



An article by Mohsin Adhi (Batch 1999)

Family Business “No In-Laws policy”

Pros and Cons of having In-Laws in family business

Family businesses which constitutes about 80% of worldwide income have various different challenges. One of which is to decide whether to follow “No In-Laws policy” or not. Marriages are the beginning of new relationship which involve various elements – the foremost being trust and credible. Simultaneously, growing family business requires professionalism, policies and clear vision which should unanimously be followed by the whole family.

“My daughter is a shareholder of my business entity, but I have set the ‘No In-Laws policy, so my son-in-law is not having role in our business’”, told by one of the leading family business owners during a discussion regarding the role of In-Laws in family businesses. Another second-generation owner shared his thoughts and informed that at present, two of his sons have joined the same business as a third-generation family business owner. All of his children are married and they all live together as a joint family. During the family discussion, it has been noted that both daughters-in-law discuss about the compensation packages of their husbands along with their prospective leadership roles within the family business. “This makes me realize the importance of No In-Laws policy”, said by the second generation family business owner.

Although there are examples from family-owned firms which does consider involvement of In-Laws as a risk to healthy family relationships. On the other hand, there are cases where families have successfully taken on board their sons-in-law in their businesses. According to them, finding a person out of the family and asking them to manage the core major business decisions will not be as suitable as compared to hiring a suitable candidate who has joined your family as a result of marriage.

Since there is no such policy which fits for all, one has to acknowledge that when deciding about inducting in-laws in the family businesses, there should be written policies in constitution – setting out the company rules and regulations clearly. There must be certain rules to specify roles, responsibilities as well as reporting mechanism, so that appropriate appraisal and performance reviews could be managed.

There should be set guidelines for not discussing business related matters at home. Respective trainings should be planned for the induction of every family member as well as in-laws. Most importantly there should be a policy of not giving undue advantage to the in-laws. As a family business leader, one should design the structure of business in such a way that even a daughter-in-law should be whole heartedly accepted to join the family business.