



## LEADERSHIP AND CHANGE MANAGEMENT IN FAMILY-OWNED BUSINESSES IN UZBEKISTAN

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**Abstract:** this article examines the specifics of leadership and change management in family businesses in Uzbekistan. In the context of economic modernization and active market transformations, family businesses face the need to adapt to changing conditions and implement innovative strategies. The paper analyzes the types of leadership used in family businesses, identifies factors that contribute to the successful implementation of changes, and identifies barriers that hinder their implementation. The results of the study show that the combination of transformational leadership and adaptive management methods contributes to the sustainable development of family businesses in the long term.

**Keywords:** leadership, change management, family business, transformational leadership, adaptive management, Uzbekistan.

**Introduction:** Family business is an important component of the economy of Uzbekistan, providing a significant share of employment and forming sustainable business traditions. According to national statistical authorities, more than 65% of small and medium-sized enterprises are family-owned. In the context of digitalization, globalization and the transition to an innovative economy, family companies are faced with the need to modernize management approaches.

One of the key factors determining successful adaptation to change is the leadership style and competent change management. A leader operating within the framework of a family business performs not only an economic, but also a cultural and social function, maintaining a balance between traditions and modern management practices.

In world practice, various leadership styles are distinguished, but in the context of family businesses, transformational and adaptive leadership are of particular importance, which allow combining strategic vision with a flexible response to external challenges.

Leadership in family businesses has its own specific features that distinguish it from leadership in corporate structures. In classical theory, several leadership styles are distinguished - authoritarian, democratic, transformational, transactional and situational. However, in the context of Uzbekistan, transformational and adaptive leadership are of particular importance. Transformational leadership - an emphasis on the vision of the future, inspiration of employees and the creation of an innovative corporate culture. Adaptive leadership - flexibility and the ability to quickly restructure processes in response to external changes. In family businesses, the leader often combines the functions of owner, manager and bearer of family values. This creates a strong emotional connection with the business, but can also cause difficulties in making unpopular decisions.

**Methods:**

**A comprehensive approach was used to conduct the study, including:**

- Qualitative methods: semi-structured interviews with owners and managers of 20 family businesses in various regions of Uzbekistan (Tashkent, Samarkand, Andijan, Khorezm).
- Quantitative methods: surveying 150 employees of family companies to identify perceptions of leadership styles and level of readiness for change.
- Analytical methods: comparative analysis of management practices of successful and stagnating family firms, as well as content analysis of internal corporate documents.

**The criteria for selecting enterprises included:**

1. At least three years of operation.
2. A controlling stake owned by one family.
3. Management decisions are made by family members.

**Results:**

**The study showed that:**

1. The type of leadership directly affects the success of change implementation. Companies that use transformational leadership have a higher level of innovative activity (37% higher compared to enterprises with authoritarian management).
2. The trust factor between the manager and employees is critical. In enterprises where employees feel involved in the decision-making process, resistance to change decreases by 45%.
3. Family values and cultural identity can both facilitate and hinder change. Preserving traditions increases team cohesion, but excessive conservatism slows down the implementation of new technologies.
4. Adaptive strategies (e.g. flexible planning, decentralization of decisions) allow for faster response to changes in legislation and market conditions.
5. The most successful family businesses in Uzbekistan combine transformational leadership with elements of situational management.

**Discussion:**

The results of the study confirm that in the context of Uzbekistan, effective leadership in family businesses should combine respect for traditions with a focus on innovation. Transformational leaders who motivate employees through an inspiring vision of the future are able to form a corporate culture open to change.

At the same time, adaptive management methods help minimize risks and overcome resistance from older family members or conservative employees.

**The practical value of the work lies in the development of recommendations for owners of family businesses:**

- Formation of a long-term strategy taking into account digitalization and global trends;
- Implementation of internal communication systems to reduce the information gap;
- Development of leadership competencies through business training and mentoring;
- Use of external consultants to objectively assess the effectiveness of changes.

Change management is a set of actions aimed at adapting a business to new conditions. The following characteristics stand out in family businesses in Uzbekistan. Many family



businesses rely on established practices passed down from generation to generation. This increases business sustainability, but sometimes slows down innovation.

Conflicts between relatives can slow down or block the implementation of changes, especially when it comes to the redistribution of power or resources.

Small and medium-sized family businesses often experience a shortage of funds for the implementation of modern technologies and management systems.

Decisions are made intuitively, without systemic analysis, which complicates long-term planning.

#### **Conclusion:**

Leadership and change management in family businesses in Uzbekistan require a balance between preserving cultural values and adapting to modern challenges. The optimal model involves a transformational approach combined with adaptive management tools. The use of such strategies increases the competitiveness and sustainability of family businesses in the long term. The conducted analysis showed that leadership and change management in family businesses in Uzbekistan are interconnected and critically important elements of sustainable business development. In the context of accelerated digitalization, global competition and changing economic realities, family businesses that rely solely on traditional management approaches risk losing competitiveness.

Effective leadership in this context involves not only strategic vision and the ability to inspire employees, but also a willingness to adapt to new conditions while maintaining the core values of the family. The optimal model for family businesses in Uzbekistan is a combination of transformational and adaptive leadership, which ensures a balance between innovation and tradition.

Successful change management requires a systematic approach: from the formation of a long-term strategy and staff training to the construction of transparent decision-making mechanisms and the introduction of modern technologies. Practice shows that the involvement of all stakeholders, the gradual implementation of reforms and the preservation of corporate culture help minimize resistance and increase the effectiveness of transformations.

Thus, development-oriented leadership and competent change management are key factors not only in the economic growth of family businesses, but also in their ability to pass on the business to future generations, strengthening the economic resilience and social stability of the country.

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