

**CHUKA**



**UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

**FOURTH YEAR EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR  
OF ENTREPRENEURSHIP AND ENTERPRISE MANAGEMENT**

**BEEM 427: FAMILY BUSINESS MANAGEMENT**

**STREAMS: BEEM Y4S1**

**TIME: 2 HOURS**

**DAY/DATE: MONDAY 29/03/2021**

**11.30 A.M. – 1.30 P.M.**

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**INSTRUCTIONS:**

- **Answer question ONE and any other TWO questions.**
- **Marks will be awarded for clarity and originality of ideas.**
- **Do not write on the question paper.**

**QUESTION ONE (COMPULSORY)**

The friction between family and business interests is what makes family business unique. The family has a deeply personal stake rooted in generations of family and business history and culture. The family enterprise dilemma as a scale needs to balance evenly family demands with the requirements of the business. Love and work are the main sources of self-esteem and pleasure in life and only when the two are balanced do we achieve satisfaction and family business survival

**Required**

- (a) Discuss the key conflicting goals within a family business. (9 marks)
- (b) Explain the effect of family culture on family business management. (7 marks)
- (c) What strategies would you apply to achieve a balance between family and business expectations? (7 marks)
- (d) Discuss the key weaknesses of family owned businesses. (7 marks)

**QUESTION TWO**

- (a) Discuss the key functions of the Board of directors in family business planning and management. (10 marks)
- (b) Historically, about  $\frac{1}{2}$  of all the family firms fail to make it through to the next generation of leadership and ownership. Discuss the key reasons for this phenomenon. (10 marks)

**QUESTION THREE**

- (a) The family business, the first generation creates a thriving enterprise, the second generation milks it and the third generation has to start all over again. Suggest practical strategies that can be applied to minimize this trend. (10 marks)
- (b) Succession planning in family business is a well-planned exercise. Explain the concept of succession planning and its planning process as set out in succession planning model. (10 marks)

**QUESTION FOUR**

- (a) Family business governance is a key issue in management. With reference to family business development cycle discuss the governance challenges at each stage. (12 marks)
  - (b) Discuss the key functions of the family constitution. (8 marks)
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