	131	30.0	81	26.6
39-45	151	34.6	121	39.8
Above 45	118	27.1	74	24.3
Education				
Primary	8	1.8	21	6.9
Secondary	18	4.1	23	7.6
Senior Secondary	85	19.5	41	13.5
Diploma	22	5.0	25	8.2
Graduate	247	56.7	167	54.9
Post Graduate	56	12.8	27	8.9
Community				
Assameese	107	24.5	145	47.7
Bengali	52	11.9	64	21.1
Punjabi	39	8.9	2	0.7
Marwari	176	40.4	43	14.1
Bihari	55	12.6	41	13.5
Nepali	7	1.6	9	3.0

Source: *Compiled by the researcher*

Comparison with Non-Family Business

A comparative analysis of FB and NFB reveals notable differences in ownership demographics, education, and age distribution. Female ownership is significantly higher in FB (31.9%) than in NFB (18.4%), indicating that family enterprises may offer a relatively more inclusive environment for women, possibly due to inherited roles or internal support. In terms of educational qualifications, the difference between family and NFB owners is marginal. A slightly higher proportion of FB owners are graduates (56.7%) and postgraduates (12.8%) compared to NFB owners (54.9% graduates and 8.9% postgraduates). While the gap is not substantial, it suggests that FB may place a slightly greater emphasis on formal education, possibly to support long-term continuity and

succession planning. Age-wise, both sectors are led primarily by owners aged 39-45, but NFB show a slightly higher proportion of younger entrepreneurs aged 25-31 (9.2% vs. 6.2%) and no representation in the 18-24 bracket, while FB include a small proportion of very young owners (2.1%), likely due to early exposure through succession. These patterns align with past studies (Miller et al., 2010; Zellweger, 2007), which associate NFB with younger, first-generation entrepreneurs, while FB demonstrate more intergenerational involvement, formalization, and continuity.

4.4. Demographic Profile of Family business in Assam

4.4.1 Age of Establishment

The distribution of business age indicates a clear generational distinction between family and non-family enterprises in Assam. FB exhibit a longer historical presence, with 3.4% founded before 1950 and 15.8% established between 1981 and 1990. A substantial number were also founded in the two decades between 1991 and 2010 (45%), suggesting sustained intergenerational continuity and growth. In contrast, NFB are largely recent ventures, with 52% established between 2011 and 2020 alone, and negligible representation in earlier decades. These differences are further illustrated by central tendency measures.

The mean age of FB is approximately 29 years, with a median age of 30 years indicating long-standing operations and strong intergenerational continuity. In contrast, NFB have a lower mean age of about 19 years and a median of just 10 years, reflecting their relatively recent emergence and predominantly first-generation ownership. The use of both mean and median provides a clearer picture by accounting for outliers and offering a balanced view of business longevity. These findings highlight that FB in Assam are typically older and more rooted in tradition, while NFB represent newer entrepreneurial ventures. This generational gap underscores the role of legacy and succession in FB, as opposed to the fresh entrepreneurial drive seen in non-family enterprises. The pattern also resonates with Assam's broader entrepreneurial growth, fostered by supportive measures such as the Assam Industrial Policy of 2019. Table 4.2 presents the detailed age-wise distribution of family and NFB in the study.

Table 4.2: Age of Establishment

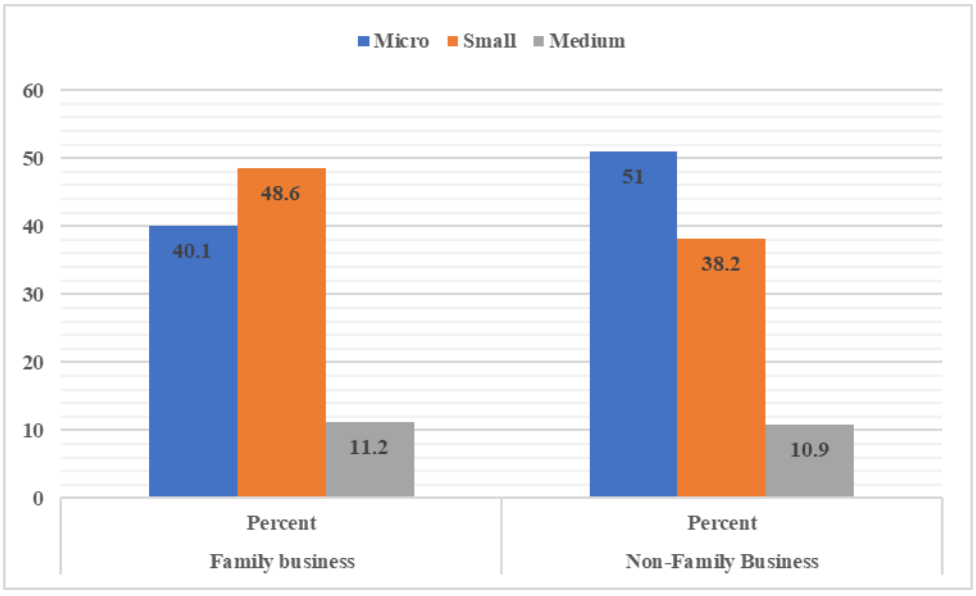
Years	Family Business		Non-Family Business	
	Frequency	Percent	Frequency	Percent
75 and older (Before 1950)	15	3.4	0	0.0
65-74 (1951-1960)	8	1.8	0	0.0
55-64 (1961-1970)	16	3.7	1	0.3
45-54 (1971-1980)	28	6.4	18	5.9
35- 44 (1981-1990)	69	15.8	19	6.3
25- 34 (1991-2000)	85	19.5	45	14.8
15- 24 (2001-2010)	111	25.5	63	20.7
5-14 (2011-2020)	104	23.9	158	52.0
TOTAL	**436**	**100**	**304**	**100**

Source: *Compiled by the researcher*

4.4.2. MSME Categories

Most FB fall under the Micro (40.1%) and Small (48.6%) categories of MSME classification. Medium enterprises constitute only 11.2%. This distribution highlights the dominance of smaller-scale FB in Assam. According to the ministry of MSME (2022), micro and small enterprises account for 99% of all businesses in India, underscoring their importance in regional economies like Assam. Figure 4.1 shows the distribution of FB across the MSME categories.

Figure 4.1: MSME Categories



Source: *Compiled by the Researcher*

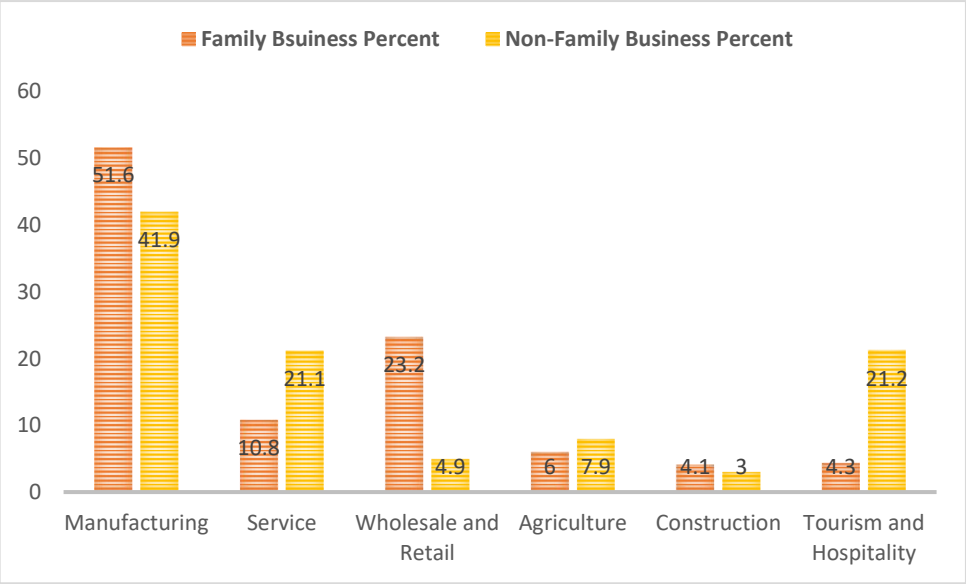
4.4.3. Industry and Business Nature

The analysis reveals significant differences in the industry distribution and business nature between family and NFB .

(a) Industry Type

FB are predominantly engaged in the manufacturing sector, accounting for 51.6%, which reflects their traditional focus on production-driven industries. This is followed by wholesale and retail (23.2%) and the service sector (10.8%). Other sectors, such as agriculture (6%) and tourism and hospitality (4.3%), have a smaller share, indicating limited diversification into these areas. In contrast, NFB also show a strong presence in manufacturing (41.9%) but demonstrate greater participation in the service sector (21.1%) and tourism and hospitality (21.2%). However, they have a significantly lower share in wholesale and retail (4.9%) compared to FB. NFB exhibit a slightly higher presence in agriculture (7.9%), suggesting a marginal preference for this sector. The findings highlight that while both family and NFB prioritize manufacturing, FB have a stronger inclination toward traditional industries like wholesale and retail. On the other hand, NFB show a preference for modern, customer-oriented sectors such as services and tourism, aligning with contemporary economic trends in Assam. Figure 4.2. shows the results.

Figure 4.2: Industry type

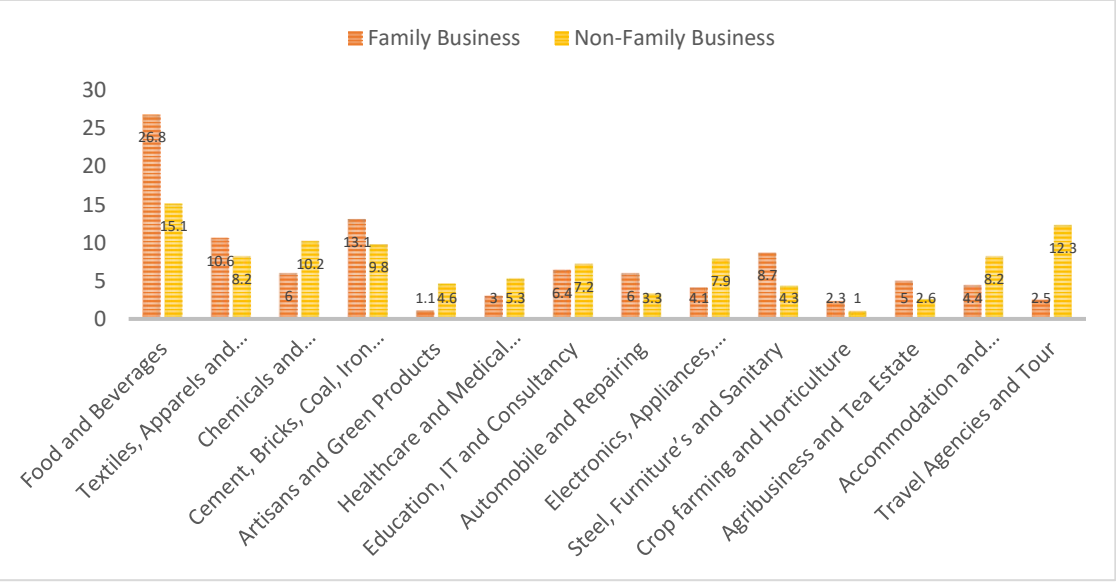


Source: *Compiled by the researcher*

(b) Industry segment

FB predominantly operate in traditional and capital-intensive sectors, such as food and beverages (26.8%), cement, bricks, coal, iron, and metals (13.1%), and textiles, apparels, and cosmetics (10.6%). These sectors align with the long-term, risk-averse nature of FB, reflecting their preference for industries requiring significant investment and steady returns. Conversely, NFB are more focused on modern, customer-oriented industries, such as travel agencies and tours (12.3%) and accommodation and restaurants (8.2%), showcasing a more dynamic and opportunity-driven approach. NFB also demonstrate a higher presence in chemicals and pharmaceuticals (10.2%), reflecting their inclination towards specialized and regulated industries. FB maintain dominance in agribusiness and tea estates (5%) and steel, furniture, and sanitary products (8.7%), underscoring their connection to Assam's traditional economic roots. Meanwhile, NFB exhibit stronger participation in eco-friendly and niche markets, such as artisans and green products (4.6%). These trends suggest a clear distinction in the strategic focus of family and NFB , with FB leaning towards stability and heritage-driven sectors, while NFB prioritize innovation and customer-centric opportunities. Figure 4.3. shows the results of industry segment

Figure 4.3: Industry Segment

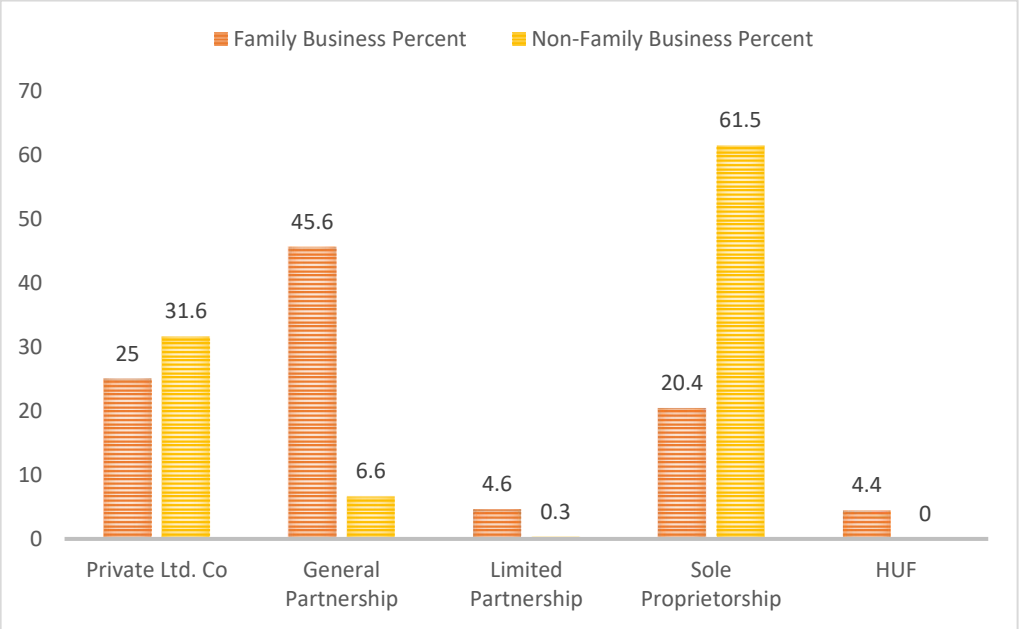


Source: *Compiled by the researcher*

(c) Business Nature

FB predominantly operate as general partnerships (45.6%), indicating a collaborative approach among family members, which is well-suited to sharing responsibilities and leveraging collective resources. In contrast, NFB overwhelmingly prefer the sole proprietorship model (61.5%), reflecting an individual-centric approach to ownership and management. Private limited companies are more common among NFB (31.6%) than FB (25.0%), likely due to the scalability and professionalization required in non-family enterprises. FB exhibit a relatively small presence in sole proprietorships (20.4%), as they often prioritize shared ownership among family members. The prevalence of the Hindu undivided family (HUF) model in FB (4.4%) underscores their alignment with traditional inheritance structures and tax advantages. Limited partnerships remain uncommon in both family (4.6%) and NFB (0.3%), likely due to the legal and financial complexities involved. Overall, FB tend to favour structures that emphasize shared ownership and long-term family involvement, while NFB lean towards simplified, individual-centric ownership models to ensure operational independence. Figure 4.4. shows the results.

Figure 4.4: Business Nature



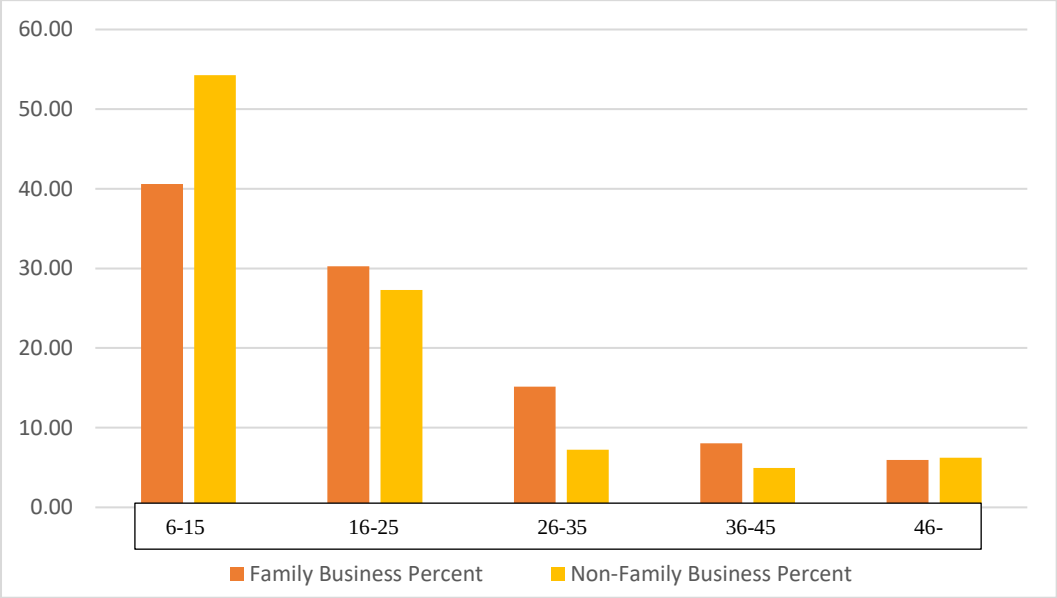
Source: *Compiled by the researcher*

4.4.4. Employment

The data indicates that the majority of FB (40.60%) fall within the 5-15 employee range, followed by 30.28% in the 16-25 range and 15.14% in the 26-35 range. Smaller proportions of FB operate with 36-45 (8.03%) and 46-55 (5.96%) employees. For NFB , a greater concentration (54.28%) is also observed in the 5-15 employee range, with 27.30%in the 16-25 range. However, compared to FB, NFB show a lower presence in the mid-size categories, particularly in the 26-35 and 36-45 ranges (7.24% and 4.93%, respectively). Interestingly, a slightly higher proportion of NFB (6.25%) operate with 46-55 employees compared to FB. Figure 4.5. shows the results.

The mean number of employees in FB is approximately 20.34, compared to 18.94 in NFB . Similarly, the median number of employees is higher in FB (17.6) than in NFB (15.25). These results indicate that, on average, FB in Assam employ more individuals, potentially reflecting their longer establishment, multi-generational nature, and deeper integration within local economies. The use of both mean and median provides a balanced view, accounting for both central tendencies and outlier effects. Figure 4.5 illustrates these patterns.

Figure 4.5: Employment number



Source: *Compiled by the researcher*

4.4.5 Orientation of Business

The majority of FB cater to local (41.3%) and North-East (39.9%) markets, with fewer expanding to national (14.7%) or global (4.1%) markets. This indicates a strong regional focus. Table 4.3 shows the results.

Table 4.3: Business Orientation

	Family Business		Non-Family Business	
	Frequency	**Percent**	**Frequency**	**Percent**
Local	180	41.3	152	50
North-east	174	39.9	94	31
National	64	14.7	43	14
Global	18	4.1	15	5
TOTAL	**436**	**100**	**304**	**100**

Source: *Compiled by the researcher*

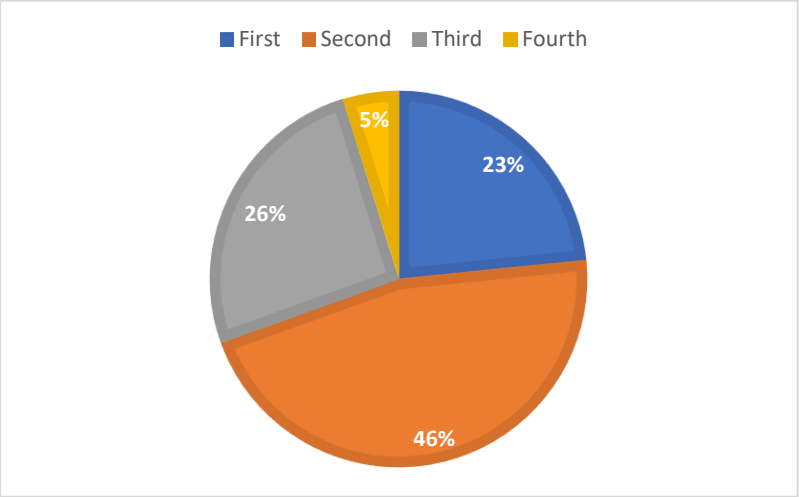
4.5. Family Business Dynamics

This section analyses the internal dynamics of family businesses by examining their generational structure, succession planning practices, organizational setup, and the extent of family member participation, providing insights into how these factors collectively influence the functioning of FB in Assam.

4.5.1. Generational Structure

The majority of FB in Assam are second-generation enterprises, comprising 46% of the sample. First generation businesses account for 23%, while third-generation businesses represent 25.7% . Only a small fraction 4.8% are fourth-generation or older. These figures indicate that many FB in Assam are relatively young and at critical stages of succession. Studies suggest that generational transitions pose a significant challenge to FB, with only 30% surviving into the second generation and 12% into the third (Rothwell, 2010). This highlights the importance of effective succession planning for long-term sustainability. Figure 4.6 shows the results.

Figure 4.6: Generational Structure

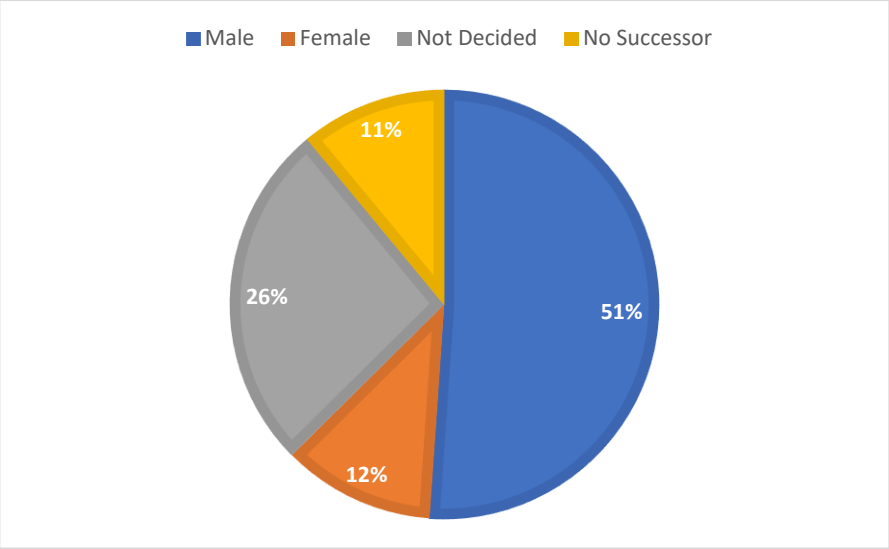


Source: *Compiled by the researcher*

4.5.2. Succession Planning

Regarding succession planning, 51% of FB have identified a male successor, while only 11% have identified a female successor. A significant proportion (26%) of businesses have not decided on a successor, and 11% report having no successor. This lack of planning may pose challenges for long-term sustainability. Research shows that FB often prioritize male successors due to cultural norms and perceived gender roles, which can limit the potential for inclusive leadership (Bjornberg & Nicholson, 2012). Figure 4.7 shows the results.

Figure 4.7: Succession Planning

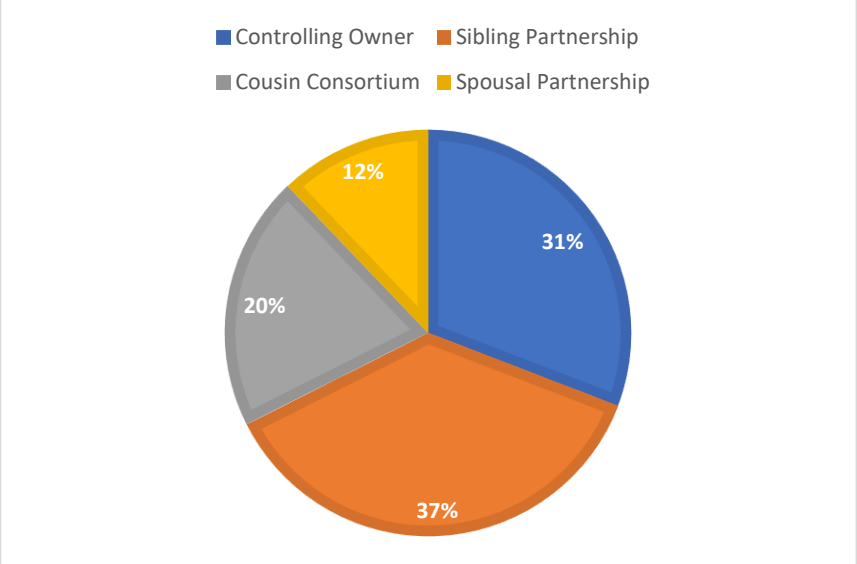


Source: *Compiled by the researcher*

4.5.3 Organizational Structure

FB predominantly operate under sibling partnerships (37%), followed by controlling owner structures at 31%. Cousin consortiums account for 20%, while spousal partnerships make up 12%. This diversity in organizational structure reflects various approaches to governance and decision-making within family enterprises. Family dynamics and cultural traditions significantly influence the structure. Effective governance mechanisms, such as family councils and constitutions, are essential in mitigating conflicts and enhancing decision-making, thereby ensuring the sustainability and success of the FB (Suess, 2014). Figure 4.8 shows the results.

Figure 4.8: Organizational Structure



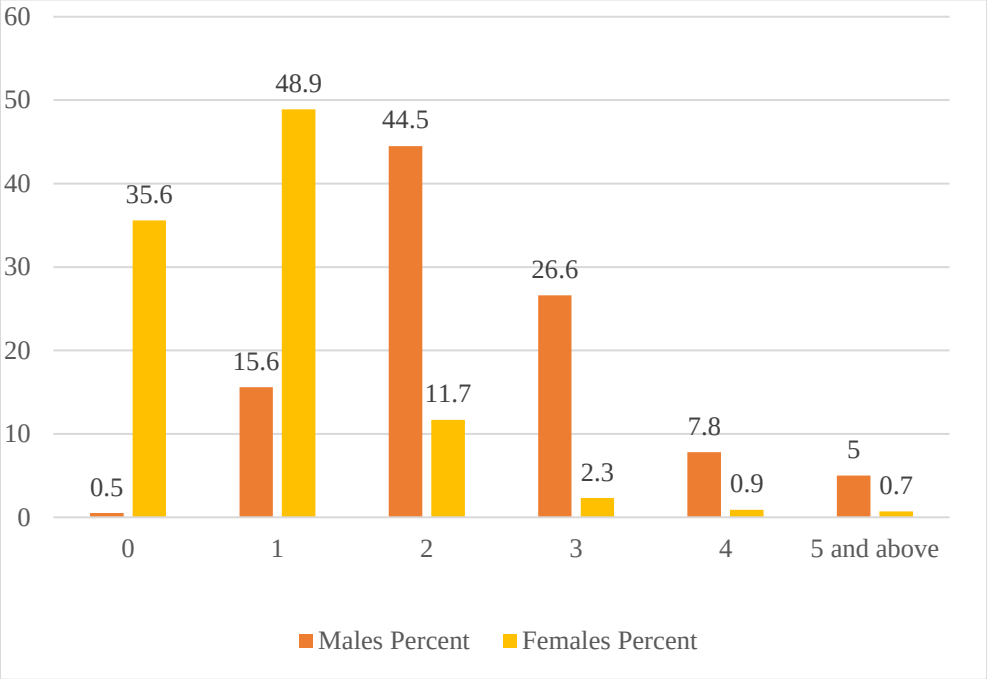
Source: *Compiled by the researcher*

4.5.4. Family Member Participation

The bar chart (Figure 4.9) shows a clear difference in the number of male and female family members involved in business. It is observed that most females (48.9%) are the only female member involved in the business**,** while very few are in businesses with more than one female member. In contrast**,** most males are part of businesses with 2 (44.5%) or 3 (26.6%) male members involved. Very few businesses have no male member involved (only 0.5%).

The findings suggest that male members are more actively and widely involved in business activities**,** often with two or more males working together, whereas female involvement is generally limited to one member per business**.** This highlights a gender gap in business participation**,** with male dominance in terms of both number and level of involvement.

Figure 4.9: No. of Family Members



Source: *Compiled by the researcher*

4.6. Community Specific Analysis

This section delves into how FB practices, particularly succession planning, vary across different communities in Assam. By examining community-wise patterns, the analysis aims to uncover cultural and social influences that shape leadership transitions and long-term planning in family-owned enterprises.

4.6.1. Succession Planning Across Communities

To understand the distribution of succession planning practices across different communities, a cross-tabulation was conducted between community affiliation and the type of succession decision (male successor, female successor, not decided, no successor). Table 4.4 presents the distribution of responses across the four categories of succession

planning (male successor, female successor, not decided, and no successor) within each community. Overall, it is observed that 51.1% of FB have chosen a male successor, while only 11.5% have appointed a female successor. A considerable portion, 26.4%, have not yet decided on a successor, and 11% report having no successor at all. These findings reflect a strong preference for male successors and indicate that a significant number of businesses either lack clear plans or have not adequately prepared for leadership transition.

Table 4.4: Succession Planning Across Communities: Crosstab

Community	Next Successor of the Business			
	Male	**Female**	**Not Decided**	**No Successor**
Assameese	25.20%	9.30%	42.10%	23.40%
Bengali	25.00%	15.40%	38.50%	21.20%
Punjabi	48.70%	12.80%	25.60%	12.80%
Marwari	70.50%	13.60%	14.20%	1.70%
Bihari	61.80%	5.50%	29.10%	3.60%
Nepali	85.70%	0.00%	14.30%	0.00%
Total	51.10%	11.05%	26.40%	11.00%

Source: *Compiled by the researcher*

Community-wise analysis reveals marked differences. Marwari FB display the highest level of preparedness, with 70.5 % selecting a male successor and only 1.70 % reporting no successor. A further 13.6 % have appointed female successors, indicating some level of gender inclusivity. Bihari (61.8%) and Punjabi (48.7%) communities also demonstrate relatively high rates of male succession. Both show low instances of having no successor (3.6% and 12.8%, respectively), suggesting structured planning. In contrast, Assamese and Bengali communities exhibit weaker succession planning. Among Assamese FB, 42.1% remain undecided, and 23.4% report having no successor. Similarly, in the Bengali community, 38.5% are undecided and 21.2% have no successor. These findings indicate a lack of structured planning and clarity in leadership transition within these groups. The Nepali community, although represented by a small sample, shows a high preference for male successors (85.7%) and reports no undecided or missing successors. This may suggest a traditional and structured approach to succession. Female successors are still underrepresented across all communities, reaffirming the prevailing patriarchal norms within traditional Indian business families (Garg & Weele, 2012). Although the Bengali (15.4%) and Marwari (13.6%) communities show relatively higher inclusion of female

successors, the overall figures remain low, suggesting that gender inclusivity in succession planning is still emerging and warrants further institutional and societal support.

Following this descriptive analysis, a Chi-Square Test of Independence was conducted to assess whether the association between community affiliation and succession planning was statistically significant. The hypotheses tested were:

(a) H_0 (Null Hypothesis): There is no significant association between community and succession planning in FB.
(b) H_1 (Alternative Hypothesis): There is a significant association between community and succession planning in FB.

The Chi-square test result was statistically significant, χ^2 (15, N = 436) = 100.355, p < .001 (table 4.5), indicating a significant relationship between community affiliation and succession planning practices.

Table 4.5: Chi square Test Results

Tests	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	100.355a	15	< .001
Likelihood Ratio	107.128	15	< .001
Linear-by-Linear Association	65.858	1	< .001
N of Valid Cases	436		

Source: *Compiled by the researcher*

Now, based on the proportion of identified successors, community-based FB in Assam were categorized by their succession planning strength. Marwari (70.5%) and Nepali (85.7%) communities showed strong succession planning, marked by a high share of male successors and few undecided cases indicating proactive pre-succession decisions and structured involvement of the next generation (Sharma et al., 2004; Miller & Le Breton-Miller, 2006). Bihari (61.8%) and Punjabi (48.7%) communities reflected moderate succession preparedness, with some successors identified but also noticeable levels of indecision, suggesting informal or inconsistent planning (Hasan, 2024).

In contrast, Assamese (42.1% undecided, 23.4% no successor) and Bengali (38.5% undecided, 21.2% no successor) communities exhibited weak succession planning, reflecting a reactive approach and limited grooming of successors possibly due to cultural hesitation or lack of formal processes (Lambrecht & Lievens, 2008; Sharma et al., 2003). These findings highlight clear community wise differences in succession preparedness. While Marwari and Nepali communities demonstrate structured, tradition-driven succession practices, Assamese and Bengali communities may benefit from increased awareness and more proactive, inclusive approaches supported by cultural shifts and professional guidance.

4.6.2. Subgroup Analysis Based on MSME Classification: Association Between Community and Succession Decision

The previous analysis revealed a significant association between community affiliation and succession decision across the entire sample. To further investigate the robustness of this association, a subgroup analysis was performed based on enterprise classification under the MSME. Given the structural and operational similarities between Small and Medium enterprises, these two categories were merged for the purpose of this analysis, following precedents in both policy and academic literature (Gibb, 1993; Massaro et al., 2016; Thorpe et al., 2005; OECD, 2017).

This grouping allowed the comparison of the relationship between community background and succession decision within two distinct size-based enterprise categories:

(a) Micro enterprises (N = 175), and
(b) Small/Medium enterprises **(**N = 261)

Chi-square tests were applied separately for each subgroup. However, an important assumption of the chi-square test is that no more than 20% of expected cell frequencies should be less than 5, and no individual cell should have an expected count below 1 (Cochran, 1954). In this analysis:

(a) 37.5% of the cells in the micro enterprise group had expected counts less than 5
(b) 54.2% of the cells in the small/medium group had expected counts less than 5

To address this limitation, two corrective statistical approaches were employed:

1. **Monte Carlo simulation (10,000 samples)** to estimate more accurate significance values for the Pearson chi-square and likelihood ratio tests.
2. **Fisher-Freeman-Halton exact test,** an extension of Fisher's exact test for larger than 2×2 contingency tables.

These techniques are recommended when traditional chi-square assumptions are violated, especially with small sample sizes or sparse tables (Agresti, 2018). The results of the subgroup analysis are presented in table 4.6.

Table 4.6: Chi-Square Tests with Monte Carlo and Exact Significance Estimates

MSME Group	Test Type	Value	df	Asymptotic. Sig	Monte Carlo Sig (2-sided)	Exact Test Sig.
Micro	Pearson Chi-Square	29.211	15	0.015	0.013	0.018
	Likelihood Ratio	30.666	15	0.010	0.017	-
	Fisher-Freeman-Halton Exact Test	26.497	-	-	-	0.018
	Linear-by-Linear Association	15.131	1	0.000	0.000	0.000
Small/Medium	Pearson Chi-Square	63.887	15	0.000	0.000	0.000
	Likelihood Ratio	61.607	15	0.000	0.000	-
	Fisher-Freeman-Halton Exact Test	60.690	-	-	-	0.000
	Linear-by-Linear Association	33.764	1	0.000	0.000	0.000

Source: *Compiled by the researcher*

The subgroup analysis confirms that the association between community background and succession decision is statistically significant across both enterprise categories:

(a) Among micro enterprises**,** the association is significant (Pearson $\chi^2 = 29.211$, $p = 0.013$ via Monte Carlo; $p = 0.018$ via exact test).

(b) Among small/medium enterprises, the relationship is even stronger (Pearson $\chi^2 = 63.887$, $p < 0.001$ for all test types).

The linear-by-linear association tests further indicate a directional trend within the cross tabulations, with highly significant results in both subgroups ($p < 0.001$). These findings suggest that succession planning in FB is significantly influenced by community background, regardless of enterprise size. This robustness test supports the general conclusion that community affiliation plays a key role in succession decisions within FB. While smaller enterprises may rely more on informal norms and extended kinship networks (Sharma et al., 2003; De Massis et al., 2008), larger ones are more likely to formalize succession planning practices through structured governance and professionalization (Handler, 1994; Le Breton-Miller et al., 2004). Nevertheless, across both segments, community-specific patterns remain evident, validating the cultural embeddedness of FB practices in Assam. These findings enrich our understanding of how socio-cultural identity and enterprise size interact to shape intergenerational continuity in FB.

4.6.3. Employee Relation

Employee relations in FB were assessed using two key dimensions:

1. Employee Loyalty and Commitment
2. Employee Participation in Decision-Making

To examine differences in employee relations across different community groups (Assamese, Bengali, Punjabi, Marwari, Bihari, and Nepali), a Kruskal-Wallis H test was conducted. The results of this test are presented in Table 4.7.

Table 4.7: Kruskal-Wallis H test results

	Employee loyalty and commitment	Employee participation
Test Statistic	70.791	37.634
Degrees of Freedom	5	5
Asymptotic Significance (p-value):	0.000	0.000

Source: *Compiled by the researcher*

Null Hypotheses:

(a) **H1**: There is no significant difference in employee loyalty and commitment among the various community groups.
(b) **H2**: There is no significant difference in employee participation in decision-making among the various community groups.

Given that the p-value for both tests is less than 0.05, we reject both null hypotheses. This indicates that there are statistically significant differences in both employee loyalty and commitment and employee participation in decision-making across the community groups.

4.6.4. Post-hoc Pairwise Comparisons

Given the significant differences across communities identified by the Kruskal-Wallis H test, post-hoc pairwise comparisons were carried out to determine the specific group differences in employee loyalty and commitment. To control for the increased risk of Type I error due to multiple comparisons, the Bonferroni correction was applied. This method adjusts the significance threshold by dividing the original alpha level (typically 0.05) by the number of pairwise comparisons, thereby reducing the likelihood of false positives. The formula used for the Bonferroni-adjusted significance level is:

$$\alpha_{adjusted} = \frac{\alpha}{k}$$

where:

(a) α is the original significance level (e.g., 0.05), and
(b) k is the total number of pairwise comparisons

In this study, comparisons were made across six communities i.e., Assamese, Bengali, Punjabi, Marwari, Bihari, and Nepali which results in $\frac{6\times(6-1)}{2} = 15$ pairwise comparisons. Therefore, the Bonferroni-adjusted alpha level was $\frac{0.05}{15} \approx 0.0033$. Only pairwise differences with p-values less than this adjusted threshold were considered statistically significant. The results of these post-hoc tests are presented in table 4.8 for employee loyalty and commitment and in table 4.10 for employee participation in decision-making.

Table 4.8: Pairwise Comparisons of Employee Loyalty and Commitment

Community Pair	Test Statistic	Std. Error	Adj. Sig	Significance
Bengali and Assameese	31.094	20.621	1.000	Non-Significant difference
Bengali and Bihari	-63.773	23.595	0.103	Non-Significant difference
Bengali and Punjabi	-122.234	25.84	0.000	*Significant difference*
Bengali and Marwari	-122.351	19.254	0.000	*Significant difference*
Bengali and Nepali	-176.765	49.111	0.005	Non-Significant difference
Assameese and Bihari	-32.679	20.239	1.000	Non-Significant difference
Assameese and Punjabi	-91.14	22.817	0.001	*Significant difference*
Assameese and Marwari	-91.257	14.954	0.000	*Significant difference*
Assameese and Nepali	-145.672	47.59	0.033	Non-Significant difference
Bihari and Punjabi	58.461	25.536	0.331	Non-Significant difference
Bihari and Marwari	58.578	18.844	0.028	Non-Significant difference
Bihari and Nepali	-112.992	48.952	0.315	Non-Significant difference
Punjabi and Marwari	-0.117	21.589	1.000	Non-Significant difference
Punjabi and Nepali	-54.531	50.073	1.000	Non-Significant difference
Marwari and Nepali	-54.414	47.014	1.000	Non-Significant difference

Source: *Compiled by the researcher*

Significant differences were found in employee loyalty and commitment between the following community pairs:

1. Employees working in the Bengali community FB reported significantly lower loyalty and commitment compared to those working in the Marwari and Punjabi community FB.
2. Employees working in the Assamese community showed significantly lower levels of loyalty and commitment than those working in the Punjabi and Marwari community FB.

Table 4.9: Pairwise Comparisons of Employee Participation in Decision making across Communities

Community Pair	Test Statistic	Std. Error	Adj. Sig	Significance
Bengali and Assameese	19.592	20.798	1.000	Non-Significant difference
Bengali and Bihari	-66.042	23.797	0.083	Non-Significant difference
Bengali and Marwari	-68.753	19.419	0.002	*Significant difference*
Bengali and Punjabi	-102.048	26.061	0.001	*Significant difference*
Bengali and Nepali	-202.922	49.532	0.001	*Significant difference*
Assameese and Bihari	-46.451	20.412	0.343	Non-Significant difference
Assameese and Marwari	-81.161	25.082	0.001	*Significant difference*
Assameese and Punjabi	-82.456	23.012	0.005	Non-Significant difference
Assameese and Nepali	-183.33	47.998	0.002	*Significant difference*
Bihari and Marwari	2.711	19.006	1.000	Non-Significant difference
Bihari and Punjabi	36.006	25.755	1.000	Non-Significant difference
Bihari and Nepali	-136.879	49.372	0.083	Non-Significant difference
Marwari and Punjabi	33.295	21.774	1.000	Non-Significant difference
Marwari and Nepali	-134.168	47.417	0.07	Non-Significant difference
Punjabi and Nepali	-100.874	50.502	0.687	Non-Significant difference

Source: *Compiled by the researcher*

Significant differences were found in employee participation in decision making between the following community pairs:

i. Employees working in Bengali community FB reported significantly lower participation in decision-making compared to those in Marwari, Punjabi, and Nepali communities.

ii. Employees in Assamese community FB also reported significantly lower participation than those in the Marwari and Nepali communities.

Based on the detailed post-hoc pairwise comparisons (Bonferroni-adjusted), communities were categorized to assess the strength of employee relations measured through loyalty, commitment, and participation in decision-making within community-based FB in Assam. The analysis revealed statistically significant differences across communities for both dimensions.

When synthesizing the findings from both employee loyalty and participation, the Marwari community emerged as having the strongest employee relations, followed by the Punjabi and Nepali communities, which also demonstrated relatively higher scores, though with some variation in significance. The Bihari community displayed a moderate to lower profile, while Bengali and Assamese communities consistently showed the lowest levels of employee engagement, marked by significant differences from the higher-performing groups. This classification of communities into levels of employee relations is clearly presented in table 4.10.

This categorization is grounded in:

- Statistical significance from Bonferroni-adjusted pairwise comparisons.
- Consistency across both employee relation dimensions.
- Relative standing, used when significance was marginal or inconsistent.

Table 4.10: Summary of Categorization

Community	**Loyalty and Commitment**	**Participation in decision making**	**Employee relation category**
Marwari	*High* - Significantly higher than Bengali, Assamese	*High* - Significantly higher than Assamese, Nepali	Higher
Punjabi	*High* - Significantly higher than Bengali, Assamese	*Moderate* - Comparable to Marwari	Moderate to Higher
Nepali	*High* - Significantly higher than Bengali, Assamese	*Moderate* - Comparable to Marwari and Punjabi	Moderate to Higher
Bihari	*Moderate to High* - Not significantly different from others	*Low* - Significantly lower than Nepali	Moderate to Lower
Bengali	*Low* - Significantly lower than Marwari, Punjabi, Nepali	*Low* - Significantly lower than Marwari, Nepali	Lower
Assameese	*Lowest* - Significantly lower than most groups	*Lowest* - Significantly lower than Marwari, Punjabi, Nepali	Lower

Source: *Compiled by the researcher*

This classification clearly reflects the influence of community-specific cultural values, leadership practices, and internal organizational dynamics on employee relations. Marwari FB consistently display high levels of employee loyalty and participatory practices, likely

driven by inclusive management and long-standing relational norms. Punjabi and Nepali businesses also reflect strong employee engagement, though to a slightly lesser extent. Bihari businesses occupy a transitional space showing some positive traits but lacking consistency across dimensions. Bengali and Assamese FB show the weakest employee relations, indicating a need for focused efforts to strengthen communication, inclusion, and employee commitment.

4.7. Family Business Challenges in Assam

FB in Assam face a range of challenges that hinder their growth, sustainability, and competitiveness. These challenges stem from both internal inefficiencies and external pressures, affecting various sectors such as manufacturing, services, and agriculture. The following sections highlight some of the key challenges faced by FB in Assam. Business owners shared their experiences and frustrations, highlighting the impact of these challenges on their operations and sustainability.

4.7.1. Succession Planning

As noted earlier, 27.1% of FB in Assam have not decided on a successor, and 10.3% report having no successor at all**.** This lack of planning creates uncertainty about leadership continuity, which is vital for long-term survival. Succession planning challenges are often compounded by generational conflicts, wherein younger family members may be reluctant to engage in traditional business models (*Rothwell, 2010*). Moreover, cultural norms emphasizing male primacy in leadership further constrain the succession pool (*Björnberg & Nicholson, 2012*).

"We are waiting for my son to finish his education, but he has no interest in joining the business." (Owner, Flour Mill)

"None of my daughters are interested in taking over, and I don't know what will happen to the business after me."(owner, handloom business)

4.7.2. Professionalization Challenges

FB often lack formal structures and professional management, relying instead on informal practices. Resistance to hiring external professionals or consultants is common, as family members prefer to retain control. This limits the ability to adopt modern practices and

strategies, thereby reducing competitiveness. This is clear from what owners say about not trusting outsiders and wanting to keep things within the family.

"We don't trust outsiders with critical decisions; it's always been a family-managed business." (owner, packaged drinking water business)

"Bringing in a professional might help, but it could disrupt the harmony among family members." (co-owner, brick manufacturing).

4.7.3. Managing Growth and Innovation

Many FB in Assam adopt a conservative approach to growth and innovation, focusing on stability rather than expansion. This attitude prevents them from capitalizing on emerging opportunities or adopting new technologies, leaving them vulnerable to competitors. This cautious approach is reflected in their own words, showing fear of risk and a focus on survival over innovation.

"We can't afford to experiment with new machinery because of the risk involved." (owner, stone crushing unit)

"Innovation is not something we can focus on when the priority is survival." (owner, flour mill)

4.7.4. Market Competition and Cost Pressures

FB in Assam face significant challenges in competing with larger national and multinational corporations. For example, local flour mills struggle with intense competition from national brands, particularly those based in West Bengal, and high transportation costs, which are exacerbated by Assam's infrastructure limitations, raise production costs and reduce competitiveness. In the handmade soap manufacturing sector, over 100 small factories have been forced to close due to disproportionately high tax rates (18%), which are the same as those applied to large corporations like HUL and Godrej, making it difficult for small-scale businesses to remain competitive. Additionally, in the eco-friendly cracker industry, despite producing high-quality products, local businesses face strong competition from low-cost, inferior-quality goods that dominate the market. These struggles are clearly voiced by local business owners, who highlight how unfair competition and high costs make survival difficult.

"We can't compete with bigger brands like HUL; their pricing is unbeatable." (owner, handmade soap business)

"Transportation costs eat into our profits, especially with poor road connectivity in rural areas." (owner, steel furniture manufacturing)

4.7.5. Labour Issues

Labour availability and productivity remain persistent problems across industries in Assam. In water tank manufacturing, a shortage of skilled labour hampers productivity, with the available workforce being less efficient compared to regions like Rajasthan and Gujarat. In the packaged drinking water and tea machinery manufacturing sectors, high labour costs in Upper Assam, coupled with low commitment levels from the local workforce, have forced businesses to rely on skilled workers from outside the state, thereby increasing operational costs. In brick manufacturing, the heavy reliance on seasonal labour, particularly from Bihar, Jharkhand, Orissa and other states underscores the lack of local skilled workforce development. These issues are echoed by business owners, who point to the shortage of skilled local labour, low productivity, and rising costs due to dependence on workers from other states.

"Skilled labour is scarce in Assam, we often have to bring 100 of workers from other states like Bihar, Jharkhand, Orissa etc which increases costs." (owner, brick manufacturing)

"The local workforce lacks commitment; we struggle with absenteeism." (owner, packaged drinking water business)

"The workers in Rajasthan and Gujarat work for 24 hours, while in Assam, the maximum is 8 hours. That's why we shifted our business to Rajasthan." (owner, flour mill)

4.7.6. Resource Constraints and Infrastructure Challenges

The availability and cost of raw materials, coupled with infrastructure bottlenecks, significantly impact FB in Assam. In carton box manufacturing, the cost of craft paper in Assam is higher than in other states, which increases production costs. Additionally, frequent voltage fluctuations cause machine breakdowns, and the response from the Assam power distribution company (APDC) is inadequate. In the bell-metal industry, the absence

of subsidized raw materials and price volatility in key inputs like raang and tamma have reduced profitability. Furthermore, the rise of machine-made duplicates has undercut the demand for handmade products. In flour mills and stone crushing, adverse weather conditions and transportation delays, caused by Assam's geography, create significant operational inefficiencies. These challenges are clearly voiced by owners, who highlight high raw material costs, poor infrastructure, and unreliable power supply as major hurdles to smooth operations.

"Voltage fluctuations have damaged our machines multiple times, and the power company is slow to respond."(owner, carton box manufacturing)

"The cost of raw materials here is higher than in other states; it's a constant struggle to stay competitive." (owner, packaged drinking water)

4.7.7. Regulatory and Taxation Hurdles

Complicated taxation systems and inconsistent government policies continue to pose significant challenges for FB in Assam. In packaged drinking water, the quarterly GST payment system is cumbersome and difficult to comply with, while periodic increases in electricity tariffs (e.g., ₹8 per unit) add financial burdens. In handmade soap and chemicals manufacturing, high tax rates on handmade products, along with inadequate subsidies for raw material procurement, inhibit growth in these sectors. These concerns are reflected in the voices of business owners, who point to complex tax rules and rising utility costs as major barriers to growth and sustainability.

"The GST filing process is time-consuming and difficult to manage without professional help." (owner, packaged drinking water business)

"Electricity costs have become unbearable, and the tax structure doesn't support small businesses like ours." (owner, handmade soap business)

4.7.8. Competition from Technological Advancements

FB in traditional sectors are increasingly facing disruptions from technological advancements. In the bell-metal industry, the rise of machine-made duplicates has significantly reduced the market share for handmade products, leading to a 50% decline in sales. In retail footwear and clothing, the growing popularity of e-commerce platforms has

diverted customers away from traditional retail businesses, forcing them to reconsider their business models.

Online platforms are taking away our customers; we can't compete with their pricing and convenience." (owner, retail footwear business)

"Machine-made products are cheaper, and customers don't care about the quality of handmade items anymore."(owner, bell-metal industry)

4.7.9. Environmental and Seasonal Challenges

Many FB in Assam are highly dependent on natural resources, making them vulnerable to environmental changes. In the stone crushing sector, businesses rely on river-based raw materials, making production seasonal and susceptible to disruptions caused by weather events. Tea gardens face challenges from unpredictable weather patterns, including floods and erratic rainfall, which can damage crops and significantly increase production costs. These issues are clearly reflected in owner statements, showing how weather and resource dependency directly affect their business operations and costs.

"Floods disrupt our supply chain every year, making it impossible to meet deadlines." (owner, stone crushing unit)

"Erratic weather patterns are increasing production costs and affecting the quality of tea leaves." (owner, tea garden)

4.7.10. Impact of Challenges on Business Sustainability and Resilience

The challenges outlined above collectively impact the sustainability and resilience of FB in Assam. Key effects include labour shortages and infrastructure deficits, where the lack of skilled labour and inadequate infrastructure limit productivity and hinder business growth. High operational costs and competition from larger, more resource-rich corporations erode profit margins, making it difficult for FB to remain competitive. Additionally, the lack of government support, with limited access to subsidies and insufficient infrastructure investments, exacerbates the struggles of small and medium-sized enterprises (SMEs) in the region. Research suggests that FB that have robust succession planning, innovation strategies, and access to external support mechanisms are better equipped to handle these challenges and remain resilient in the face of adversity

(Yilmaz et al., 2024). To sustain their operations, FB in Assam must adopt modern management practices, invest in workforce development, and collaborate with policymakers to create a more enabling business environment.

4.8. Summary

This chapter provides a detailed examination of the current state of FB in Assam, focusing on their key characteristics, contributions, and challenges. It begins with an analysis of the socio-economic characteristics of business owners, followed by the demographic profile of FB, an exploration of FB dynamics, a community-specific analysis, and a discussion of the major challenges faced by these enterprises. The chapter defines the structure and nature of FB in Assam, highlighting their dominance in sectors such as trade, manufacturing, and services. It explores how cultural and community influences shape business practices, particularly among Marwari, Assamese, Bengali, and Nepali business families. A critical examination of succession planning reveals that a significant percentage of FB lack a structured leadership transition plan, raising concerns about long-term sustainability. Additionally, various operational challenges are analysed. Key external pressures such as market competition and economic constraints are discussed, demonstrating how local businesses struggle to compete with national and multinational corporations due to high taxation, infrastructure limitations, and increasing operational costs. The chapter also examines labour-related issues, including shortages of skilled workers, high absenteeism, and reliance on seasonal or migrant labour. Overall, this chapter provides a comprehensive understanding of the opportunities and vulnerabilities within Assam's FB sector, identifying critical areas that require strategic planning, policy support, and adaptive measures for long-term resilience.