



Succession in Family Business:
A Multi-Source Perspective

By

Leon Levin
B.Eco, Grad. Dip. Mkt.

Department of Management
Monash University
Melbourne, Australia

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ABSTRACT

The purpose of this study was to examine generational succession in family business as it relates to four key protagonists: the incumbent, the successor, the family, and non-family influence. Santora and colleagues (2001, 2007, 2011) assert that succession planning in not for profits is growing in importance, but that much more work needs to be done in this area. Accordingly, this study was undertaken in order to address some of these gaps in the research as it applies to family business. Additionally, the research framework for the study was stewardship theory, which states that “[this] theory appears to be a suitable perspective in viewing the family as a resource because it depicts organizational members as collectivists, pro-organizational and trustworthy . . . when family members are stewards of their organizations, they are motivated to fulfill organizational goals and to maximize firm performance. Family firms are often depicted as relying on mutual trust, intra-familial concern, devotion to others and clan-based collegiality” (Eddleston and Kellermanns, 2007:549).

The key variables under examination in this study were categorized into professional and personal domains, based on the approach proposed by Solomon, Breunlin, Panattoni, Gustafson, Ransburg, Ryan, and Terrien (2011). The research design and methodology was qualitative and used structured interview data collection techniques for the family business sample, and the Prospective Case Study (PCS) design of Bitektine (2007) for the student data collection phase. The study was conducted in six distinct phases: (1) analysis of current literature on family business; (2) the development of research questions; (3) preliminary pilot study confirming the assumptions and definitions of the previous phase; (4) a series of one-on-one interviews with family business owners; (5) 41 PCS Interviews substantiating the findings on phase four; (6) data analysis and write up.

The sample selection criteria consisted of family businesses that had been in operation for a minimum of 25 years, and had or were about to experience generational succession, were owned by one family, employed non-family employees, and were still in operation. As a result, the one-on-one interview sample (Protagonist Interviews) consisted of 16 subjects made up of six incumbents, three successors, four non-family employees, and three independent advisors, all based in Melbourne. The follow-up PCS Interviews numbered 41 family businesses, and were subject to the same interview protocols used for

the protagonist interviews. These PCS Interviews were carried out under strict researcher supervision by 41 undergraduate family business students enrolled in a family business unit in a major city-based research university, all of whom either worked in a family business or were family members of that business. In many cases, the students were themselves successors in their family businesses. The choice of the students was consistent with Campbell's (1975:182) observation that "amateur" scientists are relevant and appropriate as professional social scientists in the collection of data with which they are familiar.

The research highlighted both similarities and differences in personal and professional variables and their associated components for each of the four protagonists. The findings highlight the value of the family's culture on the business, the effectiveness of structured protocols in decision-making processes, the capacity of nepotism to compromise transparent family business processes, the management of extended family members by family business leaders, and the importance placed on family cohesion during succession. The information from this study adds to the current literature and highlights the nature of the relationships in family businesses. The study also explores other perspectives on stewardship theory by balancing the interests both of the family and non-family stakeholders. The research also provides information for family business practitioners and independent advisors in the management of generational succession, thus potentially reducing the attrition rate of these valuable economic and social units.

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STATEMENT OF ORIGINAL AUTHORSHIP

I declare that this submission is my own work and that to the best of my knowledge and belief it contains no material previously published or written by another person, nor material which has been accepted for the award of another degree or diploma at a university or other institution of higher learning except where the reference is made in text.

Leon Levin

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Where does one begin?

When I started this journey over five and a half years ago, I honestly felt that, OK, it would be a challenge, but I would be able to handle it, if need be on my own. It's not that I came to this challenge as a bright-eyed post-graduate student; I had years of business and corporate experience behind me. How hard could a doctorate be? It took me exactly 15 minutes to understand how naive I was.

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I believe that a vision without the personal commitment and the willingness to the task is only a mirage. There is no doubt that at the end of the day the buck stopped with me, but everyone I have mentioned rightfully owns their own piece of this document. The challenge now is to utilize what has taken so long to achieve.

*In loving memory of Sarah and Szepsel Levin
You finally have a doctor in the family*

CHAPTER ONE

INTRODUCTION AND PURPOSE OF THE STUDY

1. Introduction

This chapter provides an outline of the study, including the purpose, research questions, justification and contribution of the study, literature review, methodology, assumptions, limitations, delimitations, and operational definitions of key terms.

1.1. Purpose of the Study

The purpose of this study was to examine succession in family business from a multi-source perspective which includes four key protagonists, namely the incumbent, the successor, the family, and non-family influence.

1.2. Research Questions

The research questions are designed to fulfill the purpose of the study outlined in the previous section. Each of the following ten questions is addressed in a separate section in the literature review in Chapter Two, and assists in establishing the nature of the relationships among the personal and professional variables and their associated components in relation to the four key protagonists.

1. What are the key personal variables of the incumbent related to succession?
2. What are the key personal variables of the successor related to succession?
3. What are the key personal variables of the family related to succession?
4. What are the key personal variables of non-family influence related to succession?
5. What are the key professional variables of the incumbent related to succession?
6. What are the key professional variables of the successor related to succession?
7. What are the key professional variables of the family related to succession?
8. What are the key professional variables of non-family influence related to succession?
9. What are the similarities and differences in the personal variables for each of the four protagonists?

10. What are the similarities and differences in the professional variables for each of the four protagonists?

1.3. Justification for the Study

Family businesses dominate the private and public corporate landscape across the globe, and more than two out of every three organizations are family owned and/or managed (Barnett and Kellermanns, 2006). As Lee (2006:175) noted:

The proportion constituted by global business enterprises that are owned or managed by families is estimated conservatively to be between 65–80%. In the United States, approximately 50% of the gross national product is generated by family businesses . . . The proportion of family firms in the United Kingdom and in the European Union is estimated to be 75% and 85%, respectively.

Astrachan and Shanker (2003) and Lee (2006) found that US family businesses constitute over 90% of business activity and 49% of the GDP, while employing 59% of the workforce. Family businesses early in the 21st century employed 62% of the workforce, slightly down from the 78% of all jobs in the United States between 1977 and 1990. Presently, more than 80% of U.S. companies are owned or controlled by families, of which about 35% are among the Fortune 500 (Dyck, Mauws, Starke, and Mischke, 2002). In Japan, Birley (2001) found that of 554 firms surveyed, 99% considered their businesses to be family firms.

These percentages also reflect the Australian experience. According to Dunemann and Barrett (2004:5), 27% of firms listed on the Australian Stock Exchange are family businesses with an estimated wealth of \$3.6 trillion. Within the total number of businesses in the Australian economy, 96% are small businesses operating in the private sector employing 42% of the Australian work force (ABS, 2002), the vast majority of which are family businesses. In fact the economic landscape of most nations is dominated by family businesses (Klein, 2000; Morck and Yeung, 2004; Shanker and Astrachan, 1996).

Vera and Dean (2005:323) identified that one of the biggest challenges facing family businesses is succession, claiming that “. . . of businesses involved in family succession, only 30% are expected to survive the first generation, around 15% are expected to survive to the third generation, and less than 3% are expected to survive to the fourth

generation”. These findings are supported by Santarelli and Lotti (2005), who identified that the biggest challenge for family business survival is generational change. As Santarelli and Lotti (2005:184) claimed:

Succession may affect the likelihood of survival of family firms, even those characterized by the most favorable prospects of success . . . after about 30 years in the market (i.e., five years after the firm’s 25th birthday), the likelihood of sudden exit starts to increase dramatically, suggesting the strong dependence of liquidations on the owner’s retirement.

In the current context, Vera and Dean (2005:322) identified that a third of all Australian family business CEOs are over 60 years of age, and that 59% of companies are expected to engage in the succession process within the next five to ten year period. This ageing phenomenon has increased at an annual rate of 3.7%, and accounts for around 3-4% GDP and about 10% of total job losses each year. In an earlier study, Barnett (1999) found that family business leaders are set to retire in significant numbers with 27% retiring in five years, 29% in six to ten years, and a further 22% in eleven to fifteen years.

These retirement projections strongly support the need for succession planning, however in a study of 82 directors of non-profit firms in the US and Australia, Santora, Sarros and Cooper (2011) found that although succession planning was seen as a critical function of senior management, it often occurs infrequently, and with a lack of strategic intent. In a more recent article, Santora, Sarros and Esposito (2014) found that succession planning was often informal, with very little thought given to the future of the business.

In light of the economic importance of family businesses to society, and the importance of succession to family business success, the need to identify and understand the variables and associated components of succession is becoming more relevant. This study was undertaken with these considerations in mind.

1.4. Overview

The breadth of research into family business is extensive. Accordingly, Solomon, Breunlin, Panattoni, Gustafson, Ransburg, Ryan, and Terrien (2011:150) suggested that multiple perspectives need to be considered to understand and explain how family businesses operate. Where Solomon et al. (2011) defined family business in terms of business and human dimensions, this study in comparison focuses on professional variables associated with the business attributes of family business, and personal variables

associated with the human side of family business. These variables are examined in relation to the four key protagonists: the incumbent, the successor, the family, and the non-family influence.

Figure 1.1 describes the personal and professional variables and their associated components in relation to each protagonist. A brief outline of the variables follows:

1.4.1. Personal Variables

1.4.1.1. Attitudes

Vaughan and Hogg (2004:80) defined attitudes as a relatively enduring set of beliefs, feelings and behavioral tendencies towards socially significant objects, groups, events, or symbols, and that the incumbent is the key catalyst in determining the attitudinal nature of the family business. Garcia-Alvarez, López-Sintas and Gonzalvo (2002) and Fox, Nilakant, and Hamilton (1996) identified that how the incumbent saw the family business either in terms of part of the general family narrative, as an individual component of the incumbent's own identity, or their view of the role the family business played in shaping their identity, influenced how they handled succession. Other components that influenced the incumbent's attitude towards succession include the incumbent's level of formal education, and extent of external experiences (Cabrera-Suárez, De Saá-Pérez and García-Almeida, 2001; Le Breton-Miller, Miller and Steier, 2004; McCann, DeMoss, Dascher and Barnett, 2001).

1.4.1.2. Cultural Shadow

Davis and Harveston (1999) defined the incumbent's cultural shadow as the degree of influence the incumbent exercised over the family business, whether they were involved or had retired. Poza (2004) found that the incumbent's leadership style had a direct bearing on the effect of their shadow on the next leadership generation. Planning for succession was an effective way of mitigating the negative influences of the incumbent's shadow (Santora and Sarros, 2008; Yochum, 1997).

Protagonist	Personal Variables		Professional Variables	
	Variable	Component	Variable	Component
Incumbent	Attitudes	Identity	Leadership	Personality
		Education		Communication Style
		Outside Interests and Experiences	Fairness and Justice	Transparency
	Cultural Shadow	Leadership		Consistency
		Succession Planning	Family Business Structure	Formalized Structure
	Mortality	Family Support		Non-Family Involvement
		Personal Adaptability		Size
	Nepotism and Ethnicity	Protocols	Education / Experience	Formal Education
		Culture		External Experience
				Early Involvement
Successor	Commitment	Family Business Socialization	Nurturing	Relationship
		External Influences		Mentorship
	Gender	Primogeniture	Credibility	Family Business Knowledge
		Family Expectations		Acceptance
	Age		Fairness and Justice	Transparency
				Consistency
	Nepotism and Ethnicity	Protocols	Family Business Structure	Formalized Structure
				Non-Family Involvement
		Culture		Size

Figure 1 1
Protagonists Personal and Professional Variables and Associated Components

Protagonist	Personal Variables		Professional Variables	
	Variable	Component	Variable	Component
Family	Family Culture	Familiness		
		Cohesion		
		Sibling Rivalry		
	Family History	Early Experiences		
		Kinship Logic		
	WFC/FWC	Gender Roles		
		Adaptable Family Culture		
		Spousal Support		
Non-Family Influence	Nepotism and Ethnicity	Protocols	Fairness and Justice	Transparency
		Culture		Consistency
			Family Business Structure	Formalized Structure
				Non-Family Involvement
				Size

Figure 1.1 (Continued)

1.4.1.3. Mortality

Santarelli and Lotti (2005) and Vera and Dean (2005) identified that where the incumbent's identity was intimately associated with the family business, succession will be resisted. Sharma, Chrisman, and Sharma (2003) and Stavrou, Kleanthous and Anastasiou (2005) highlighted the need for the incumbent to be psychologically ready to relinquish control before succession can take place, and that empathetic familial support was essential for this to occur (Dunemann and Barrett, 2004).

1.4.1.4. Nepotism and Ethnicity

Aldrich and Waldinger (1990) identified ethnic and family ties as a means of creating opportunities for like individuals, and potential barriers for others. Wolff (2006) defined these relationships in terms of "in-group" and "out-group" members. Gallo and Vilaseca (1998), Chua, Chrisman and Sharma, (2003) and Siebels and Knyphausen-Aufse (2012) proposed that structured protocols and defined procedures in the areas of financial policy, HR management and strategic planning helped mitigate the negative effects of nepotism. However, Dyer (2003), Karra, Tracey and Phillips (2006) and Ram and Holliday (1993)

acknowledged that for these protocols to be implemented, a family culture based on meritocracy needed to exist.

1.4.1.5. Commitment

Meyer and Herscovitch (2001) defined commitment as a frame of mind that compels an individual toward a course of action. Habbershon and Williams (1999) and Astrachan, Klein and Smyrnios (2005) suggested that the degree of socialization of the successor in the family business, and their range of external experiences (Parasuraman, Purohit, Godshalk and Beutell, 1996) directly influence the level of successor commitment to the family business.

1.4.1.6. Gender

Cole (1997), Ram and Holliday (1993) and Vera and Dean (2005) identified that the stereotypical attributes of gender associated with women, such as nurturing and family orientated tendencies, can compromise a daughter's capacity to assume the leadership position in a family business. The potential for gender bias was based in part on family acceptance, culture, role-tradition and the family's expectations of sons as the natural heirs (primogeniture).

1.4.1.7. Age

Davis and Harveston (1999) and Vera and Dean (2005) identified age as an additional influence on gender transition, finding that male succession took place between 23–33 years of age, and female succession occurred during 40 to 50 years of age.

1.4.1.8. Nepotism and Ethnicity

(See above)

1.4.1.9. Family Culture

Kepner (1983) acknowledged the significant role of the family's culture on the business's culture. Chua, Chrisman and Sharma (1999), Corbetta and Montemerlo (1999), and Habbershon, Williams and MacMillan (2003) claimed the "familiness" of the family business is based on the interactions among the family and business subsystems. Lee

(2006) and Olson, Russell and Sprenkle (1989) understood that a family's culture needed to exhibit traits of cohesion, closeness, emotional bonding, and cultural adaptability in order to positively contribute to the family business.

1.4.1.10. Family History

Davis and Harveston (2001), Ensley and Pearson (2005), Smith, Smith, Olian, Sims, O'Bannon, and Scully (1994) and Stewart (2003) found early childhood experiences of the successor, especially where those experiences were in the family business, had a direct impact on how the successor saw their future leadership role in the business. These memories formed the reference points upon which kinship loyalty and "kinship logic" were formed (Habbershon et al. 2003; Khai, Guan, and Wei, 2003; Stewart, 2003; Whyte, 1996).

1.4.1.11. Work Family Conflict/Family Work Conflict

Frone, Russell, and Cooper (1997), Greenhaus and Beutell (1985) and Netemeyer, Boles and McMurrian (1996) defined work family conflict as the inter-role conflict of competing demands between an individual's work and home life. Boyara, Maertz and Pearson (2005) and Parasuraman et al. (1996) identified that the successor's gender can influence the level and nature of Work Family Conflict/Family Work Conflict (WFC/FWC), based on the stereotypical expectations of female roles and responsibilities being directed towards home duties, rather than in the family business. Lee (2006) identified that a mitigating factor in managing these inter-role conflicts was an adaptable family culture, that was able to acclimatize to shifting roles, whereas Cole (2000), Lansberg (1983), Parasuraman et al. (1996) and Smyrnios, Romano, Tanewski, Karofsky, Millen, and Yilmaz (2003) saw a strong spousal support network as a means to reducing conflict.

1.4.1.12. Nepotism and Ethnicity

(See above)

1.4.2. Professional Variables

1.4.2.1. Leadership

Dunemann and Barrett (2004) identified that the leadership style of the incumbent is of critical importance to the succession process, and is directly influenced by the incumbent's personality, character, corporate and family history, previous leadership styles, the external environment, expectations and emotional awareness, and empathy (Goleman 1995, 1998; Goleman, Boyatzis and McKee, 2002; Stavrou et al. 2005).

1.4.2.2. Fairness and Justice

Cropanzano, Byrne, Bobocel and Rupp (2001) highlighted the importance of a transparent family business culture in ensuring that non-family employees feel they were valued in the organization. In addition, Barnett and Kellermanns (2006) and Lubatkin, Schulze, Ling, and Dino (2005) noted the corrosive impact that nepotistic decision making has on non-family employees, and the need for transparency in decision making processes.

1.4.2.3. Family Business Structure

Janjuha-Jivraj and Woods (2002a,b) argued that the establishment of a formalized business structure promotes an environment of certainty and security during the succession process, and that the size of the family business can be a catalyst for this formalization. Bennedsen, Nielsen, Pérez-González, and Wolfenzon (2006), Chrisman, Chua and Sharma (2003) and Ensley and Pearson (2005) observed that the integration of non-family skills expanded the abilities of the family business' top management team, making them more effective.

1.4.2.4. Education/Experience

Goldberg (1996), McCann et al. (2001) and Morris, Williams, Allen and Avila (1997) found that tertiary trained successors were more successful family business leaders than their counterparts without a college degree. Churchill and Hatten (1987) and Le Breton-Miller, Miller, and Steier (2004) extended the benefits of education to embrace the non-tertiary sector, and Barach and Ganitsky (1995) found that even a general broad business experience will add significantly to the leadership skills of successors.

1.4.2.5. Nurturing

Barach and Ganitsky (1995) highlighted the importance of the incumbent and successor relationship in the transfer of the knowledge base and culture of the family business from one generation to another. Cabrera-Suárez, De Saá-Pérez and García-Almeida (2001) saw the incumbent/successor relationship as the foundation for an effective mentorship program as a means by which unique family business knowledge can be transferred.

1.4.2.6. Credibility

Barach, Gantisky, Carson, and Doochin (1988) found that for a successor to achieve credibility in the eyes of family business members, it was essential they absorbed the idiosyncratic knowledge of that family business. Additionally, the family business culture must be willing to recognize leadership changes, and acknowledge the transfer of power (Davis and Harveston, 1999).

1.4.2.7. Fairness and Justice

(See above)

1.4.2.8. Family Business Structure

(See above)

1.5. The Study Context

1.5.1. Theoretical Framework

This study initially considered four theoretical frameworks as follows. Agency Theory (Daily, Dalton, and Rajagopalan, 2003; Karra, Tracey, and Phillips, 2006) identifies the potential conflict between the owners of a firm (the principal) and the managers under contract to run the firm on the owner's behalf (the agent). Altruism Theory addresses situations where the incumbent is motivated to undertake actions which benefit others, without any expectation of external rewards (Batson, 1990). Resource-Based Theory describes business outcomes as the result of business attributes and associated resources (Penrose, 1959). Stewardship Theory is where the agents ('stewards') behave socially, in a

self-actualizing manner, and with an attitude postulating psychological ownership (Pierce, Kostova, and Dirks, 2001).

Stewardship theory was chosen as the more appropriate theoretical framework for this present study instead of agency theory, which stresses the importance of non-family leaders to family firm success, owing to the unique agency costs associated with family leadership, such as nepotism and adverse selection (Schulze, Lubatkin, Dino, and Buchholtz, 2001). While stewardship deals with collaboration and guidance, agency deals with tension and control. Accordingly, this study was based on Stewardship Theory, as it is most relevant to the succession process in family business. According to Banalieva and Eddleston (2011:1061), family firms are those in which the family is the largest shareholder, controlling at least 20% of shares, although they may be led by family or nonfamily executives (Faccio and Lang, 2002; Villalonga and Amit, 2006). Consistent with this family business perspective, stewardship theory highlights the social capital, trust, and reputational assets available to family leaders (Le Breton-Miller and Miller, 2006; Zahra, 1996).

1.6. Contribution of the Study

1.6.1. Theoretical Contributions

The present study contributes to the current literature on family business by identifying and testing the central variables underlying succession in relation to four key protagonists.

First, this study extends Solomon et al's. (2011) business and human domains of family business succession to include the personal variables (n=10), personal components, (n=21), professional variables (n=6) and professional components (n=14) of succession in family business.

Second, this study examines both personal and professional variables of four protagonists in family business succession instead of focusing on one protagonist only (Astrakhan et al, 2005; Barnett and Kellermanns, 2006; Barnes and Hershon, 1994; Chrisman, Chua and Sharma, 2003; Chua et al. 2003; Dierickx and Cool, 1989; Dunn, 1995; Dunemann and Barrett, 2004; Dyer, 2003; Friedman, 1999; Gallo and Vilaseca, 1998; Grote, 2003;

Hoover & Hoover, 1999; Karra et al. 2006; Kepner, 1983 ; Lobel, 1991; Ram and Holliday, 1993). The research was able to determine the frequency of mention of the personal and professional variables by the protagonists, inferring the relative importance placed on them.

Third, this study developed a new model of succession in family business that identified personal and professional variables and associated components related to succession in family business as perceived by each of the four protagonists in this process.

Consequently, the limitations of the extant research base on succession in family business are addressed in this study through a triangulated data source encompassing a detailed literature review, 16 Protagonist Interviews, and 41 follow-up PCS Interviews. These findings directly contribute to the stewardship literature by identifying key personal and professional variables and components that are important for the family business “steward” in guiding the family business through succession.

1.6.2. Practical Contributions

The current body of family business research focuses primarily on incumbents or successors in family business. In comparison, this current study explores four key players, the incumbent, the successor, the family, and the non-family influence, and which personal and professional variables and components are associated with each of the four protagonists. As a result, a new model of family business succession is developed with both theoretical and professional applications.

Stewardship theory is the foundation theory on which this research is based, as this theory recognizes that family business incumbents are loyal stewards of their firm, contributing to firm performance through citizenship behaviours (Eddleston and Kellermanns, 2007). Their emphasis on kinship, a shared family name, and common family history are the keystones by which the incumbent is able to pass social capital from one generation to the next (Arregle, Hitt, Sirmon, and Very, 2007). As such, this research should provide custodians of family businesses with the tools and awareness to develop appropriate and effective strategies to assist a successful generational succession.

The research should enable successors as the future stewards of the family business, to have a greater awareness of the importance of both timing and exposure to the family business, as well as the nature of educational and external experiences that will best prepare them for their future leadership position (Astrachan et al. 2005; Goldberg, 1996; Habbershon and Williams, 1999; McCann et al. 2001; Morris et al. 1997; Parasuraman et al. 1996).

Khai et al. (2003) and Santarelli and Lotti (2005) identified the important role played by non-family employees in the long-term success of the family business, and how overt acts of nepotistic behavior (Bennedsen et al. 2006; Vera and Dean, 2005) can have a detrimental effect on the levels of commitment and performance by non-family employees. This research highlights that non-family influence may have differing opinions of family initiatives, which may result in less than optimal outcomes for the family business.

Chrisman, Chua, Sharma and Yoder (2009) found that independent advisors add significantly to the succession process. These advisors add value to the succession process by contributing a range of expertise, skills and experiences that the family business management team might not have. Bennedsen et al. (2006) and Ensley and Pearson (2005) found that, with the exception of incumbent-led Top Management Teams (TMT), professional-led TMT's are the most effective in leading the family business through succession. The additional knowledge that this research offers non-family advisors should enable them to offer informed and professional family business-focused advice over and above the advice provided by incumbents and successors.

Finally, the research model adopted in this study is designed to reflect what really happens “behind closed doors” (Hall, Otazo, and Hollenbeck, 1999:39). All Protagonist and PCS Interviews were undertaken in either family businesses or in a neutral location. All the participating family businesses had either experienced, or were about to experience a generational succession, and were aware of the succession challenges they faced.

To conclude, family businesses contribute significantly to the global economy (Barnett and Kellermanns, 2006; Lee, 2006). The biggest threat facing family businesses today is their ability to manage generational succession, and to ensure that the economic

contributions of family businesses to national economies are not lost due to non-business factors (Le Breton-Miller, Miller and Steier, 2004; Santora et al. 2011). This study was undertaken to examine which key personal and professional variables and associated components were most associated with successful generational succession in family business.

1.7. Methodology, Design and Sample

1.7.1. Methodology

The research for this study followed the qualitative research method as it provides a detailed richness and in-depth understanding of the phenomena under review (Tharenou, Donohue and Cooper, 2007), and it is the most effective data collection method where parameters are not easily defined, and the data are interpretive (Denzin and Lincoln, 2003:33). In addition, Lee, Mitchell, and Sablinski (1999) and Yin (1994) found that qualitative research is best suited in dynamic environments which allow for design changes to occur to meet research demands. This dynamic environment best describes a family business, which comprises multiple variables and components that contribute to or compromise generational succession in that business.

1.7.2. Design

The research design of this thesis adopts two qualitative methods, one-on-one (Protagonist) interviews, and Prospective Case Study (PCS) Interviews (Bitektine, 2007). For a multiple case study to be effective, Yin (1994) and Eisenhardt (1989) argued that a rigorous structure needs to be established to maintain the validity of the data. The PCS Interviews fulfill this criterion as they build on the data provided by the initial Protagonist Interviews.

1.7.3. Sample

The present study was conducted in Australia, over a period of two and a half years. Participants were drawn from individual family businesses and their advisors, comprising 16 Protagonist Interviews and 41 PCS Interviews. All the family businesses had been in operation for a minimum of 25 years, ownership and management rested with one family,

the family business employed non-family employees, and the family business had either undergone succession or was about to undergo succession. In addition, 20 of the 41 PCS Interviews were based in Asia, with the remainder operating in Melbourne.

1.8. Assumptions

A number of assumptions concerning the research study apply:

1. The information from the literature review was relevant and accurate.
2. The research variables and associated components identified in relation to the four key protagonists were timely and relevant.
3. The Protagonist interviewees responded to interview questions in an honest and accurate manner.
4. That no undue influence or coercion was placed on any non-family employees or independent advisors.
5. The interview questions were understood as intended.
6. PCS Interviews were conducted in an honest and professional manner as prescribed prior to data collection.
7. PCS Interview reports accurately reflected the thoughts and ideas of the family businesses interviewed.
8. For the PCS Interviews, the family was treated as a homogeneous unit, as both the incumbent and the successor were equally represented in the interview sample.
9. The interviews accurately reflected interviewees' actions, intentions and views.
10. The sample of 16 Protagonist Interviews and 41 PCS Interviews was large enough to identify relationships among research variables.

1.9. Limitations

1. Protagonists were limited to the incumbent, the successor, the family and non-family influence, and did not include non-business family members such as spouses of children not involved in the family business.
2. The study focused on family businesses currently in business, and did not include data from family businesses that had ceased to operate.
3. PCS Interview respondents did not have access to non-family influence participants.

1.10. Delimitations

In order to manage the research project effectively, self imposed limitations were applied as follows:

1. The study was delimited to family businesses as defined in this and subsequent chapters. Findings and recommendations cannot be applied to other popular definitions of family businesses, or businesses that operate outside the dominant involvement of one family.
2. The research was delimited to a qualitative interview-based and triangulated research method.
3. As the research focused on personal and professional variables identified through the literature review and interviews, variables such as industry influence, financial strength and other macro-economic indicators were not included in this research.

1.11. Operational Definitions of Key Terms

The following definitions are derived from the literature and are used in this study:

Familiness refers to the nature, extent and influences a family's values, members and aspirations have over the business, by defining its strategic goals and its day-to-day management activities (Barnett and Kellermanns, 2006).

Family Businesses. For the purpose of this study, the definition of a family business is based on Chrisman et al's. (2003) criteria which state that a family business: (1) has an intention to maintain family-control of the dominant coalition; (2) has unique, inseparable, and synergistic resources and capabilities arising from family involvement and interactions; (3) defines a family vision established by the family-controlled dominant coalition and intended for trans-generational application; and (4) is in pursuit of the family vision.

Family Unit refers to the key protagonists, the incumbent and successor, who directly influence the operations of the family business. Family may also include the spouse and immediate blood dependencies, where these individuals can influence the key protagonists' management of the family business (Hayes, Weston, Gray Qu, Higgins, Hand, Sorianto, 2006; Silva, Majluf, and Paredes, 2006).

Incumbent refers to the founder and/or the current family member holding the senior management position in the business, and who must relinquish this control before the succession of a new family member to the leadership of the business (De Massie, Chua and Chrisman, 2008).

Kinship Logic refers to the dominant influence of the family's values and aspirations over traditional and prudent business methods (Habbershon et al. 2003).

Management Board refers to the management structure that oversees the decision making of the family business (Stavrou et al. 2005).

Non-Family Influence refers to non-family employees who work in the family business, and independent professionals who bring skills into the business that protagonists may not possess (Chrisman et al. 2009).

Personal Variables refer to the individual attributes and conditions of key protagonists in the succession process (Solomon et al. 2011).

Professional Variables refer to the acquired attributes reflected in the skill set and/or external influences on the individual or the group of individuals who make up a defined reference group, i.e. the family unit or the family business (Solomon et al. 2011).

Succession refers to the transfer of the management and/or the control of a business to the next leadership group (Dunemann and Barrett, 2004) in a family business. In the context of this study, that leadership group is defined as the next generation of the family (Barnes and Hershon, 1994; Sharma et al. 2003).

Succession Process refers to the actions, events, and developments enabling one member of the family to take on the leadership of the family business from another member of that family (De Massis, Chua and Chrisman, 2008).

Successor refers to the family member who takes over the prime leadership position of the family business from the previous incumbent (De Massie et al. 2008).

TMT refers to the top management team that forms the leadership group of the family business (Chrisman et al. 2003; Ensley and Pearson, 2005).

Work Family Conflict/Family Work Conflict (WFC/FWC) refers to the inter-role conflict associated with the general demands of time devoted to, and strains created by the job, and its impact on family-related responsibilities (Hoover and Hoover, 1999; Lee, 2006; Netemeyer et al.1996).

1.12. Structure of the Thesis

Chapter One is an introduction to the study, and provides background information, the research purpose and questions, justification and contribution of the study, and definitions of key terms. The chapter also briefly outlines the methodology, its design and sample, and the study's assumptions, delimitations and limitations. Chapter Two is a review of the literature relevant to the study, and provides an overview of the conceptual model of the study. Chapter Three is the research method and design and provides information on the qualitative approach adopted in this study. Chapters Four and Five describe the findings of the personal and professional variables respectively. The chapters reflect the frequency by which protagonists identify key variables and their associated components, as well as their individual perspectives on each variable. Chapter Six presents the conclusions and recommendations of the study, and compares its findings in relation to the extant literature on succession in family business.

CHAPTER TWO

LITERATURE REVIEW

2. Introduction

Chapter Two explores the literature related to the study, categorized by the personal and professional variables of the four protagonists, namely (a) the incumbent, (b) the successor, (c) the family, and (d) non-family influence. First, a detailed exposition of family business theories and of stewardship as the framework upon which the thesis is based is presented. This is followed by a general review of succession and familiness as the basis to family business. Next, the concept of family business is discussed, and the personal and professional variables of each protagonist based upon the familiness and family business literature are then examined.

2.1. Current Family Business Theories

A review of current family business theories by Siebels and Knyphausen-Aufse (2012) identified the following four approaches: agency theory, altruism theory, resource-based theory, and stewardship theory.

2.1.1. Agency Theory

Karra et al. (2006) and Habbershon (2006) identified limitations of the stewardship concept, noting that, with increasing size and age, the lifecycle of the family business can be misaligned with the family-based ownership of the family business, especially during succession. Agency theory refers to the potential misalignment between the owners of the business, the employees in the business, and the goals and culture of the business (Bjuggren and Sund, 2002). Karra et al. (2006:862) noted that the central premise of agency theory rests on the potential conflict between the owners of a firm (the principal) and the managers under contract to run the firm on the owner's behalf (the agent) (Daily, Dalton and Rajagopalan, 2003:152). In this situation, managers, as agents of shareholders, can engage in decision making and behaviours that may be inconsistent with maximizing shareholder wealth. Bjuggren and Sund (2002:125) found that family

succession still represents the best way to keep “idiosyncratic knowledge” within the firm, while family ties are a good way to overcome the agency problem of external succession.

Agency theory recognizes the problems associated with family leadership. Although researchers once believed that family firms are immune to agency threats because of the overlap in family ownership and management (Fama and Jensen, 1983; Jensen and Meckling, 1976), it is now understood that family firms must grapple with unique agency costs such as nepotism and adverse selection (Chrisman, Chua, and Litz, 2004; Schulze et al. 2001). The behavioural extension of agency theory identifies additional problems associated with family leadership where business risk-taking is seen as highly subjective and influenced by non-business, family-centric considerations (Gomez-Mejia, Nunez-Nickel and Gutierrez, 2001; Lim, Lubatkin and Wiseman, 2010). Accordingly, behavioural agency theory emphasizes the family’s desire to preserve control of the firm, even at the expense of personal wealth (Gomez-Mejia et al. 2001). That is, family leaders may place greater value on the family’s control over the business, protection of family member employment, and perpetuation of the family dynasty than on wealth generation for shareholders (Gomez-Mejia et al. 2001; Lim et al. 2010).

Nonetheless, family businesses may actually incur higher agency costs compared to non family enterprises, since the family may be unwilling to fire an incompetent family member, or retain family members in mission critical positions due to blood rather than ability (Dyer, 2003; Gomez-Mejia et al. 2001; Schulze et al. 2001).

Siebels and Knyphausen-Aufse (2012:288) observed that “. . . the stronger the direct family influence as a function of the number of family directors, officers, generations or votes, the more likely is an agency setting”.

2.1.2. Altruism Theory

Batson (1990) identified altruism as a moral value that motivates individuals to undertake actions which benefit others without any expectation of external rewards. When applied to the family business, Schulze et al. (2001:102) observed that:

Altruism compels parents to care for their children, encourages family members to be considerate of one another, and makes family membership valuable in ways that both promote and sustain the family bond. These bonds, in turn, lend family firms

a history, language, and identity that make them special. Communication and some types of decision making are facilitated by intimate knowledge about others . . . Altruism also fosters loyalty, as well as a commitment among its leaders to the firm's long-run prosperity.

Researchers have identified that the parental bond with their progeny is even more important than the successor's core competencies to a firm's success (Dyer, 2003; Karra et al. 2006; Van den Berghe and Carchon, 2003). Siebels and Knyphausen-Aufse (2012:285) found that parents act generously toward their children not only out of love, but also because this behavior maximizes their own utility function and welfare. The values, expectations, aspirations and goals are closely aligned in a family group, thereby minimizing the potential of agency issues arising. Additionally, the motivational altruistic drivers within the family group ensure cohesion and well-being within the family business environmental domain.

Berghe and Carchon (2003), Lubatkin et al. (2005), and Stark and Falk (1998) identified that the altruistic nature of family business tended to strengthen family bonds and align the business and family systems, especially relevant to an offspring's growth and development. Eaton, Yuan, and Wu (2002) found that where the child exhibited reciprocal altruistic tendencies, associated agency costs could be mitigated. Notwithstanding the potential benefits of altruism, Schulze et al (2001, 2003) identified that excessive nepotism and non-economic parental motives can lead to decisions that favor their employed children, potentially harming the business. Lack of skills and ability, coupled with minimal monitoring or control, can also lead to shirking and free-riding by children.

2.1.3. Resource-Based Theory

Penrose (1959) defined resource-based theory as a situation where business outcomes are the result of business attributes and associated resources. The unique resource found in every family business is the "familiness" of that business (Cabrera-Suarez et al. 2001; Habbershon and Williams, 1999). As an extension of these views, Sirmon et al. (2003) identified four discrete resources in the family business, encompassing human capital, patient capital, social capital, and survivability capital. Sirmon and Hitt (2003) identified human capital as a critical component of the resource-based view, as it encompasses not only aspects of the business, but also the values and historical experience of the family. This asset base has the potential to foster loyalty, effective communication, and

empowerment (Siebels and Knyphausen-Aufse, 2012). Sirmon and Hitt (2003) defined patient capital as taking a long-term orientation, which can facilitate access to social capital in terms of family and cultural connections. Carney (2005) argued that this long-term perspective made it easier to establish and maintain effective business relationships. Survivability capital refers to the pooled personal resources that family members are willing to contribute, for the benefit of the firm (Haynes, Walker, Rowe and Hong, 1999; Horton, 1986; Sirmon and Hitt, 2003).

2.1.4. Stewardship Theory

Stewardship theory states that the agents (stewards) behave socially, in a self-actualizing manner and with an attitude postulating psychological ownership (Pierce, Kostova and Dirks, 2001). Stewardship theory best provides the appropriate framework for this study as it recognizes that many family leaders are loyal stewards of their firm, contributing to firm performance through citizenship behaviours (Eddleston and Kellermanns, 2007). Banalieva and Eddleston (2011:1062) claim that kinship, a shared family name, and common history promote a shared identity that allows family leaders to build an enduring reputation and social capital that can be passed from one generation to the next (Arregle et al. 2007). Miller, Le Breton-Miller, and Scholnick (2008) identified three forms of stewardship in a family business: continuity of the intention to maintain the family business over an extended period of time; community, or the creation of a collective family business culture and connection; and maintaining a strong relationship with the family outside the family business.

As Dyer (2003) and Santarelli and Lotti (2005) noted, relationships in an organization have a tremendous impact on governance structures, social networks, and team dynamics, as well as leadership succession, career development, and change strategies. Within the construct of a family business, these relationships constitute a significant social value base that is transmitted into the business's social fabric (Dyer, 2003:408).

From the perspective of stewardship theory, the pro-organizational behaviours and shared sense of responsibility that the family feels toward the firm lead family leaders to seek stable growth and commit to the long-term success of the business (Eddleston and Kellermanns, 2007; Zahra, 2003). Stewardship theory portrays family leaders as trustworthy assets to the firm who use their influence to benefit all stakeholders (Le

Breton-Miller and Miller, 2006) and assist the firm when internationalizing (Zahra, 2003). Because family leaders tend to share similar values and enjoy longer tenures than non-family leaders, family leaders provide a firm with stability (Sirmon and Hitt, 2003), which allows them to develop enduring relationships with external stakeholders (Arregle et al. 2007). Because of this social capital, family leaders can commit the firm's resources to transactions "on a handshake," sustaining personal business networks (Gedajlovic and Carney, 2010). Indeed, external partners see family leaders as stable and powerful representatives of their organizations, with the ability to make commitments, and the staying power and incentive to honour them (Miller, Steier and Le Breton-Miller, 2003).

Accordingly, on the basis of the literature and research on what comprises family business behaviour, stewardship theory best informs the family focus of this study.

2.2. Succession

Succession in family business is increasingly becoming a field of major research. In a study of 82 directors of non-profit firms in the US and Australia, Santora, Sarros and Cooper (2011) found that succession planning is a critical function of senior management, but that it occurs infrequently, and with a lack of strategic intent. Because poor succession planning may adversely affect organizational culture, Santora et al. (2011:20, 21) recommended that further research be conducted in this area.

Dunemann and Barrett (2004:6) defined succession as:

. . . The transfer of the management and/or the control of a business. Ownership succession focuses on who will own the business, when and how that will happen. Management succession focuses on who will run the business, what changes will occur, when will they be accountable for results and how will results be realized...

Steier Chrisman and Chua (2004) recognized the importance of the succession process, stating that in theory a business is immortal, whereas individuals are not. Consequently, a process to meet the challenges of transferring ownership and power in business is essential. In the context of family business, the focus of this study, Barnes and Hershon (1994) found that hereditary succession is crucial for the survival of a family enterprise. Sharma, Chrisman, Pablo and Chua (2001) likewise argued that succession in family business is unique, as it is based on the succession of "blood" over external employees.

Kepner (1983) noted that the succession process is complicated by the influence of “non-business” considerations, i.e. the idiosyncratic influences of family. In particular, Kepner (1983) raised the concern of how a non-family member would react to generational succession when the next generation was not the most qualified for the position. Kepner (1983:64) asserted that potential organizational “earthquakes” resulting from generational transition can occur relatively regularly: “. . . in families, major transitions occur every five to seven years.” These fault lines, sometimes hidden over a period of time, come to the surface during a period of flux and they have the potential to at best disrupt, and at worst destroy successful businesses, irrespective of their financial or market power.

Bennedsen, Nielsen, Pérez-González and Wolfenzon (2006:1) supported Kepner’s observations, and emphasized the critical interplay between family and business priorities in the succession process:

. . . One of the most contentious issues surrounding family firms relates to chief executive officer (CEO) succession decisions. CEO transitions are likely to play a key role in determining a firm’s prospects and they are arguably influenced by the preferences of controlling families, which often struggle between hiring a family member or an unrelated CEO.

Other research has found that the succession process is fraught with trouble and that very few family businesses survive beyond the first generation (Santarelli and Lotti 2005). For instance, in their study of 25 year old family firms in the region of Emilia–Romagna in Italy, Santarelli and Lotti (2005:184) found that:

. . . Succession may affect the likelihood of survival of family firms, even those characterized by the most favorable prospects of success . . . after about 30 years in the market (i.e., five years after the firm’s 25th birthday), the likelihood of sudden exit starts to increase dramatically, suggesting the strong dependence of liquidations on the owner’s retirement.

Vera and Dean (2005:323) verified this failure rate in their research where they found that:

. . . of businesses involved in family succession, only 30% are expected to survive the first generation, around 15% are expected to survive to the third generation, and less than 3% are expected to survive to the fourth generation.

2.3. Familiness – A General Overview

The term “familiness” has been used in the research on succession/family business as an alternative to family when describing the nature of family business (Barnett and Kellermanns, 2006:839). In reference to this study, familiness refers to the nature, extent and influences a family’s values, members and aspirations have over the business, and in defining its strategic goals and its day-to-day management activities.

The traditional family structure has been the foundation stone of society and the basis upon which individuals gained the support and nurturing they needed to function as citizens. Kepner (1983:59) defined this mutual support system in terms of caring for and developing people, with its membership defined by blood, and its goals largely dependent upon culture, social class, values, and personal idiosyncrasies. Within this mutual support system, Kepner (1983) identified the husband and wife as a series of sub-systems consisting of (i) the spousal subsystem, (ii) the parental subsystem and, (iii) the sibling subsystem.

Within the spousal sub-system are three delineated structural relationships (Kepner 1983:61):

- Symmetrical relationship – a competitive relationship where each spouse proves themselves against the other;
- Complementary relationship – delineation of responsibilities between the partners within the marriage; and
- Reciprocal relationship – varies between the above two relationships depending upon the various talents and strengths of the other party.

It is within the family unit that key individual traits, social skills, competencies and formative expectations are generated. It follows that a potential successor formulates his/her views and expectations of the family business, in the family unit (Bjuggren and Sundal, 2002). Sirmon and Hitt’s (2003) definition of family is more transactional, acknowledging that the family unit provides the combination of financial capital, social networks, and human capital to enable its members to fulfill their potential. The family exposes future incumbents to the values, culture and operating procedures of the family business.

Kepner (1983:60) provided a comprehensive definition of family, which he describes as a *micro* social system endorsed by law and custom to take care of its members' needs. Kepner (1983) highlighted that the actions of one family member affect and influence the actions of all other members within the system. Should a shift in thinking or operational processes be initiated by the leader of the family business, then the system's rules and norms will change accordingly. In all likelihood, these influences within the family unit will spill over into the family business, and directly affect how significant business decisions are handled, such as the transition process associated with succession.

Lee (2006:175) supported this spillover assertion, stating that it is “. . . clear that the uniqueness of a family business is the mutual interdependence between family and business. The family system is so closely and intimately interconnected with the business system that one cannot change without affecting the other system.” Similarly, Cole (2000:353) identified the family unit as the direct marital relationship between the husband and the wife, between the parents and the children, and between the siblings in their own right. Dyer (2003:410) also identified the importance in understanding specifically what is meant by the term family: “. . . to include the family as a variable in organizational research requires a clear definition of what the family is and how to apply it appropriately to the phenomenon under investigation.”

Accordingly for the purpose of this study, a family is defined as the direct immediate blood relations within the nuclear family.

2.3.1. What Defines a Family Business?

Family businesses are as broadly and diversely defined as families themselves (Siebels and Knyphausen-Aufse, 2012:282). Westhead and Cowling's (1998:39) study of UK firms found that depending on the definition used for a family business, the percentage of firms defined as family businesses varied, from 57% to 76%.

Similarly, Astrachan et al. (2005) identified the percentage of family businesses in one sample can differ from between 15% and 81% depending upon the definition of family business. Smyrniotis et al. (2003) have identified over 20 definitions of family business.

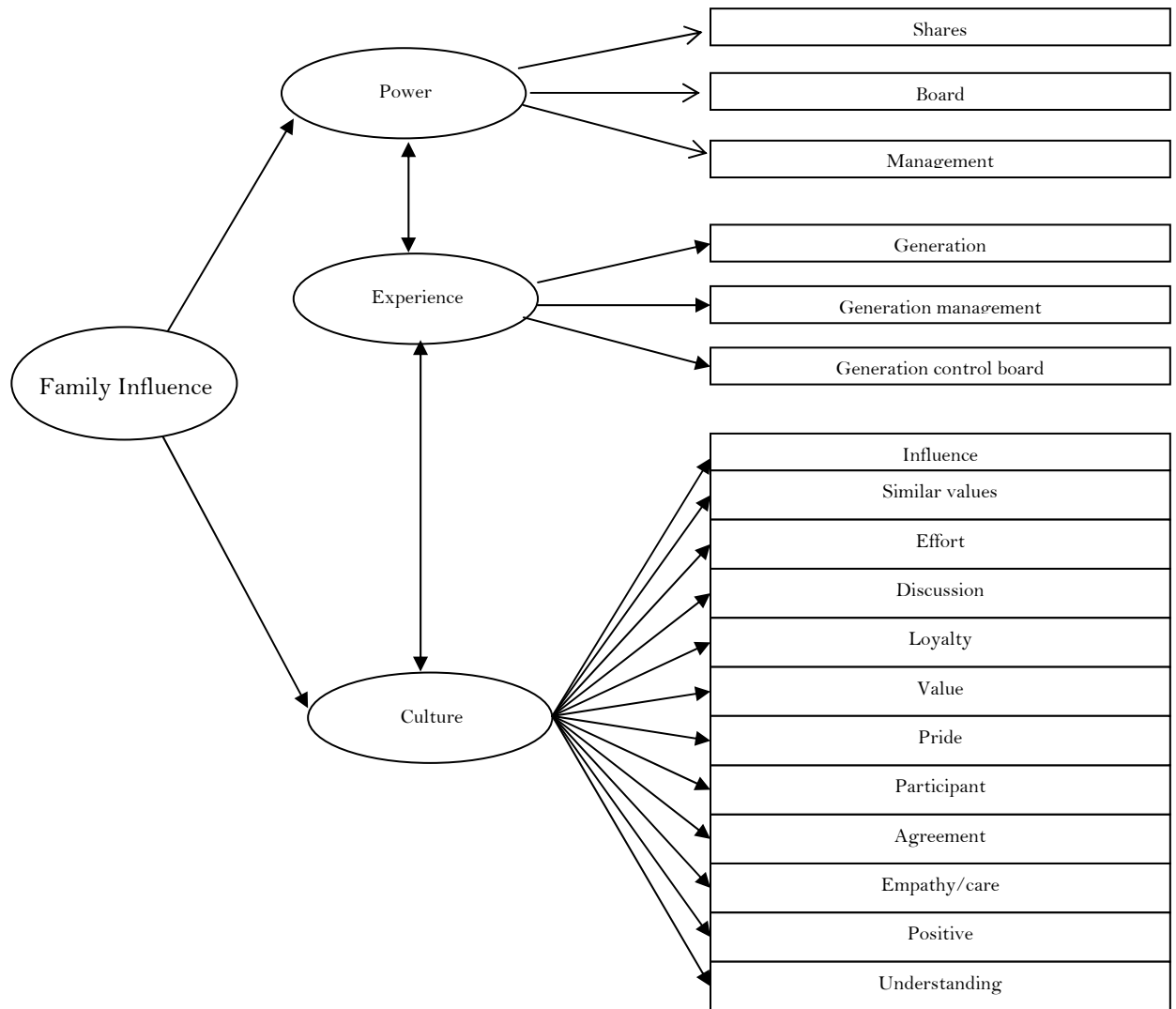
Some of the early research has identified that a family business is the convergence of two social structures. Kepner (1983) and McCollom (1990) noted that the family and the business converged to form a new and unique entity. They identified that for this entity to survive, especially during stressful stages such as the transition process, both of these sometimes competing structures must be in equilibrium. This interplay between the family and business was supported by Bennedsen et al. (2006), who found that one of the major reasons family businesses act in a dysfunctional way is due to the influence of family.

A concise definition of family business is provided by Cole (2000:351): “. . . any business in which majority ownership or control lies within a single family and in which two or more family members are, or at some time were, directly involved in the business”. This approach is supported by Vera and Dean (2005), who claimed that a business is a family business where the majority ownership is controlled by the family; decisions about management are influenced by the family, and two or more family members are employed and actively participate in the management of the firm.

Similarly, Cole (2000), Dunemann and Barnett (2004), and Vera and Dean (2005) recognized the interactive relationship between the family and the business, noting that this influence leads to a unique social/business construct called a “family business”. Expanding upon the influence of family, Astrachan et al. (2003, 2005), Barnett and Kellermanns (2006), Habbershon and Williams (1999), and Sharma and Irving (2005) claimed that the influence of a family on a family business is not transferable, is unique to that particular family group, and determines whether or not a business is a family business.

In an attempt to codify and identify the elements of family that influence family business, Astrachan et al. (2005:329) developed a family business scale, F=PEC (see Figure 2.1) defining the key variables as:

- Family Influence – (F) – the influence the family unit has over the business operations;
- Power – (P) - the ability of the family to control a firm through its ownership, influence in the management structure, its financial clout, and its strategic position;
- Experience - (E) - the cumulative family memory that is available to an organization and the manner by which the family brings that experience to bear upon the business;

**Figure 2.1****Three Dimensional F=PEC Scale Measurement Model****(Astrachan, Klein and Smyrnios, 2005:329)**

- Culture – (C) - the values and commitment of the family unit and how they are introduced into the family business corporate culture.

Astrachan et al. (2005) emphasized that notwithstanding the effectiveness of the F=PEC model, the level of influence via ownership, management, and governance is interchangeable and additive. In a critique of the F=PEC model, Barnett and Kellermanns (2006:840) stated that the ability to identify and codify each variable associated with each core dimension (Power, Experience, Culture), how they interact, and the ability to determine their impact on family business performance, is problematic: “. . . since family influence is a latent construct that consists of power, culture, and experience, it is difficult

to specify exact combinations of power, culture, and experience that would lead to positive or negative effects in family firms.”

Similarly, Chrisman et al. (2005:559) observed that “the core challenge facing family business research is to identify the nature of family firms’ distinctions and to determine if and how these distinctions result from family involvement.” Steier et al. (2004:296) stated that there was no universally accepted operational definition of a family business, and that the influence of family on a business will manifest itself in many different ways:

. . . While there is no universally accepted operational definition of a family firm, there seems to be a theoretical consensus that a family’s ability and intentions to influence business decisions and behaviors are what distinguish family and non-family firms, and a family’s influence on a business is manifest in different ways, be it the manner in which succession, innovation, culture, or agency issues are handled.

2.3.2. Is Size Important?

Can a company be too big to be a family business?

Family Business Magazine (2001) identified a number of multinationals that, depending on the definition, would be classified as a family business. These businesses include:

- Wal-Mart, a company founded in 1962 by Sam Walton with revenues of US\$244.5 billion and 1.4 million employees. Walton’s descendants own 38% of the stock;
- PBL, run by one of Australia’s wealthiest family, the Packer Family, with total revenues of US\$1.949 billion and over 7,892 employees;
- Others include the Murdoch family (NewsCorp) and the Lowy family (Westfield).

At the other extreme, a family business could turn over enough profit to keep a family employed, with fewer than 15 employees. As family businesses contribute significantly in many economies (Klein, 2000; Morck and Yeung, 2004; Shanker and Astrachan, 1996), it is not the size of the family business that is important but instead the impact the family has upon the business. As Davis (1983:47) noted, “. . . the interaction between two sets of organizations, family and business . . . establishes the basic character of the family business and defines its uniqueness.”

2.3.3. Operational Definition of Family Business

This study is based on Chrisman et al's. (2003:9) definition of family business, which operationalizes the family's influence on the decision making process and operations of the firm through:

- An intention to maintain family-control of the dominant coalition,
- Unique, inseparable, and synergistic resources and capabilities arising from family involvement and interactions,
- A vision established by the family controlled dominant coalition and intended for trans-generational application, and
- Pursuit of the family vision.

For the purpose of this study, the four protagonists who constitute the family business and have a direct influence on the succession process include the incumbent (2.4.1/2.5.1), the successor (2.4.2/2.5.2), the family (2.4.3) – the interdependent relationship of the incumbent and the successor in the family unit - and non-family influence (2.4.4/2.5.3).

The remainder of this chapter now addresses each theme of family succession as outlined in Chapter 1, and as illustrated in Figures, 2.2, 2.3, and 2.4.

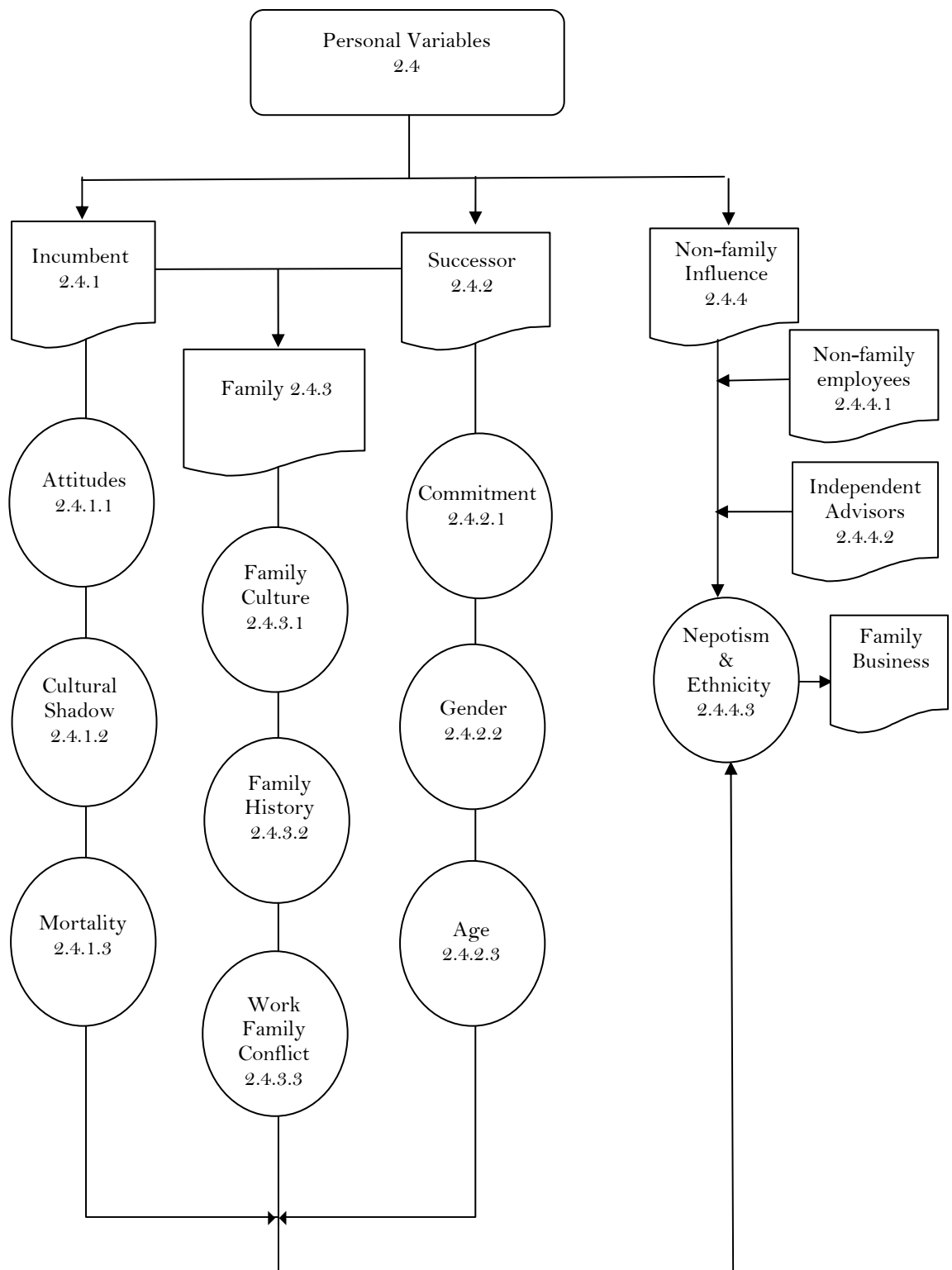


Figure 2.2
Personal Variables of Key Protagonists in Family Business Succession

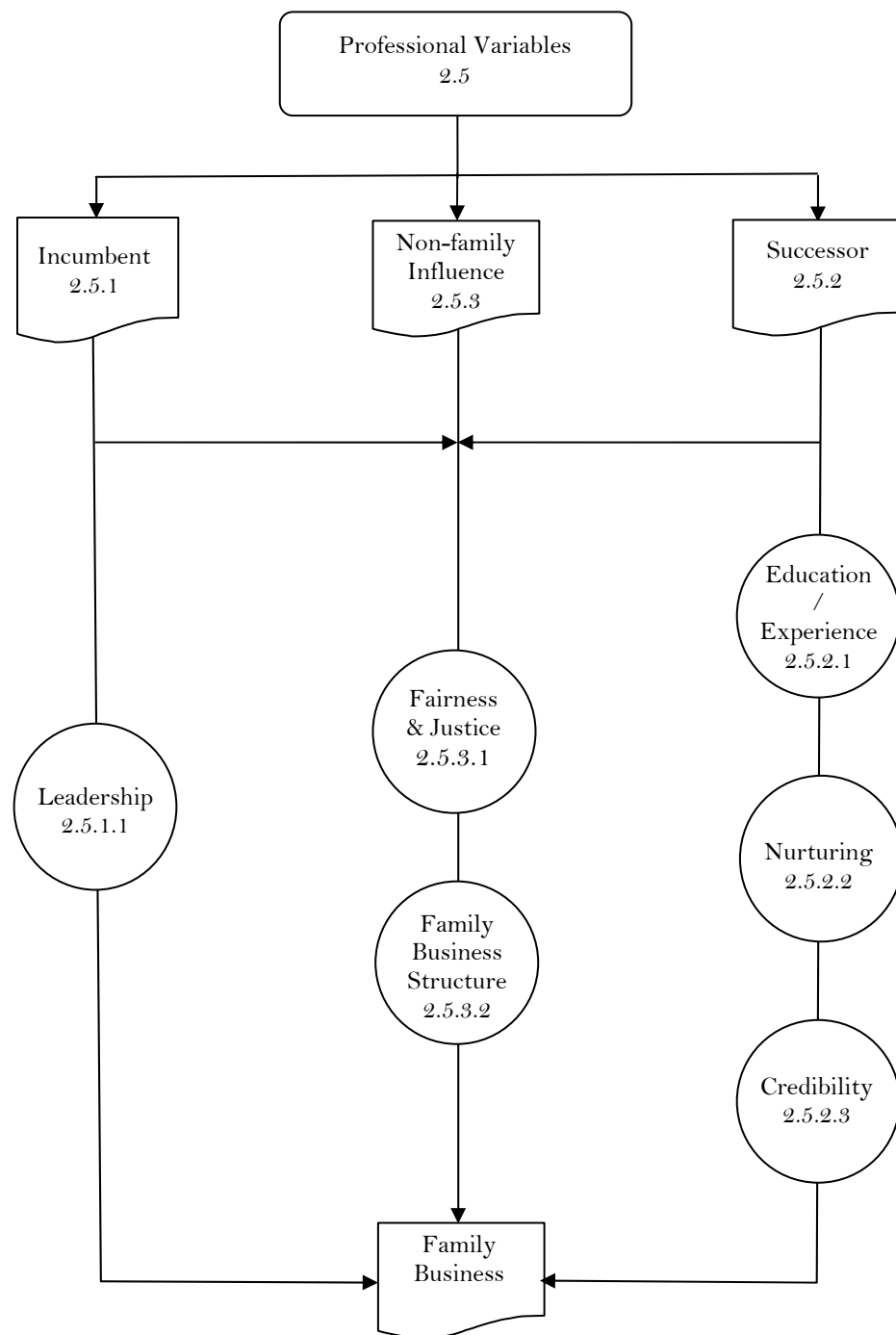
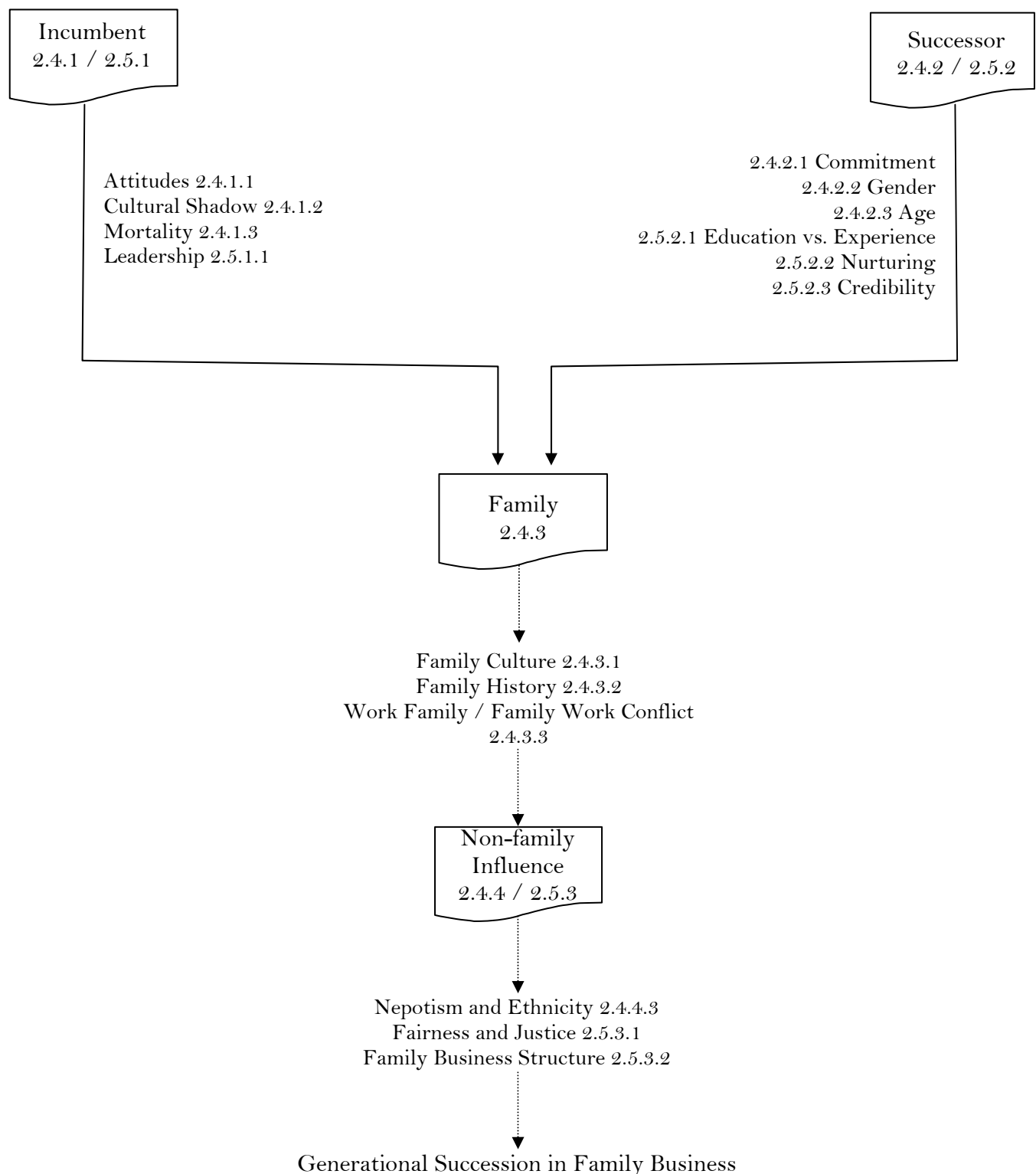


Figure 2.3
Professional Variables of Key Protagonists in Family Business Succession

**Figure 2.4**

Integration of Personal and Professional Variables of Key Protagonists in Family Business Succession

2.4. Personal Variables

Personal variables reflect the individual traits of key protagonists in the succession process.

2.4.1. Incumbent

For the purpose of this study, the incumbent is defined as the founder and/or the current family member holding the senior management position in the business, and who must relinquish this control before the succession of a new family member (De Massie et al. 2008). The personal variables associated with the incumbent are attitudes, cultural shadow, and mortality.

2.4.1.1. Attitudes

Vaughan and Hogg (2004:80) defined attitudes as a relatively enduring set of beliefs, feelings and behavioral tendencies towards socially significant objects, groups, events, or symbols. Kepner (1983:65) recognized the influence of the family's attitudinal makeup on the way in which a family business operates, and the incumbent's management model:

The particular way in which the family's cultural dynamics are influenced by their relationship with a firm will vary depending on such factors as the management model adopted by the firm, the clarity with which boundaries and opportunities presented by the firm to family members are communicated, and the particular family culture that develops independent of the firm's influences.

Subsequent research supported Kepner's (1983) notion of the interdependencies between the business and the family. For instance, Astrachan et al. (2005) and Koiranen (2002) identified that family business attitudes are formed by the core values in an organization, and that these values demonstrate what the family regard as important, reflected in the incumbent's sense of identity and belonging. As Davis and Harveston (1999:314) stated, “. . . an organization is a reflection of its founder.”

Vera and Dean (2005) argued that incumbents are the key catalysts in determining the attitudinal nature of the family business. This is because an incumbent's identity is tied up in the business, and as such that individual is instrumental in guiding the family business' values and direction. Carlock and Ward (2001) argued that it is through this transfer of

core family attitudes that the family's shared sense of identity and purpose is established, and that this process is driven by the incumbent.

Davis and Harveston (1999) identified that within the family business, the founder's influence extends to the culture and processes of the firm by creating peace and harmony in the family business. The founder achieves these results by creating a common purpose among the family and employees and establishing the prevailing attitudes, norms, and values. As long as the founder is in place, "everyone knows his or her place, whether he or she likes it or not" (Beckhard and Dyer, 1983:6).

The effect of the incumbent on the family business is also indicative of the incumbent's ability to exhibit higher levels of commitment (Cyert and March, 1963), greater entrepreneurial skill (Davis, 1968; Ensley and Pearson, 2005), and stronger personal ties with key business stakeholders, many of whom the incumbent would have established and nurtured (Schein, 1983).

Garcia-Alvarez et al. (2002:191) and Fox, Nilakant and Hamilton (1996) found that how incumbents saw the family business directly affected their attitude to transitioning the business. For example, the family business could be seen as an intimate part of the family narrative, merely as serving a financial purpose, or as a means by which incumbents could define themselves as a stepping stone to greater opportunities.

However, Astrachan et al. (2005) and Chrisman et al. (2005) noted that attitudinal influence may reside in more than just one family member. They acknowledged the possibility of relative power relationships within the family unit spilling over into the family business as potential sources of influence.

Notwithstanding this observation, Barnett and Kellermanns (2006) argued that where the control rests with one family member, that family member would be the dominant parent both within the family and the family business, and as such have the greatest influence in establishing the business norms and values. However, this symmetry between family business and family is not always the case, as Kepner (1983:69) found:

The firm's myths and culture may be different from those of the family even though [the] father is central to both systems. Family members entering the firm

may go through a period of culture shock, and re-socialization, to adapt to the firm's myths and culture.

Kepner (1983) acknowledged that the family system is so tightly interwoven with the business system that it cannot be disentangled without seriously disrupting one or both systems. According to Dunn (1999:44), a potential disrupting influence on the relationship between the incumbent and the successor and subsequently the succession process, is when the incumbent has unresolved issues and “unfulfilled dreams.” That is, because the incumbent’s life experience has in large measure been the result of their role in the family business, other life-challenges and opportunities may have been missed.

Le Breton-Miller et al. (2004) also identified that the role of the incumbent is significant in the nurturing and transferring of the family business narrative to the next generation, and that the educational credentials of the protagonists had the potential to influence the effectiveness of this transition. In this context, educational credentials refer to the formal educational qualifications of the incumbent and the immediate successors. Similarly, Cabrera-Suárez et al. (2001) noted that for the relationship between the incumbent and successor to be effective, key elements like the educational qualifications and business experience of each protagonist needed to be in alignment, arguing that without this commonality an effective transfer of knowledge between the generations may be at risk.

Along similar lines, McCann et al. (2001) found that appropriate educational qualifications and experiences enable incumbents to develop characteristics that help facilitate a smoother transition. These characteristics include the ability to learn and grow, to maintain close working relationships, and to create an environment of mutual respect and shared values.

To summarize, the components of Attitudes in relation to succession in a family business are:

- Identity – The degree to which the incumbent’s sense of self is defined by their role in the family business. The extent to which that role affects their ability to relinquish control of the family business may represent the mortality of the incumbent, and the act of giving up control signals their “end game”, or their ability to meaningfully contribute to the family (Davis and Harveston, 1999; Vera and Dean, 2005).
- Education – The incumbent’s level of education may influence their attitude towards their role in the family business and subsequently the succession process by either

compromising or enhancing their commitment to the business (Cabrera-Suárez et al. 2001; McCann et al. 2001).

- Outside interests and experiences – Outside interests and experiences, such as religious affiliations and commitments, charitable activities, sporting pursuits and hobbies can influence the incumbent's perception and increase his/her willingness to relinquish control and thereby facilitate a smooth transition (McCann et al. 2001).

2.4.1.2. Cultural Shadow

Davis and Harveston (1999) commented on the extent of the founder's influence on the business, extending into the business culture, the processes, and the interactions within the family business's members. Previously, Kets de Vries (1994) identified the influence the incumbent has within the business culture through the creation of a common purpose among the family and employees which reflected the prevailing attitudes, norms, and values. This influence of the incumbent on succession has been referred to as the cultural shadow (Dyer, 1986). The challenge for the incumbent is in deciding when to retire, if at all. Yochum (1997) identified that when considering retirement, only 22% of incumbents plan to retire and leave the business entirely, 60% expressed their intent to stay involved, though at a reduced level, and 11% expressed no intent to retire, while 7% did not know what they intended to do.

Davis and Harveston (1999) identified that even if the incumbent did not continue to work in a day-to-day capacity, their presence may interfere with a successor's capacity to lead, thereby influencing decisions within the family business. That is, the incumbent's leadership history may still interfere with the operational running of the family business, especially if the successor feels that he/she is constantly judged in comparison to the incumbent. As noted by Dyer (1986:407):

An institution is the lengthening shadow of one man [yet] a shadow is [a] fleeting thing . . . and if the firm is to persist beyond the lifetime of its founder, the leadership of the firm must pass from one generation to the next.

As noted by Santora and Sarros (2008), there are six phases in an organizational life cycle: introduction, growth, maturity, revival, decline and death. To ensure the longevity of the organization and to avoid phases five and six, it is essential that the leadership of the business reinvents itself and initiates the appropriate succession plans are in place.

The covert challenge to the authority of the successor was also identified in a case study undertaken by Santora, Sarros and Esposito (2012), which identified two key problems when the successor remained in the organization: (1) creation of unity of command problems as to who the employees should look to for direction; and (2) the possibility of unraveling the good work and legacy of the incumbent.

Notwithstanding the potential negative effect on a successor's leadership, the presence of an incumbent can have a mitigating effect on sibling and related conflict, where the incumbent acts as a powerful mollifying agent (Kets de Vries, 1994). Nonetheless, and as shown in Figure 2.5, the continued presence of the founder may make it difficult for the successor to fully gather the reins of the family business (Davis and Harveston, 1999).

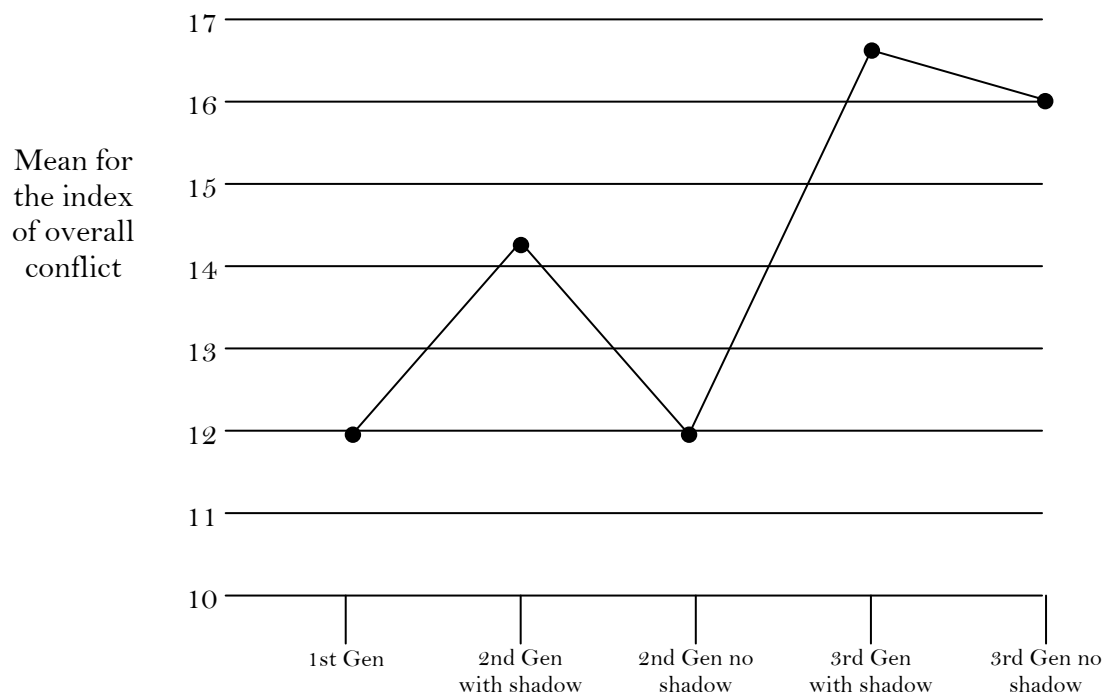


Figure 2.5
Conflict and the Shadow Effect
(Davis and Harveston, 1999:318)

Poza (2004) found that the style of leadership exhibited by the incumbent had a direct effect on the incumbent's shadow following transition. Six leadership styles were identified, including The Monarch – leadership for life; The General – retirement out of self discipline; The Ambassador – remain in the background; The Governor – work

towards succession; The Inventor – moves on to pursue other interests and; the Transition Czar – facilitate the succession process.

To summarize, the components of Cultural Shadow in relation to succession in a family business are:

- Leadership – The nature and style of the incumbent's leadership approach during their tenure may affect the way in which they support the succession process; a democratic style embraces and encourages succession, whereas an autocratic leadership approach inhibits succession (Poza, 2004).
- Planning – The greater the incumbent's commitment to planning for succession, the greater the chance that the succession will be successful as the transition will be ordered and well structured (Yochum, 1997).

2.4.1.3. Mortality

The willingness of the incumbent to relinquish his/her role in the family business relates to their sense of power and identity embedded in that role. Relinquishing the primacy role within the family business symbolically reflects an incumbent's declining influence; that is, his/her reduced power and recognition of their own mortality (Vera and Dean, 2005).

The intertwining of the incumbent's identity with that of his/her role in the family business was identified by Santarelli and Lotti (2005:190), who claimed that in most cases the founder/incumbent is one of the main obstacles against the transfer of the decisional functions to successors.

The difficulty of the founder to relinquish control was identified in an earlier work by Barnes and Hershon (1976:108):

Transfer of power from first to second generation rarely takes place while the founder is still alive and on the scene. What occurs instead during this time is a transition period of great difficulty for both the older and younger generations. For the founder it is like signing his own death warrant; for the successor the strain may be comparable.

Sharma et al. (2003) and Stavrou et al. (2005) identified the need for the incumbent to be psychologically ready to relinquish control before succession can take place. The

researchers found that even after a successful handover, if there was residual anxiety on behalf of the incumbent, the probability for a successful long term succession could be jeopardized.

Kepner (1983:69) expanded upon the stress effects of succession on the incumbent, noting that the changing role of the incumbent in the business can affect their role in the family itself. The family's ability to adapt to this change was critical for successful succession.

Sharma et al. (2003) and Stavrou et al. (2005) noted that how the incumbent sees their new role within the family business directly impacts on their willingness to support succession, as giving up their primacy position was akin to acknowledging their own mortality. Dunemann and Barrett (2004) found that mitigating factors that could reduce the incumbent's pending sense of mortality were familial and support systems outside the family business.

To summarize, the components of mortality in relation to succession in a family business are:

- Adaptability – The willingness of the outgoing incumbent to adjust to their new role post-succession will increase the probability of a successful succession due to the incumbent's commitment to accept the transfer of power in the family business (Sharma et al. 2003; Stavrou et al. 2005).
- Family Support – The greater the level of the family's support for the incumbent during succession, the greater prospect of a successful succession (Dunemann and Barrett. 2004).

2.4.2. Successor

For the purpose of this study, the successor is defined as the family member who takes leadership of the business from the previous generation (De Massie et al. 2008). The personal variables associated with the successor are commitment, gender, and age.

2.4.2.1. Commitment

Dyck et al. (2002) identified the need for successors to commit to a leadership role within the family business, as without this commitment the familiness of the family business would be diluted. Sharma and Irving (2005:15) considered this "focal behavior" of the

successor as the key ingredient in the long term survival of the family business. What constitutes such commitment? And can there be more than one type of commitment?

Meyer and Herscovitch (2001) understood commitment to be a force, experienced as a frame of mind, or psychological state, that compels an individual toward a course of action of relevance to one or more targets. Figure 2.6 represents Meyer and Herscovitch's (2001) proposed workplace commitment model. The inner circle incorporates the core essence of commitment, while the outer circle highlights the different mindsets that can influence the nature of the commitment, including the level of desire (being aligned with the goals and objectives of the organization), the nature of the obligation (feeling compelled to pursue the goals and objectives of the organization), and opportunity costs (acknowledging the loss if an individual does not pursue the goals and objectives of the organization).

Sharma and Irving (2005) drew on the organizational commitment literature to gain an understanding of the key motivational drivers for long-term and effective intergenerational commitment. Habbershon and Williams (1999), Handler (1989), Issacharoff (1998), Sharma and Irving (2005) and Stewart (2003) identified four key commitment variants:

- Affective commitment (Handler, 1989) - Commitment based on the emotional attachment to the family business, its goals, its beliefs and its values. Such individuals exhibit an alignment between the business and their personal goals. These individuals "Want to" be a part of the family business's future.
- Normative commitment (Sharma and Irving, 2005) - Commitment based on obligation and satisfying existing relationships rather than the intrinsic desire of affective commitment. These individuals "Ought to" be a part of the family business's future.
- Continuance/Calculative commitment (Habbershon and Williams, 1999; Issacharoff, 1998; Stewart, 2003) based on either the "sunk capital" put into the family business, and/or the opportunity cost of NOT continuing in the business. These individuals "Have to" be a part of the family business's future.
- Imperative commitment (Sharma and Irving, 2005) based on the successor not being able to succeed outside the family business. These individuals "Need to" be a part of the family business's future.

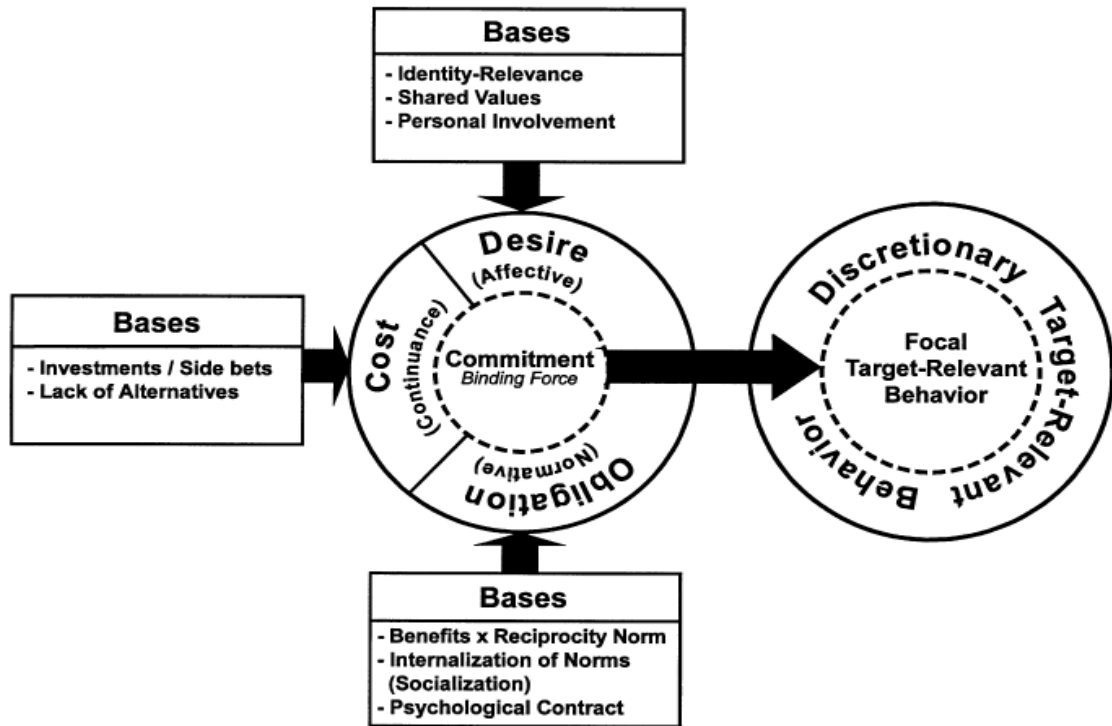


Figure 2.6

A General Model of Workplace Commitment

(Meyer and Herscovitch, 2001:317)

Parasuraman et al. (1996:282) observed that a range of external variables had a direct effect on the scope and nature of a successor's commitment, and include autonomy, job involvement, gender, work overload, schedule flexibility, parental demands, family involvement, and instrumental and emotional support.

Significantly though, Sharma and Irving (2005:19) observed that although external factors can impact on the successor's commitment, involvement in the family business can have a unifying effect on the successor's identity:

Individuals classify themselves and others into social categories, and have multiple identities. If the multiple identities or values associated with each are sufficiently distinct, feelings of "cognitive dissonance" or anxiety are experienced as the identities clash . . . the family business constitutes an important center of activity in the lives of family members, many of whom use the firm to define their place in their community.

Astrachan et al. (2005) and Habbershon and Williams (1999) clarified the degree of influence the family business can have on the successor, identifying three influential

factors: (a) an alignment of the successor's belief and that of the family business, (b) the willingness of the successor to contribute, and (c) a desire by the successor for a relationship within the family business.

To summarize, the components of Commitment in relation to succession in a family business are:

- Family business socialization – The earlier the successor is exposed to the family business, the greater the probability they will absorb the nature of the business which will influence their willingness to assuming a leadership position in the business (Astrachan et al. 2005; Habbershon and Williams, 1999; Sharma and Irving, 2005).
- External influences – Exposure to a range of non-family business experiences may compromise the successor's commitment to the family business by exposing them to alternative career paths (Parasuraman et al. 1996).

2.4.2.2. Gender

Barnes (1988) and Bennedsen et al. (2006) identified that the gender of the first born was significant in the family business's succession decision, with preference for primogeniture. Bennedsen et al. (2006:4) observed that the frequency of family transitions is 29.4% when the first born child is female, and increases to 39% when the first born is male, irrespective of the family business's profitability, age, or size.

In considering the effect of gender on succession, Kepner (1983:68) found that a male successor identified with a male incumbent, however when the successor was female, the male incumbent became ambivalent to the daughter's role. From a more recent perspective, Sharma and Irving (2005) found that the preferred gender of the successor is in part based upon family acceptance, culture, and role-tradition.

In the majority of cases however, what is considered an "appropriate" or "acceptable" successor tends to be male. Keating and Little (1997) observed in New Zealand farm-based family businesses that gender (male) tended to be the main factor when determining a successor. In a later study, Stavrou and Swiercz (1998) supported these findings noting that daughters, even first born, were not often considered for leadership roles in family businesses, with some owners preferring to sell the business rather than putting the daughter in a leadership role.

One explanation for a primogenitor preference identified by Vera and Dean (2005:326) centered on the incumbents' view of the role of a daughter, as opposed to that of a business leader, where the female would view her primary role as a mother, rather than as a business leader, irrespective of her business competence (Boyara et al. 2005). This inner conflict (the role of a mother vs. that of a family business leader) can be reinforced by non-family members of the family business, especially within a paternal family culture.

Vera and Dean (2005:327) noted that some elements of the female character, for example their nurturing tendencies, can exacerbate this inner conflict, especially where the daughter does not want to discuss succession with the father for fear of upsetting him.

In earlier studies, Cole (1997) and Ram and Holliday (1993) highlighted the potential for this inner conflict, identifying the daughter's dominant desire to become a mother and raise children, while at the same time the need to hold her position in the family business. Ram and Holliday (1993) noted that women play a critical role in the survival of a family business through formal roles, but also through unacknowledged and unpaid roles within the family business. These unpaid roles tend to be in the domestic sphere. Female successors find balancing the expectations of a mother and the demands of a business leader create greater challenges than faced by their male counterparts.

Orhan and Scott (2001) identified seven key motivations for females to prioritize a career in the family business, including: dissatisfaction with an external salaried job, insufficient family income, difficulty in finding a job external to the family business, need for a flexible work schedule to take into account family pressures, independence, self-fulfillment, and entrepreneurial personality.

To summarize, the components of Gender in relation to succession in a family business are:

- Primogeniture – Male successors, irrespective of their birth order, are assumed to be the logical aspirant to the leadership position of the family business (Keating and Little, 1997; Stavrou et al. 2005).
- Family Expectations – The traditional role of the female as a nurturer and child raiser is in direct conflict with the role of family business leader, comprising the daughter's ability to fulfill a business leadership role (Cole, 1997; Ram and Holliday, 1993).

2.4.2.3. Age

Davis and Tagiuri (1989) identified age as an additional influence on gender transition, and found that father-son succession was more harmonious when the father was between 50–60 years old and the son between 23–33 years of age. During this period, the father emphasized family philosophies, and became less controlling of the firm, while the son looked to the father as a role model. In comparison, Vera and Dean (2005) found daughters tended to take control of the family business in their 40s and 50s, whereas sons did so in their 20s or 30s. In an earlier study, Ram and Holliday (1993) observed the age discrepancy between male and female succession, suggesting that the reason for the discrepancy was due to the expected traditional gender-based roles.

To summarize, the component of Age in relation to succession in a family business is:

- Age of successor – Gender influences the timing of a successor's succession due to the different expectations by incumbents of sons and daughters (Davis and Tagiuri, 1989; Vera and Dean, 2005).

2.4.3. Family

For the purpose of this study, the definition of the family comprises the key blood protagonists, the incumbent and the successor, who directly influence the operations of the family business. Family may also include the spouse and immediate blood dependencies, where these individuals directly affect the key protagonists' management of the family business (Silva et al. 2006). The personal variables associated with the family are family culture, family history, and work family conflict.

2.4.3.1. Family Culture

Harrison (2006:6) defined culture as,

. . . the body of values, beliefs, and attitudes that members of a society share; values, beliefs, and attitudes shaped chiefly by environment, religion, and the vagaries of history that are passed on from generation to generation chiefly through child rearing practices, religious practices, the education system, the media and peer relationships.

Stavrou et al. (2005) and Zahra (2004) identified culture as a pattern of basic assumptions that are invented by a group, adopted by that group, and are taught to future members of

that group. These coherent patterns of belief represent an acceptable solution-based framework in the management of change and in the development of an acceptable foundation within the group. Steier et al. (2004) expanded upon this framework, arguing that an organization's collective culture has a direct impact on that company's competitive advantage, and directly influenced performance and processes. When considering the family business, Kepner (1983) acknowledged the significant role that the family's culture had on the business, and how that culture became internalized within the business's culture, ostensibly through key family members.

2.4.3.1.1. The Influence of Family Culture

Chrisman et al. (2003) identified that family values have a demonstrable influence over the overall conduct of a family business, encompassing its organizational map, its economic drivers, and its long term strategic outlook. The importance of the family's culture to a family business was also identified in earlier research by Barnes and Hershon (1976) and Dierickx and Cool (1989), who argued that a family business's culture is difficult to imitate due to ambiguity about its origins, and its embedded nature within family history and family dynamics.

Similarly, Chua et al. (1999), Corbetta and Montemerlo (1999), and Habbershon et al. (2003) identified the cultural uniqueness of a family business as the amalgam of the interactions among the family subsystem, the business subsystem, and the transformation of key leadership values. Heck (2004) also argued that to understand family business culture, a broader definition of business culture needs to be developed, factoring in the significant influence of the family culture and how it is managed. McCollom (1990:251) best sums up this unique relationship between family and business as "... when one looks at a family firm, one is really looking at the interaction of two complex social systems". This relationship is best exemplified by a study undertaken by Bennedsen et al. (2006:13) who found that family business exhibited a preference for children during succession, who had priority over other family members irrespective of their competencies.

Additionally, Grote (2003) identified the potential for internal family conflict in the family business during succession as the incumbent struggles to let go while the successor attempts to find their feet. This redistribution of power within the family business sphere to the successor by the incumbent can become complicated in the family sphere, as the father (incumbent) is still the parent of the child (successor).

In considering another aspect of family conflict, Ensley and Pearson (2005) observed that where family members such as siblings, step-siblings, cousins, extended family and/or distant ethnic members have not shared a long history, then a sense of shared communication, values, beliefs, and trust is reduced, adversely affecting a smooth succession.

Barnett and Kellermanns (2006) observed that for the family culture to have a positive effect upon the family business culture, its influence has to be managed, generally by the dominant family member. Lee (2006) found that the outcome of the cultural integration is not always positive, especially where the interests of the dominant family member are not consistent with the long-term interest of the family business. Boles (1996), Dyer (2003), Kahn and Henderson (1992) and Ward (1988) all acknowledged the potential for conflict and misaligned goals, where family goals and aspirations are not aligned with the business goals and aspirations.

2.4.3.1.2. Characteristics of Family Cultures

Belardinelli (2002:169) observed that “families are the environment within which individuals begin to make sense of and learn about their world. Value systems, personal habits, virtues and vices are all learned, or made sense of, in a family environment”. In a subsequent study, Dunemann and Barrett (2004:25) observed that the influence of family values and attitudes on its leadership occurs early on in the establishment of the business. Lee (2006:187) also acknowledged the importance of family culture, identifying its cohesive nature or the degree of closeness, emotional bonding, and cultural adaptability as the key determinants for successful transition. The degree of cohesion within a family, according to Olson, Russell and Sprenkle (1989), consists of four levels: (1) disengaged (very low); (2) separated (low to moderate – balanced level); (3) connected (moderate to high – balanced level); and (4) enmeshed (very high). Olsen et al. (1989) found that within the balanced levels (2 and 3), individuals are both able to be independent from, and connected to, their families, the difference being one of emphasis. It is at the extreme levels (1 and 4) that family members either have little commitment to, or have little independence from, their families.

Additionally, Olson et al. (1989) identified adaptability as the ability for the family to adjust to a changing power structure, during and post-transition. The researchers identified four levels of family adaptability: (1) rigid system, (2) structured system

(balanced system), (3) flexible system (balanced system), and a (4) chaotic system. In a later study, Dunn (1995) identified that the presence of a positive and adaptable culture was critical in the long-term transitional success of Scottish family enterprises. The styles of family leadership reflected in the balanced systems are democratic (structured family system) and egalitarian (flexible family system), in comparison to a rigid system where a more autocratic leadership style is prevalent, and an unpredictable leadership style in a chaotic system (Lee, 2006:177).

Lee (2006:178) claimed that it was the family's ability to adapt to new environments, situations, or status positions within the family unit that was of greater importance during transition. Characteristics of cultural adaptability include greater organizational commitment and participation, more work and life satisfaction and associated life balance, an open and receptive leadership style, and greater creativity and problem focused conflict. Dyer (1986) and Stavrou et al. (2005) identified the following family cultural styles and their influence on the family business: (1) Paternalistic – hierarchical in nature. In this environment the family retains control over key business decisions, where the family goals and values are paramount; (2) Laissez-faire - trusted employees take over the decision-making process, and there is a general lack of familial control; (3) Participative - where employees are involved in the decision-making process, facilitating a relationship, trust-based environment, and; (4) Professional – akin to a non-family business structure.

In an earlier work, Dyer (1986) also highlighted three family business cultural types: (1) Patriarchal/Matriarchal – where one family member has sole authority; (2) Collaborative – where information is shared and goals are cooperatively defined; and (3) Conflicted – where there are no common goals and each member has a different agenda. In considering the effect of culture on non-family employees, DeLong and Fahey (2000) and Zahra, Hayton and Salvato (2004) observed that a group-oriented, non-nepotistic family business culture that rewards performance will create an environment that fosters the sharing of knowledge, collaboration and listening. Zahra et al. (2004:363) identified a range of orientations: (1) Individual – opportunities and rewards result from demonstrations of individual excellence, rather than from collaboration; (2) Internal – emphasis placed on internal development and expertise; (3) External – emphasis on external centralization – where power is rigid and resides in the hands of a few; (4) Decentralized – where the focus is on cooperation and flexibility; (5) Short term – short

term focus over long term opportunity; (6) Long-term – willingness to take risks for the long term corporate benefit.

In the context of succession, Zahra et al. (2004) argued that a strong individualistic orientation can foster opportunities and challenges; however, without a team orientated environment, succession may be compromised. In comparison, an externally orientated, decentralized long-term orientation has a greater probability of embracing change and accepting transition. Zahra et al. (2004) concluded that the family cultural makeup will directly affect the success of transition. For success to occur, family culture must be participatory in nature, and exhibit a history of cooperation, and place (Chrisman et al. 2003; Dunemann and Barrett, 2004).

To summarize, the components of Family Culture in relation to succession in a family business are:

- Familiness –The more open and participatory the family culture, the greater the probability that all family business members will feel involved in the succession process, increasing its chances of success (Chrisman et al. 2003; Kepner, 1983; Lee, 2006).
- Family cohesion –The more connected and committed to each other are family members during transition, the greater the chances of a successful succession (Dyer, 1986; Lee, 2006; Olson et al. 1989; Stavrou et al. 2005).
- Sibling rivalry – The more disconnected siblings are to each other, the greater the family-based conflict due to competing interest and goals. This conflict can have a negative impact on succession (Ensley and Pearson, 2005).

2.4.3.2. Family History

Davis and Harveston (2001), Ensley and Pearson (2005), Smith et al. (1994) and Stewart (2003) considered the impact of family history on succession, arguing that it was impossible to separate the family's history from that of the business. They found that very early childhood events tended to be the catalysts that underpinned adult behavior, and that the stresses associated with the family business, especially during the transition process, saw these events rise to the surface. This proposition was supported in earlier research by Davis (1983:47), who acknowledged the interaction between family and business, embracing history, culture, kin, ethnicity and other family attributes. But the influence of family history in its own right need not be negative, as Davis and Harveston

(2001) observed. The more homogeneous a family history, the less conflict and disconnection will occur within the family business. This is due to (a) a single vision, (b) shared learning and understanding, and (c) greater trust and commonality.

Khai et al. (2003), Whyte (1996) and Stewart (2003) identified that the strength of the relationships in the family group, and the influence of the shared history and experiences of the members can directly affect the operational activities of the family business. In these cases, kinship logic can supersede traditional business rationale. Habbershon et al. (2003) asserted that the strong familial vision is a mitigating factor of conflict, as it ensures a coalition between the family and the business. Ensley and Pearson (2005) called this a “high level of familiness”, with greater emphasis placed on socio-emotional support rather than just on the task of running the business. In an earlier work, Klimoski and Mohammed (1994:432) called this familial vision the “shared cognition”, that is, the mental models about strategy and the future direction of the business. Amason (1996) noted that this consensus is far more than simple agreement; it requires active cooperation, faith, and trust among family members.

Dunemann and Barrett (2004) and Smith et al. (1994) found that the impact of family culture and its history relates directly to the effectiveness of family business decision making, arguing that a participative culture will enhance effectiveness, reaction times, and flexibility during stressful times, such as transition.

To summarize, the components of Family History in relation to succession in a family business are:

- Early family experiences – Early family experiences, especially experiences associated with the family business, increase the probability of a successful succession as a result of the formative development of strong bonds and emotional alignment among family members and with the family business (Davis and Harveston, 2001; Ensley and Pearson, 2005; Smith et al. 1994; Stewart, 2003).
- Kinship logic – The introduction of extended family members into the family business can have a positive impact on the growth of the business (Khai et al. 2003; Whyte, 1996).

2.4.3.3. Work Family Conflict / Family Work Conflict

This section explores the nature of the relationships between the business and family roles, and how these roles are reconciled.

2.4.3.3.1. Determinants of Work Family / Family Work Conflict

Netemeyer et al. (1996:400) observed that the two important focal points of an adult's life are family and work. However, the role expectations of these two are not always compatible, with the potential to create conflict. The level of this conflict can be considerable and does affect a significant proportion of workers (Pleck, Stains and Lang, 1980). Netemeyer et al. (1996:401) defined the nature of the Work Family Conflict/Family Work Conflict (WFC/FWC) relationship as follows:

WFC is a form of inter-role conflict in which the general demands of time devoted to, and strain created by the job interfere with performing family-related responsibilities. FWC is a form of inter-role conflict in which the general demands of time devoted to and strain created by the family interfere with performing work-related responsibilities.

Frone, Russell and Cooper (1997) and Greenhaus and Beutell (1985) supported this observation noting that the fulfillment of either role - work or family - will place demands on an individual's time and focus, and can undermine either family and/or work responsibilities. This in turn can impact on the successor's commitment to the business.

WFC/FWC is not unique to family businesses, however Steier et al. (2004) argued that the impact tends to be greater in family businesses due to the history, expectation and interplay of culture and values in a family business. The interdependencies among family members and the business are often difficult to separate (Cole, 2000). Boyara et al. (2005:919) considered the effect of gender on WFC/FWC, proposing that as more females enter key leadership roles, the propensity is for this type of conflict to increase, due in part to the clash with the traditional home-focused role of women. This demographic change is supported by Vera and Dean (2005:321), who observed that the “. . . increase in women taking over family businesses follows the same curve as women's business ownership in the United States. Generally, in 20 years, one-third of family businesses will be run by women”. Boyara et al. (2005) and Parasuraman et al. (1996) acknowledged that women typically have greater responsibility for family care and

nurturing responsibilities, and that these traditional roles compromised the emerging female work commitments. As Parasuraman et al. (1996:276) stated:

Gender asymmetries persist in the participation of men and women in home maintenance and child care, and women still bear primary responsibility for managing family-role demands in addition to their work-role demands.

Boyara et al. (2005) argued that women tend to place a greater importance on the family, which may necessitate being away from work. Therefore, women should be more likely than men to resolve WFC in favor of the family by being absent, leaving work early, or arriving late for work. Kepner (1983:58) also identified the difficulty in disengaging the focuses of family and business, arguing that any attempt could potentially disrupt both social systems.

The nature of the interdependency between the family and the business was also supported by Hoover and Hoover (1999) and Lee (2006), arguing that the two social structures are so closely interconnected that one cannot change one without affecting the other. Lee (2006) argued that the greatest threat to the long-term survival of a family business rests with how the business manages relationships and competing home/work demands. Ward (1988) identified the competing perspectives of WFC/FWC, or the emotional as opposed to the objective views of business decision making. On the one hand, the family tends to be more forgiving of family business members; however this emotional window can be colored by the family's expectations of the roles members play in the family.

Kepner (1983:61) best summed up the competing nature between roles and responsibilities in a family and a business:

When spouses are unable to meet each other's needs for affection and companionship or unable to resolve the inevitable differences and conflicts between them, they may make an alliance . . . other sets of people or entities that are outside the nuclear family may be 'triangled' into the spouse subsystem. For the family involved with a firm, the business may be experienced as a shadowy but nonetheless potent third party to their family life.

2.4.3.3.2. Composition of WFC/FWC

Greenhaus and Beutell (1985) highlighted three key determinants of WFC/FWC consisting of time-based, strain-based, and behavior-based conflict. Parasuraman et al.

(1996) defined time-based conflict as work-role overload, i.e. the time demands that work placed on the individual, with too many tasks to be completed within the time allotted, thus impinging on the individual's family time. Greenhaus and Beutell (1985:80) defined time-based conflict in these terms:

It is plausible that a highly career-involved man devotes little time to his family; thereby increasing the already heavy time demands placed on his wife by a large family . . . Work schedules, work orientation, marriage, children, and spouse employment patterns may all produce pressures to participate extensively in the work role or the family role. Conflict is experienced when these time pressures are incompatible with the demands of the other role domain.

In comparison, strain-based conflict is defined as the effect one activity has upon another that can lead to tension, anxiety, fatigue, depression, apathy, and irritability (Greenhaus and Beutell, 1985). Both time-based and strain-based conflict share several common sources in the work domain. George and Brief (1990) found that satisfaction or dissatisfaction in one area of life extends to another.

Behavior-based conflict is defined as the effect of individuals bringing their work roles home with them, and dealing in the home environment as they would in the work environment (Greenhaus and Beutell, 1985). This conflict model is consistent with the Spillover Model developed by George and Brief (1990). Dunemann and Barrett (2004) found that the spillover from one environment to another was especially prevalent in family businesses due to the interdependencies of the two social systems, and the blurring of roles.

2.4.3.3.3. Alternative Models

A range of alternative models has been proposed explaining role conflict and how it can affect decisions and family transition. These models are the compensation, segmentation, inter-role and gender based models.

The Compensation Model by Staines (1980) argues that dissatisfied workers compensate by seeking alternative non-work experiences for satisfaction, suggesting an inverse relationship between work and non-work satisfaction.

The Segmentation Model (Zedeck, 1992:9) suggests that the separateness between work and non-work domains is the result of a conscious effort to delineate the boundary between family and work, i.e. the two spheres are distinct and an individual can be successful in one without influencing the other.

The Inter-role Conflict Model of Smyrnios et al. (2003) is very much in line with Time-Strain-Behavior Models (Greenhaus and Beutell, 1985). The inter-role model argues that role pressures associated with membership in one organization are in conflict with those stemming from membership in another, making it difficult to comply with the demands of either. Smyrnios et al. (2003) argued that the work stresses placed on an individual stem from three independent variables: (a) inter role conflict, (b) after hours work, and (c) business dissatisfaction, impacting on work-to-interpersonal conflict, work-to-household conflict, family cohesion, and anxiety.

The Gender-based Model of Parasuraman et al. (1996) considers the effect gender has on work and home life relationships, as reflected in Figure 2.7.

In this model, gender greatly influences WFC/FWC due to time commitment issues and associated role expectations. Parasuraman et al. (1996) identified two key variables that influence WFC/FWC:

- Schedule inflexibility – where the time demands on the individual in their competing roles are incompatible, and
- Job/family involvement - the psychological impact that one sphere has on the other, i.e. the amount of energy and “thought time” expended in a particular role and where that mental focus impinges on another.

2.4.3.3.4. Mitigating Factors

Lee (2006) identified family characteristics that would minimize WFC/FWC, including family cohesion (transferring issues between the family business and family); family loyalty (establishes a feeling of responsibility to look after family assets and decreases the possibility of leaving the family business); family adaptability (the willingness for the incumbent to let go and for the family to accept the new structures); level of authority (the ability to influence and reduce feelings of anxiety and powerlessness); and level of autonomy (freedom from the incumbent’s shadow).

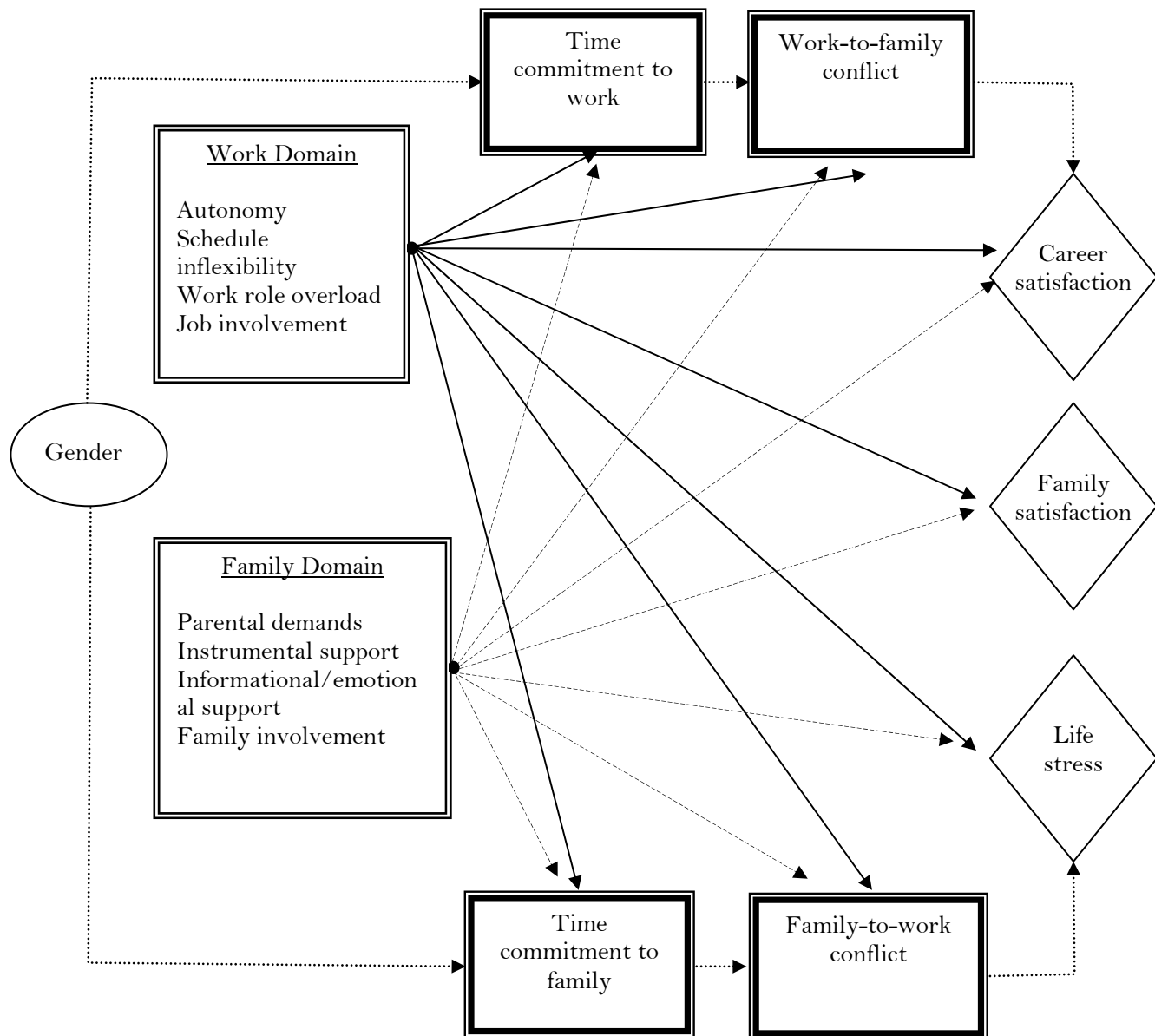


Figure 2.7

Gender Based Model of Work Family Conflict

(Parasuraman et al. 1996:278)

Parasuraman et al. (1996) and Smyrnios et al. (2003) identified other mitigating factors including a strong social support network that acts as a buffer; a supportive spouse or “significant other” in terms of instrumental support (tangible help); emotional/informative support (advice and affirmation of affection); effective communication and empathy between partners; and general family support systems.

Cole (2000) and Lansberg (1983) acknowledged the need for a strong family support system in the mitigation of WFC/FWC. With a strong supportive structure, new associated role demands as a result of succession would be managed more effectively.

Clark (2001) identified three key elements of a strong family support system: temporal flexibility (flexible work scheduling factoring in non-work considerations); operational flexibility (flexible work processes and autonomy as to how work can be undertaken); and family empathetic culture (an understanding by the leadership team that family needs are important). Clark (2001) argued that the unique history, values, and family identity create a greater sense of loyalty and empathy within family members.

2.4.3.3.5. WFC/FWC and Performance

Smyrnios et al. (2003) observed that WFC/FWC is associated with a general level of organization dysfunction and poor individual satisfaction, both of which can lead to poor managerial decision making. In relation to succession, such pressures can lead to a dysfunctional environment, and the probability of long term family business failure.

To summarize, the components of Work Family/Family Work Conflict in relation to succession in a family business are:

- Gender – The greater the emphasis on home duties by women compared to their male counterparts may negatively impact on their commitment to the family business (Boyara et al. 2005; Parasuraman et al. 1996).
- Adaptability – Mitigating the effects of a changing WFC/FWC environment resulting from succession is achieved by creating an adaptable environment in the family business by reprioritizing competing home and work demands (Lee, 2006).
- Spousal support – An increased level of understanding and spousal support for family business members empowers them to manage competing home and work priorities, and helps minimize conflicts in both the home and family business (Parasuraman et al. 1996; Smyrnios et al. 2003).

2.4.4. Non-Family Influence

For the purpose of this study, non-family influence encompasses non-family employees and independent advisors. The personal variable associated with non-family influence is

nepotism and ethnicity. First, an explanation of non-family employees and advisors is provided.

2.4.4.1. Non-Family Employees

Barnes and Hershon (1976) highlighted the range of family and non-family motivational variables that influence family business management, as represented in Table 2.1. For example, while the family see promotion as a means to maintain control, non-family employees see promotion reflecting reward based on merit. Similarly, where the family perceives the running of the family business as a means to maintain control, develop a career path and ensure family inheritance, non-family employees focus instead on the appropriate business governance and corporate practices to maintain effective traditional business practices. Khai et al. (2003) observed the degree of third party influence depends on the idiosyncratic nature of the family business culture and its ability to accept outside interference. The willingness or lack thereof of the incumbent's acceptance of third party influence can lead to the incumbent closing down the business, rather than allowing it to fall into non-family business hands (Santarelli and Lotti, 2005).

These observations are consistent with Handler's (1989) observation that an incumbent's dream of transferring control of the family business to their children was regardless of the children's abilities, and irrespective of third party competencies. Bennedsen et al. (2006) and Vera and Dean (2005) found that this nepotism hurts performance, and limits business opportunities over an extended time period.

Dunemann and Barrett (2004) differentiated between the short and long-term effects of family vs. third party involvement, observing that in the short-term, family involvement provides the business a competitive advantage due to family cohesion and common family values. However, these advantages dissipate in the longer-term. Bennedsen et al. (2006) and Stavrou et al. (2005) suggested that the best way to mitigate third-party complications while maintaining family control was to ensure that the family successor had the appropriate values, skills and motivation to join and take over the business. On the other hand, Barnett and Kellermanns (2006) suggested that although family members hold key executive positions, non-family members fulfill an important management function. Mitchell, Morse and Sharma (2003) argued that the management of these relationships was critical to the long-term viability of the family business.

Table 2.1
Pressures and Interests in a Family Business
(Barnes and Hershon, 1976:108)

	Inside the Business	Outside the Business
Inside the Business	The family	The employee
	Maintaining control	Reward
	Family preference	Equity and stake
	Family continuity	Meritocracy
	Family rivalry	Bridging transition
Outside the Business	The Relative	3rd Parties
	Income and inheritance	Competition
	Family conflict	Corporate governance
	Career path	Business/management practices

2.4.4.2. Independent Advisors

Chrisman et al. (2009) found that tax, management and other independent professionals, who bring skills into the business that the protagonists do not possess, increase the confidence and satisfaction of protagonists with the succession process. Chrisman et al. (2009) went on to observe that the use of outside professional advisors minimized disruption and facilitated a smoother transition. The structured contributions that these professionals provide include preparing the family for transition, defining the family business transitional goals, organizing the succession task group, selecting criteria for the successor, preparing the successor, preparing the incumbent, contributing the timing of the succession, and assisting in guiding the process.

2.4.4.3. Nepotism and Ethnicity

What makes a family business unique is the influence the family and business have on each other:

The various perspectives all regard the family and firm as subsystems of a meta-system in which boundary conditions are overly diffuse and permeable, resulting in a high degree of mutual influence that is dysfunctional when viewed from the firm's perspective (Kepner, 1983:58).

However, whether the synthesis of family and business is positive or negative will depend on the relationships among family members, and how they are managed in times of change and stress (Boles, 1996; Chrisman et al., 2005; Hoover and Hoover, 1999; Lee, 2006).

The term ethnicity emanates from the Greek word for nation: “ethnos” described a community of common descendants, with the capacity to mobilize, empower a clan and differentiate them over another clan (Wolff, 2006). Aldrich and Waldinger (1990) extended the definition to encompass the capacity for an ethnic identity to create advantages for the “in-group” while establishing barriers or disadvantage for the “out-group”. This “in-group” identity enabled individuals to define boundaries, and develop shared assumptions, facilitating smoother communications (Wolff, 2006). Karra et al. (2006) noted that these “kinship networks” can create significant advantages in business, social networking, and communal support. Stewart (2003:385) summed up the effects of ethnicity and kinship on group cohesion:

Kinship concepts, institutions, and relations classify, identify, and categorize persons and groups . . . This is associated with rules of conduct whose efficacy comes, in the last resort, from a general principle of kinship morality that is rooted in the familial domain and is assumed everywhere to be axiomatically binding. This is the principle of prescriptive altruism which I have referred to as the principle of kinship amity.

Karra et al. (2006) and Peredo (2003) expanded the influence of blood beyond the immediate family, acknowledging that “like” individuals in terms of history, language, identity, and macro-culture, identify themselves as part of a special relationship among those individuals. Peredo (2003:398) defined “spiritual kin-based businesses” as a family beyond the biological-based family, encompassing ritual, social, cultural, and/or religious commonalities. As Friedman (1999:7) previously noted, “. . . before the world was transformed into what we know of it to be today, there were tribal loyalties, clan loyalties, and religious loyalties”.

Dyer (2003) argued that ethnic and kin relationships are important in our understanding of family business relationships because of the tremendous impact that family has on the family business. Further, in a study of Pakistani families in the Manchester garment industry, Ram and Holliday (1993:630) observed the effect of ethnicity on family business decision making:

Pakistani entrepreneurs depended on a high degree of trust which was needed to facilitate the extension of credit, expedite transactions, and serve as a form of guarantee. Trust is generated via ritual kinship and family ties, through the evocation of moral bonds specific to the members of the group and excluding outsiders.

However, notwithstanding the potential benefits of family bonds, in their study of a Turkish luggage company, Karra et al. (2006:872) found that the involvement of family and near kin led to a range of challenges including shirking, free riding, and the consumption of perks. These challenges were in conflict with the family vision, and created a sense of chronic organizational injustice with some members of the family resentful of what they perceived as equal rewards. The outcome of a nepotistic management culture reduced the family business' ability to have access to skilled professionals in accounting, marketing, and information technology and also to develop independent transparent protocols and procedures based on merit. These protocols and procedures encompass areas within the family business including financial policies and structures (Gallo and Vilaseca, 1998), strategic planning (Chua et al. 2003), and human resource management and compensation (Siebels and Knyphausen-Aufse, 2012).

To summarize, the components of Nepotism and Ethnicity in relation to succession in a family business are:

- Protocols and procedures – Protocols and procedures in the family business may mitigate the effects of extended blood and ethnic relationships in the succession process through the establishment of codified and independent measures (Chua et al. 2003; Gallo and Vilaseca, 1998).
- Culture – Commitment based solely on family and blood relations, irrespective of abilities or skills, may have a negative effect on the family business (Dyer 2003; Karra et al. 2006; Ram and Holliday, 1993).

2.5. Professional Variables

The professional variables are the attributes reflected in the skill set and/or external influences on the individual or group of individuals who make up a defined reference group, i.e. the family unit or the family business.

2.5.1. The Incumbent

The professional variable associated with the incumbent is leadership.

2.5.1.1. Leadership

Elenkov, Judge and Wright (2005:666) defined leadership as:

The process of forming a vision for the future, communicating it to subordinates, stimulating and motivating followers, and engaging in strategy-supportive exchanges with peers and subordinates.

Elenkov et al. (2005) identified two forms of leadership: Transactional Leadership - reward based, managing underperformance and avoidance of interference; and Transformational Leadership - role modeling, inspirational motivational behavior, intellectual engagement and simulation, and empathetic emotional support. Westley and Mintzberg (1989) identified a third leadership approach, the visionary leader, who secures the cooperation of others in pursuit of a vision. According to Elenkov et al. (2005:668), “top managers are able to develop and communicate to followers some clear and compelling imagery, which recognizes and draws on traditions”.

Dunemann and Barrett (2004) identified that leadership style is directly related to succession. They found that an open leadership approach with honest and transparent communication, and just and equitable procedures, created a positive environment to facilitate succession.

Similarly, Goleman (1995, 1998), Goleman, Boyatzis and MacKee (2004) and Stavrou et al. (2005) found that leadership style was influenced by personality, character, corporate and family history, previous leadership styles, the external environment, general expectations, emotional awareness, and empathy. Figure 2.8 summarizes these key attributes in a model of strategic leadership which consists of three key variables: social culture – the innovative nature of the dominant corporate culture; top management team heterogeneity – the diversity and experience base of senior managers and advisors; and personality factors – including such characteristics as extraversion, openness to experience, agreeableness, conscientiousness, and neuroticism. Focusing on succession, Stavrou et al. (2005) also noted that these personality styles contributed differentially to succession outcomes.

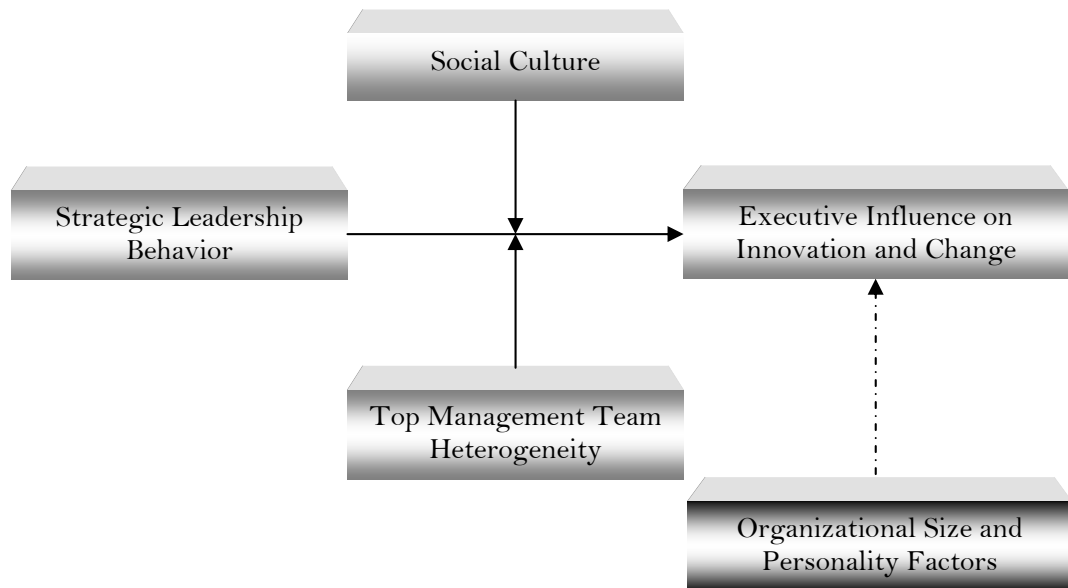


Figure 2.8

Strategic Leadership Behavior and Executive Innovation Influence
(Elenkov et al, 2005:666)

Goleman (1995, 1998), Goleman et al. (2004) and Stavrou et al. (2005) found that family businesses whose leaders were empathetic, and appreciated the dynamic and all-encompassing nature of succession, tended to have a more successful transition than leaders who did not exhibit those attributes. These positive traits created a more open and honest business culture, with an imbedded transparent communication configuration. Similarly, Gardner (2006) identified five traits, namely cognitive skills, synthesis, creativity, empathy, and ethics as essential in effective leadership, especially during dynamic periods of change.

In related studies, Kepner (1983) and Sharma and Irving (2005) found that the leadership style of the incumbent, reflected in the culture of the family, had the greatest impact on the successor's commitment to transition.

To summarize, the components of Leadership in relation to succession in a family business are:

- **Leadership Style** – The incumbent whose personality is open, positive, and empathic is more likely to have family business members embrace their leadership, and accept

initiatives and any changes that result from succession (Goleman, 1995, 1998; Goleman et al. 2004, Stavrou et al. 2005).

- Communication approach – The more open and transparent is the incumbent in the family business, the greater the possibility of creating an environment of trust and support, enhancing the chances of a successful succession (Dunemann and Barrett, 2004).

2.5.2. The Successor

The professional variables associated with the successor are education vs. experience, nurturing, and credibility.

2.5.2.1. Education/Experience

Handler (1991) found that training the successor entailed (a) personal development prior to working in the family business, (b) involvement in the business, and (c) ascension to the leadership position. It is within this structure that the level and type of education and experience are important.

Morris, Williams, Allen and Avila (1997) found that formal education positively influenced the successor's skills and capabilities, enhancing their progress through the family business. In an earlier study, Goldberg (1996:193) identified that successors with college degrees were more successful than successors who only held high school diplomas. In a subsequent study McCann, DeMoss, Dascher and Barnett (2001) supported the importance of a university-based education, recognizing that a culture of learning gave the successor an advantage. On the other hand, Churchill and Hatten (1987) and Le Breton-Miller et al. (2004) identified the benefits of non-university-based training programs in enhancing the leadership skills of the successor, even if that training was part-time and included vocational jobs during school holidays. Barach and Ganitsky (1995) and Le Breton-Miller et al. (2004) found that the broader the experience base of the successor, independent of the family business and the family business's industry, the greater the benefit to the successor during succession.

Cabrera-Suárez et al. (2001) found that the incumbent's knowledge of the business was transferred to the successor as early as possible to enhance the greater the propensity for the successor to absorb it. The process of the transfer of knowledge was identified as a

multistage process, with the successor gaining from the incumbent's experience over time. This gradual approach increased the acceptance from non-family members of the business, as they observed the incumbent's inclusion as a planned transition.

Earlier, Barach and Ganitsky (1995:138) identified that the nature of the relationship between the incumbent and the successor will largely determine the nature of knowledge transfer. Goldberg (1996:192) supported the importance of the relationship, finding that "... effective successors had significantly better relationships, with their fathers; they had a happier childhood; they were introduced to the business at an earlier age; and they began working full-time in the business at an earlier age". Goldberg (1996) went on to demonstrate the importance of appropriate experience, noting that successful successors had many more years of experience within the business than did the less successful successors.

To summarize, the components of Education/Experience in relation to succession in a family business are:

- Formal Education – Successors who expand their skill set through tertiary degrees or other non-university based institutions, are better equipped to assume a leadership position in the family business post-succession compared to their counterparts without this additional training (Goldberg, 1996; Morris et al. 1997).
- External Experience – Successors with experiences beyond that of the family business are better prepared to assume a leadership position in the business, and are able to adapt and initiate innovative solutions to family business problems (Barach and Ganitsky, 1995; Le Breton-Miller et al. 2004).
- Early Involvement – Earlier exposure to the family business by the successor enhances the relationship between the incumbent and successor, which in turn results in a more effective transfer of family business knowledge between the generations (Cabrera-Suárez et al. 2001).

2.5.2.2. Nurturing

Barach and Ganitsky (1995) highlighted the importance of the incumbent and successor relationship in the transfer of the knowledge base and culture of the family business from one generation to another. This observation is supported by Le Breton-Miller et al.

(2004) and Morris et al. (1997), who found that the incumbent/successor relationship contributed to the successor establishing in their own right the trust and authority required for the succession to succeed.

Cabrera-Suárez et al. (2001) understood the importance of this relationship as a means by which the incumbent, in a mentoring role, significantly assisted in the development and growth of the successor into the leadership role. Similarly, Bjuggren and Sund (2002:125) noted that:

Family idiosyncratic knowledge is acquired in learning by watching and doing . . . Growing up with the owner-entrepreneur of a family firm gives an inside position that may give specific knowledge of how to run the firm in a profitable way.

The nature of the relationship between the incumbent and successor is reciprocal in nature, in that how the family business perceives the interaction between the two will have a direct bearing on the success or otherwise of the relationship (Sherman and Freas, 2004). To increase the successor's self-efficacy, the relationship that is established needs to exhibit positive framing of the succession process, actively seeking out relevant information and ensuring the relationship with the incumbent is both positive and empowering (Ashford and Black, 1996, Baek-Kyoo, 2005). Allen, Day and Lentz (2005) identified the importance of shared experiences and increased interpersonal comfort as a prerequisite for knowledge transfer. Ashford (1989), Bandura (1982), Bass and Yammarino (1991), and Blackmore, Thomson, & Barty (2006) all highlighted the importance of each party understanding the others' perspectives and backgrounds in facilitating a smooth succession.

To summarize, the components of Nurturing in relation to succession in a family business are:

- Relationship – The stronger the relationship between the incumbent and successor the easier it is for critical information to flow to the successor, increasing the probability of a successful succession (Barach and Ganitsky, 1995).
- Mentorship – The opportunity for the successor to be mentored prior to succession increases the probability of a successful succession by facilitating the transfer of unique family business knowledge (Bjuggren and Sund, 2002).

2.5.2.3. Credibility

Barach et al. (1988) found that to ensure that the successor is accepted as the next generation leader in a family business, that successor must attain credibility in the minds of the other members of the family business. This credibility can be attained by the successor absorbing the idiosyncratic knowledge unique to that family business. Researchers have argued that it would be impossible to legitimize this transition if subsequent generations did not recognize each others' abilities, and that this mutual legitimization is crucial to successful transition. As noted by Christensen (1979:182):

The newcomer must be able to prove their ability to the other executives and win their confidence. In their eyes, at least, he is on trial. Although he has legal authority of the name and future ownership [of the firm] he must earn the real respect of his associates. The father can appoint the son to the office, but he cannot force acceptance by the organization.

Davis and Harveston (1999) in their discussion on family business culture identified that the incumbent is influential in others accepting any change in the hierarchy. Accepting change enables the family business to embrace the next generation of leaders, bestowing on them the credibility to run the business. In addition, the timing of the transition plays an important role in establishing the successor's credibility. Delaying the handover until the successor is prepared will ensure that the successor has gained the relevant skills and experiences to evolve into the leadership of the business, and to have gained an appropriate level of proficiency (Barnes and Hershon, 1976).

To summarize, the components of Credibility in relation to succession in a family business are:

- Family Business Knowledge – The more the successor is able to absorb unique family business knowledge, the greater the level of credibility they acquire from family business members (Barach et al. 1988; Christensen, 1979).
- Acceptance – The greater the level of acceptance of changing roles in the family business by both family and non-family members, the greater the probability that the succession will be successful (Davis and Harveston, 1999).

2.5.3. Non-family Influence

The professional variables associated with the non-family influence are fairness and justice, and family business structure.

2.5.3.1. Fairness and Justice

In a review of the current literature, Barnett and Kellermanns (2006) identified that non-family perception of its treatment in the family business determines its loyalty to and its role in the family business. Where non-family influence perceived a lack of fairness in the family business, they felt uncomfortable and were concerned that their role was under threat (Lubatkin, Schulze, Ling and Dino, 2005). This perception occurred in family businesses where there were inconsistencies in decision making, secrecy, overt nepotism over merit, and breaches of trust, all of which undermined the position of non-family participants in the organization, and directly led to a feeling of alienation and disempowerment (Cropanzano et al. 2001).

Cropanzano, Byrne, Bobocel and Rupp (2001) considered three components in determining fairness in an organization:

- The “would” component - The individual senses that they have experienced some harm and must also be able to imagine alternative situations that would be more positive.
- The “could” component - The individual must determine who is responsible for the management practice and whether or not this person or entity had discretion to act differently.
- The “should” component - The individual’s ethical judgment of the situation. If the situation violates the individual’s moral code, it will be perceived as unjust.

In considering the nature of justice in the family business, Barnett and Kellermanns (2006) identified the degree to which non-family influence felt valued and acknowledged in the business, or whether they felt they were a disposable commodity. A key component of being valued was whether or not the non-family influence believed that the processes in the family business were just, and whether or not they were included as part of the “in group” or instead were excluded from decisions. Barnett and Kellermanns (2006:838) went on to identify three justice components that would apply in a family business:

- Distributive justice - the fairness of the outcomes of a decision process relative to others.
- Procedural justice – the fairness of the decision-making processes.
- Interactional justice - the quality of interpersonal treatment received during the decision process.

The interplay and consistent application of these three components will directly impact on the perceptions and performance of non-family influence.

To summarize, the components of Fairness and Justice in relation to succession in a family business are:

- Transparency – The more open and transparent the succession process is seen to be by non-family employees, the greater they will accept and support the succession (Cropanzano et al. 2001).
- Consistency – The more consistent and less family-centric decisions are seen to be, the more likely non-family employees will accept their outcome (Barnett and Kellermanns, 2006).

2.5.3.2. Family Business Structure

Dunemann and Barrett (2004), Fox et al. (1996), Stavrou et al. (2005) and Vera and Dean (2005) argued that a participatory and collaborative family business culture based on merit exhibited the greatest chance of long term viability, and that the most effective way to ensure longevity was through a solid board/management structure. Stavrou et al. (2005) identified four structures that directly influenced succession: paper board - exists mainly on paper and consists of family members; rubber-stamp board – where the advice of non-family members is requested but not necessarily followed; advisory board - consists of both family and non-family directors; and the overseer board – professional, akin to a non-family business. In a study of Asian family businesses, Janjuha-Jivraj and Woods (2002a,b) observed that large, stable family businesses with formalized clearly-defined structures created an environment where employees felt secure during transition. This was not the case where structures exhibited a nepotistic bias. The researchers also identified that a clearly-defined corporate structure reduced the possibility of intergenerational conflict caused by extended family members joining the family business.

In respect to management performance and conflict management, Chrisman et al. (2003) and Ensley and Pearson (2005) identified that incumbent led Top Management Teams (TMT) were the most effective. These observations were in line with an earlier study by Kepner (1983), who noted the importance of the incumbent in translating the family culture into the business culture. The least effective management teams were led by successors, where there was less cohesion and greater relationship conflict due to the absence of the dominant parental leadership figure (Bennedsen et al. 2006; Ensley and Pearson, 2005).

To summarize, the components of Family Business Structure in relation to succession in a family business are:

- **Formalized Structures** – Increasing the level of codification of business structures and decision making in the family business will mitigate the nepotistic influence of family-centric decision-making. This approach empowers non-family-employees, and increases their willingness to accept the family's decision (Dunemann and Barrett, 2004; Fox et al. 1996; Stavrou et al. 2005; Vera and Dean, 2005).
- **Non-family Involvement** – Allowing the involvement of non-family influence in family business decisions improves its effectiveness (Chrisman et al. 2003; Ensley and Pearson, 2005).
- **Size** – The larger and more complex the family business, the greater the need to formalize processes, due to increased complexities and inputs. Establishing defined structures as a result of these complexities empowers non-family employees and allows them to feel secure in their environment (Janjuha-Jivraj and Woods, 2002a,b).

2.6. Synthesis

This section contains a comprehensive overview of the study in relation to the research questions, and summarizes the key findings of the literature review.

2.6.1. Model of Succession in Family Business

This review of the literature has identified 16 core variables related to generational succession in a family business. These variables have been characterized according to the key personal (n=10) and professional (n=6) dimensions and the four categories of

protagonists engaged in succession, namely the incumbent, the successor, the family, and non-family influence. Figure 2.9 illustrates these protagonists, variables, and components in relation to the research questions guiding this study.

2.6.2. Summary of the Literature Review

The literature review addresses the personal (related to individual traits) and professional (reflect skills and external influences) variables of the protagonists in the succession process.

2.6.3. Personal Variables

The personal variables that are related to the succession process include: Incumbent Attitudes, Cultural Shadow, Mortality and Nepotism and Ethnicity Successor Commitment, Gender, and Age; Family Culture, History, Work-Family/Family-Work Conflict, Nepotism and Ethnicity, and Non-Family Influence.

2.6.3.1. Attitudes

Astrachan et al. (2005) and Koiranen (2002) acknowledged that family business attitudes reflect attitudes in the family unit, which are transferred to the business through the incumbent's sense of identity and belonging (Vera and Dean, 2005). Garcia-Alvarez et al. (2002:191) and Fox et al. (1996) assert that this transference of belonging highlights the intimate relationship between the incumbent's role in the family and the family business, both in part defining the incumbent's identity.

2.6.3.2. Cultural Shadow

Davis and Harveston (1999) identified that the incumbent's influence on the family business' culture, processes and expectations remained, even after the incumbent had relinquished his or her position. This shadow effect can have an unraveling impact on the successor's authority (Santora and Sarros, 2008).

2.6.3.3. Incumbent Mortality

Vera and Dean (2005) observed that relinquishing control of the family business can symbolically represent the mortality of the incumbent, and stress the individual's decline.

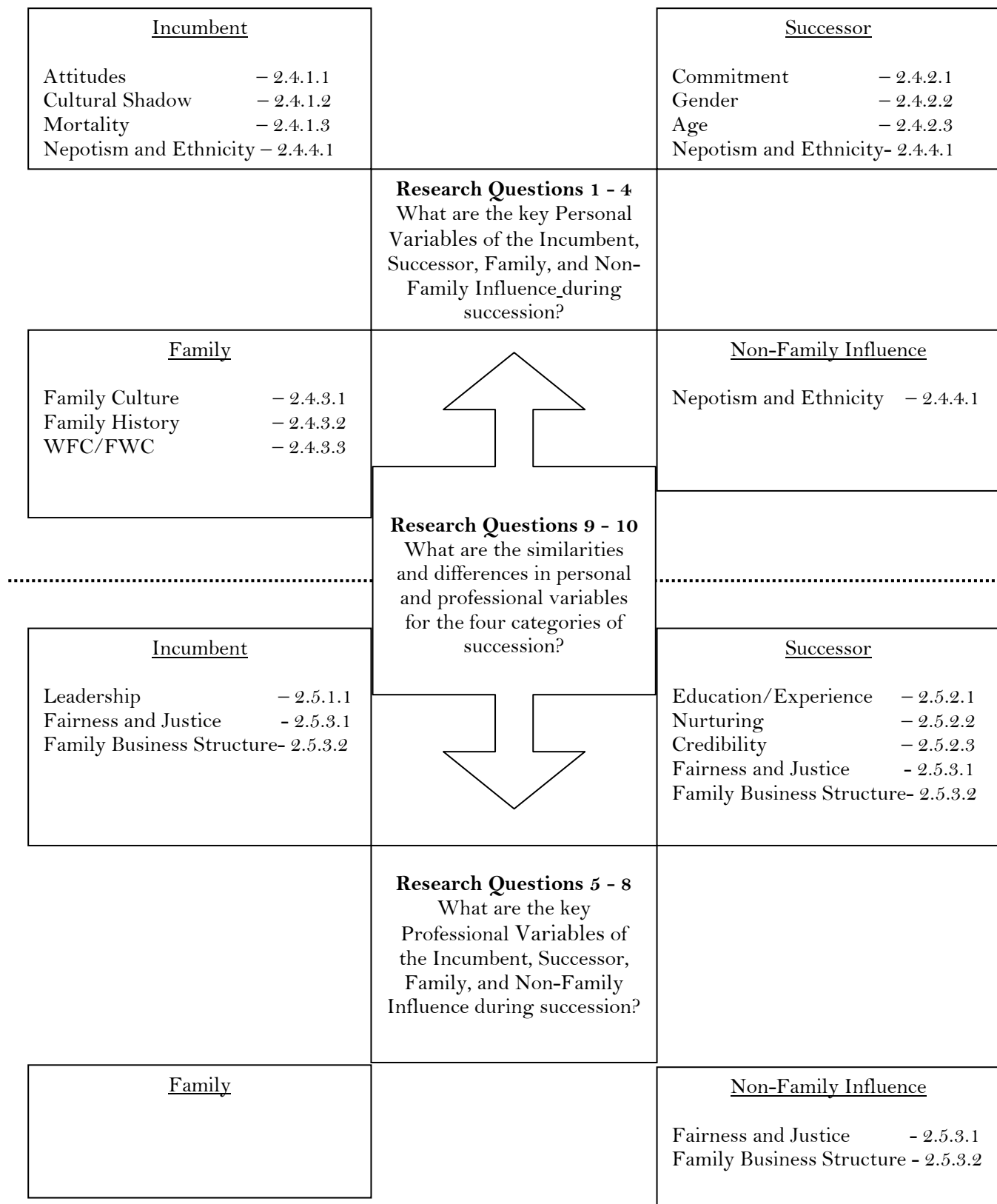


Figure 2.9

**Relationships among Personal and Professional Variables, Key Protagonists,
and Research Questions of the Study**

Sharma et al. (2003) and Stavrou et al. (2005) observed that for this sense of decline to be mitigated, the incumbent must be psychologically ready for the hand-over of leadership, and must support the succession as the logical step in the evolution of the family business.

2.6.3.4. Successor Commitment

Dyck et al. (2002) identified that without the commitment by the successor to the family business, familial aspects of the business would dilute over time. Commitment was the focal point on which the family business would evolve after succession (Meyer and Herscovitch, 2001). Habbershon and Williams (1999), Handler (1989), Issacharoff (1998), Stewart (2003) and Sharma and Irving (2005) identified four variants of successor commitment: Affective Commitment, Normative Commitment, Continuance Commitment, and Imperative Commitment.

2.6.3.5. Gender

Barnes (1988) and Bennedsen et al. (2006) identified the preference for primogeniture during the succession process. Vera and Dean (2005) postulated a possible explanation for this preference was that the traditional nurturing and child bearing role of women was in conflict with the perception of a family business leader as a male.

2.6.3.6. Age

Davis and Tagiuri (1989) found that the transition of a son to a leadership position tended to occur earlier than that of a daughter, reflecting the traditional gender-based roles of the female as child raiser and male as provider (Ram and Holliday, 1993).

2.6.3.7. Family Culture

Barnes and Hershon (1976), Chrisman et al. (2003), Chua et al. (1999), Corbetta and Montemerlo (1999), Dierickx and Cool (1989), and Habbershon et al. (2003) acknowledged that family culture and family business culture are so intertwined that it is difficult to separate the two. Heck (2004) stated that to understand family business culture you must first understand the family culture on which it is based. The effect of family culture on the family business can be positive (Barnett and Kellerman, 2006) or negative (Lee, 2006), depending on whether the long term interests of the family business are enhanced by the culture. Olson et al. (1989) argued that for a family culture to have a

positive effect on the family business, it must be able to adapt to change, where succession is based on meritocracy, not nepotism (DeLong and Fahey, 2000; Zahra et al. 2004).

2.6.3.8. Family History

Davis and Harveston (2001), Ensley and Pearson (2005), Smith et al. (1994) and Stewart (2003) found that early childhood and general family shared experiences were impossible to separate from a family business, and that the memory and residue from these experiences influence the successor's perspective during succession. Habbershon et al. (2003) found that these early experiences, if positive, can have a mitigating effect, minimizing conflict and facilitating a cohesive environment between the family and the business (Klimoski and Mohammed, 1994).

2.6.3.9. Work Family Conflict /Family Work Conflict

Netemeyer et al. (1996) defined the competing priorities of work and family life as a basis of adult inner conflict. This conflict revolved around the management of an individual's time and focus targeted on competing work and family tasks. Steier et al. (2004) found that this conflict was greater in a family business due to the increased intensities and intimacies of the people involved. Boyer et al. (2005) found that this conflict was greatest when the family business protagonist was a female, due to the dissonance between the traditional female role and her business role. Greenhouse and Beutell (1985) and Parasuraman et al. (1996) identified three key elements of work family conflict being time, strain, and behavior-based conflict, each having a different impact based on the age and gender of the family business protagonist. Parasuraman et al. (1996) found that a strong social support network and family structure (Cole, 2000) were methods by which work family conflict can be managed.

2.6.3.10. Nepotism and Ethnicity

Wolff (2006) and Aldrich and Waldinger (1990) identified the influence of being in the "in-group" as opposed to the "out-group" on creating advantages for individuals in a family business. The "in-group" members establish boundaries, and have a set of shared assumptions that preclude others from becoming intimately involved. In the family business context the "in-group" is the immediate family and close kin that share a common heritage or lineage. This commonality has the potential to create strong bonds

and support systems (Ram and Holliday, 2003) or can create an environment of privilege and free riding and shirking (Karra et al. 2006).

2.6.4. Professional Variables

The professional variables that influence the succession process include: Incumbent Leadership, Fairness and Justice, and Family Business Structure; Successor Education/Experience, Nurturing and Credibility, Fairness and Justice, and Family Business Structure; and Non-Family Influence components of Fairness and Justice, and Family Business Structure.

2.6.4.1. Leadership

Dunemann and Barrett (2004) Goldman (1995, 1998) Goleman et al. (2002) and Stavrou et al. (2005) acknowledged the impact of incumbent leadership style on succession. Specifically, Elenkov et al. (2005) noted that a leadership style that was participatory, open, heterogeneous and transparent had the greatest chance of ensuring a successful transition from one generation to another. Notwithstanding these attributes, Kepner (1983) acknowledged that the style of incumbent leadership reflected the leadership style of the family culture, and had the greatest impact on succession.

2.6.4.2. Education/Experience

Handler (1991) identified that a successor's education, personal development prior to working in the family business, involvement in the family business, and ascension into the leadership position were key indicators of a successful transition to the job. Morris et al. (1997) observed that a formal tertiary education was beneficial to a successor, and that college graduates outperformed their non-degree counterparts. Barach and Ganitsky (1995) also acknowledged the benefits of a broad range of non-academic experiences that enabled the successor to have a broader base on which to make leadership decisions. Barach and Ganitsky (1995) went on to highlight that the strength of the relationship between the incumbent and the successor was critical in ensuring the transfer of idiosyncratic family business knowledge following succession.

2.6.4.3. Nurturing

Cabrera-Suárez et al. (2001) highlighted the importance of the incumbent-successor relationship as a foundation for mentoring the next generation of family business leaders. Barach et al. (1988) understood the importance of this nurturing role as a means by which important family business knowledge is transferred from one generation to the next. This relationship was important in developing an ongoing trust and confidence in the next generation of leaders (Morris et al. 1997).

2.6.4.4. Credibility

Barach et al. (1988) highlighted the need for the successor to establish a degree of credibility both in the family and family business in order to be successful in the job. Davis and Harveston (1999) found that the incumbent played an important role in facilitating this credibility and acceptance.

2.6.4.5. Fairness and Justice

Barnett and Kellermanns (2006) found that how non-family employees perceived their treatment in the family business influenced their level of loyalty and commitment to the business. According to Cropanzano et al. (2001), when non-family employees saw overt nepotism, inconsistent decision making, and breaches of trust, feelings of alienation and low productivity followed. Barnett and Kellermanns (2006) identified three key components of justice that needed to be ingrained in a family business' HR strategy: Distributive Justice, Procedural Justice, and Interactional Justice.

2.6.4.6. Family Business Structure

Dunemann and Barrett (2004) and Fox et al. (1996) identified that a participatory and transparent culture had the greatest chance of long-term survivability in a family business, and that this culture needed to be reflected in a formalized corporate structure that rewarded meritocracy rather than nepotism. Similarly, Janjuha-Jivraj and Woods (2002a,b) found that a supportive work environment reduced the anxiety associated with succession.

CHAPTER THREE

RESEARCH METHOD AND DESIGN

3. Introduction

Chapter Three examines the research method and design of the study.

3.1. The Purpose

The purpose of this study was to examine succession in family business as it relates to four key protagonists, namely the incumbent, the successor, the family, and non-family influence.

3.1.1. Nature of the Study

This study is both descriptive and explanatory in nature. The descriptive nature of the study builds on previous research on generational succession (Gay and Diehl, 1992; Zikmund, 1994), whereas the exploratory nature of the study is designed to gain a better understanding of the issues and ambiguities that arise during succession (Hyman, 1966; Zikmund, 1994), and to address the ‘how’ and ‘why’ in seeking an explanation of the cause and effect of the phenomena under review (Yin, 1989).

3.1.2. Research Questions

The following research questions were established to fulfill the purpose of the study:

Research Question One	What are the key personal variables of the incumbent related to succession?
Research Question Two	What are the key personal variables of the successor related to succession?
Research Question Three	What are the key personal variables of the family related to succession?

Research Question Four	What are the key personal variables of non-family influence related to succession?
Research Question Five	What are the key professional variables of the incumbent related to succession?
Research Question Six	What are the key professional variables of the successor related to succession?
Research Question Seven	What are the key professional variables of the family related to succession?
Research Question Eight	What are the key professional variables of non-family influence related to succession?
Research Question Nine	What are the similarities and differences in the personal variables for each of the four protagonists?
Research Question Ten	What are the similarities and differences in the professional variables for each of the four protagonists?

3.2. Research Method and Design

3.2.1. Research Method

“Qualitative research is a situated activity that locates the observer in the world. It consists of a set of interpretive, material practices that makes that world visible” (Denzin and Lincoln, 2003:4).

A qualitative research method and design was chosen for this study as it (a) provides a detailed richness and in-depth understanding of the phenomena under review (Tharenou, Donohue, and Cooper, 2007), and (b) it is the most effective method where parameters are not easily defined and the data are interpretive (Denzin and Lincoln, 2003:33).

Van Maanen, Dabbs, and Falkner (1982) identified that the qualitative research approach is the most appropriate in describing and understanding social processes. In line with this, Lee, Mitchell, and Sablynski (1999) and Yin (1994) found that qualitative research is best suited in a dynamic environment which allows for design changes to occur to meet research demands. The changing nature of family business and succession fits well with

this perspective of qualitative research, as each family business is in itself a bounded system, of intertwined relationships among key family business protagonists.

Denzin and Lincoln (2003) observed that qualitative research encompasses a range of methods including: case studies, personal experiences, introspection, life stories, interviews, artifacts, and cultural perspectives. The research design of this thesis adopts two of the methods identified: Protagonist Interviews (n=16) and Prospective Case Study (PCS) Interviews (n=41). For a multiple case study to be effective, Yin (1994) and Eisenhardt (1989) argued that a rigorous structure needs to be established to maintain the validity of the data. In addition, the use of replication and cross-case triangulation will optimize the generalizability and descriptive capacity of the findings (Herriott and Firestone, 1983).

As Creswell (1998:61) noted:

A case study is an exploration of a “bounded system” or a case (or multiple cases) over time through a detailed, in depth data collection involving multiple sources of information rich in context. This bounded system is bounded by time and place, and it is the case being studied – a program, an event, an activity, or individual.

Yin (1981, 2003) defined a case study approach as an empirical study investigating contemporary events within a real world context, and its associated goals to expand and generalize theories into similar case studies focusing on the same unit of analysis. Merriam (2002) expanded on Yin’s case study definition to gain an understanding of a phenomenon in the context of a broad description of the event(s), including: the illustration of complex situations, the exploration of the motivational drivers behind action, ascertaining the advantage of hindsight, showing the influence of personalities on issues, additions to texture and personal inference of the data, the facilitation of responses from a variety of sources, the capacity to cover a breadth of time and identification, and the comparison of a range of opinions. Becker (1968) and Eisenhardt (1989) argued that the application of case study research was best suited to gaining an in-depth understanding of why and how phenomena occurred within a defined organization.

Solomon et al. (2011:150) acknowledged that family business succession was so complex that multiple perspectives have been used to understand and explain how it operates. These factors can be divided into two related domains, business and human. For the purpose of this study these domains have been defined as personal and professional.

Similarly to Solomon et al. (2011), this current study is delimited to the human factors of succession identified as the incumbent, the successor, the family, and non-family influence. This perspective is particularly important in this study, as it is associated with Stewardship Theory, as the leader (incumbent) of the business and the family is also known as the “Steward”, who according to Solomon et al. (2011:151) “[has a] style of leadership to watch over a business, and has a better chance of succession than the ‘monarch’ or ‘general’ whose style glorifies the power of leadership”.

3.2.1.1. Methodological Fit

Edmondson and McManus (2007) determined that the quality of the research reflected the degree of coherence among the research elements, including the research questions, its research design, and its contribution to the literature. They argued that the state of theories developed determined the quality of the research undertaken, be it nascent, intermediate or mature. A nascent level of research refers to research design questions that introduce new theory from data, whereas intermediate research draws on different bodies of literature to produce testable research questions that test relationships among established variables and new constructs, yielding results that integrate into current bodies of literature. The highest level, mature research, is based on a well-defined theory and model and develops testable hypotheses to test aspects of the model, expanding the theory’s boundaries. The current study proposes specific questions relating to the succession process and contributes directly to stewardship literature by expanding boundaries and producing results that have not been identified in the current body of family business research. Therefore, this study can be categorized as having a high level of methodological fit.

3.2.2. Research Design

The research design is the overall plan or structure adopted to answer the research questions (Tharenou et al. 2007:16); the design also identifies the relationships between idea-based decisions and the motivations and perceptions of the protagonists who make those decisions (Barzelay, Gaetani, Velarde and Cejudo, 2003).

The research design adopted in this study is an adaptation of work undertaken by Kingdon (1995), as shown in Figure 3.1. The model reflects the influence and

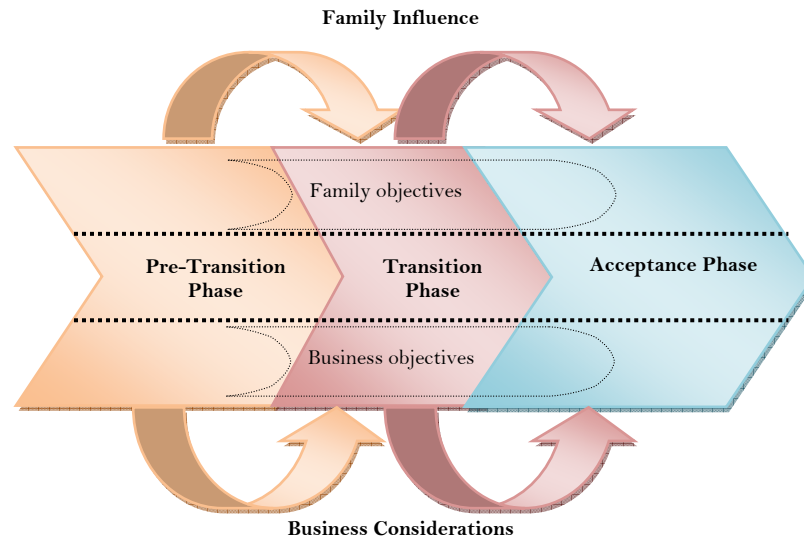


Figure 3.1
Generational Succession – Research Model
 (Adapted from Kingdon, 1995)

interdependencies of the demands of the family and the business during the process of generational transition.

The research design of the current study considers generational succession as an emergent phenomenon initiated long before the successor assumes control, and embraces the divergent and sometimes competing family and business priorities that can impact on the succession long after transition. The design takes into account both pre- and post-succession observations by the protagonists, and explores how they might have changed during the process (Bobbitt, 2008:184).

3.2.2.1. Application of the Research Design

Figure 3.2 describes the time line adopted in this study. Sekaran (2003) identified that research scopes can either be cross-sectional or longitudinal based on data collection points in time. In a cross-sectional study, data are only collected once, irrespective of the time period, however in a longitudinal study, data points are collected at more than one point in time. The scope of this study is cross-sectional in nature because although data were collected over three years, each family business was different, and the research did not attempt to investigate the influence of the succession variables unique to that particular family business, but instead focused on the relationships of the personal and

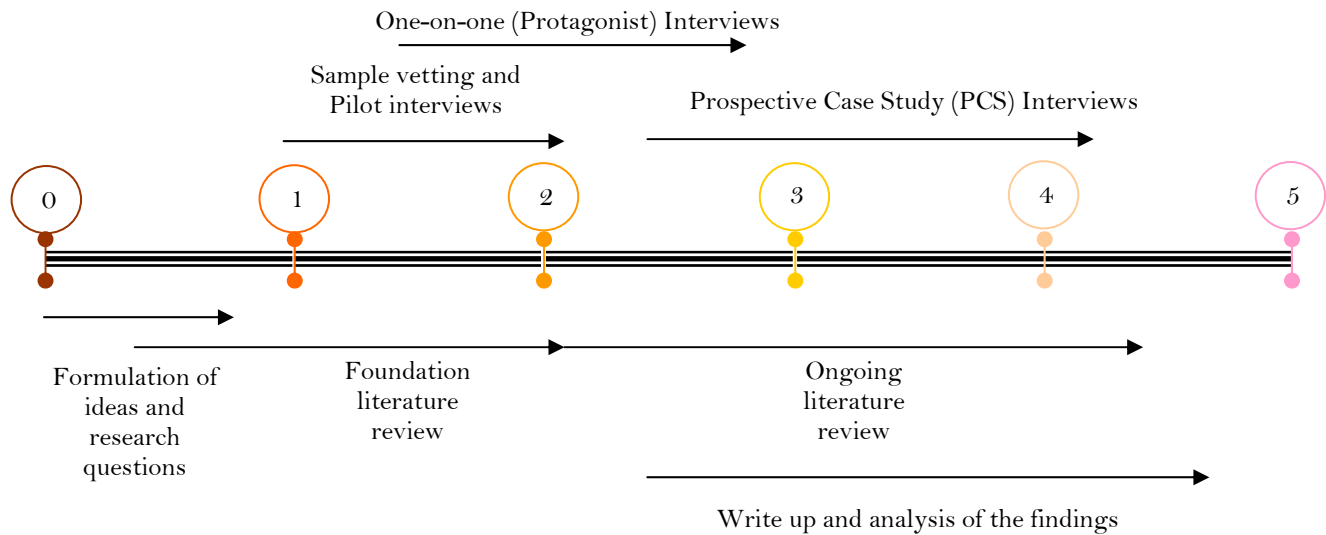


Figure 3.2
Research Time Line

professional variables among the four protagonists, namely the incumbent, the successor, the family, and the non-family influence.

Figure 3.3 outlines the application of the PCS interview design in this study (Bitektine, 2007:164). Prospective case study design is where the researcher formulates a set of theory-based hypotheses regarding an ongoing social process, and then tests these hypotheses at a predetermined follow-up time (Bitektine, 2007:161).

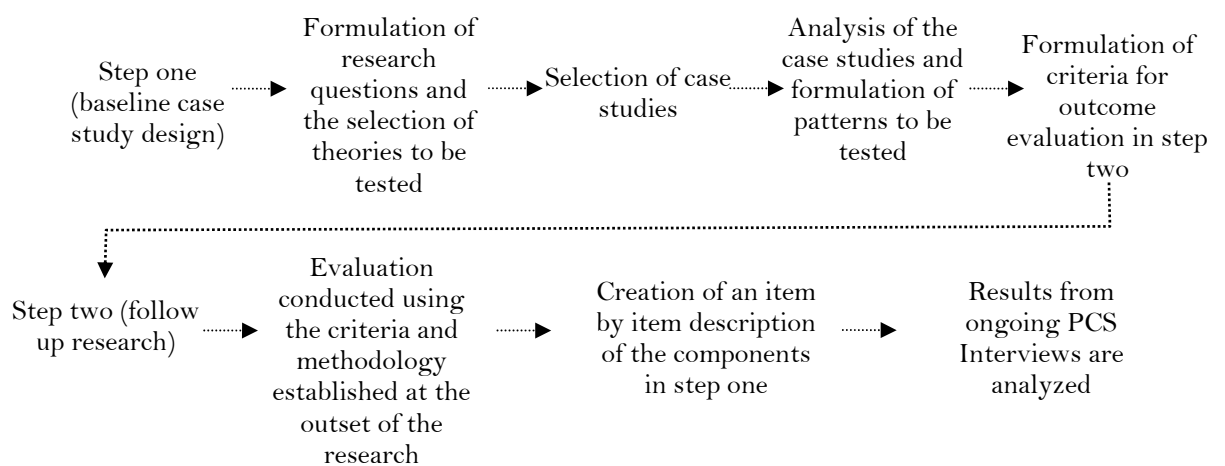


Figure 3.3
Prospective Case Study (PCS) Design

The benefits of applying a PCS design to this study are: (a) the procedures are deduced from the theories and are completed and documented before the outcomes of the processes are known, (b) the first step goes beyond the traditional pilot stage, and is a critical part of the data collection process itself, (c) outcomes cannot taint case study selection, choice of theories or hypothesis formulation and, (d) the design is focused on establishing connections between the theories and the live social processes that form the test bed of the experimental design (Bitektine, 2007). PCS design applies in the current study in the following fashion: the original Protagonist interviews created a data set that established questions that were then either validated or refuted when applied to the Prospective Case Study interview sample 12 months after the Protagonist interviews were completed, categorized, and analyzed.

3.3. Conceptual Model

3.3.1. Conceptual Model

Figure 3.4 represents the conceptual model of the research highlighting the personal and professional variables and their relationships to the four protagonists. The model reflects the importance of the variables and their impact on the succession process in the family business and the family during transition.

3.4. Sample

3.4.1. Unit of Analysis

Yin (1994) stated that researchers must clearly define the unit of analysis for the study. In this research project the unit of analysis is the individuals in family businesses, or individuals who support family businesses identified through Protagonist and PCS Interviews.

3.4.2. Sample Vetting

The sample vetting of the Protagonist Interviews consisted of an initial telephone conversation with prospective interviewees to determine whether or not the family

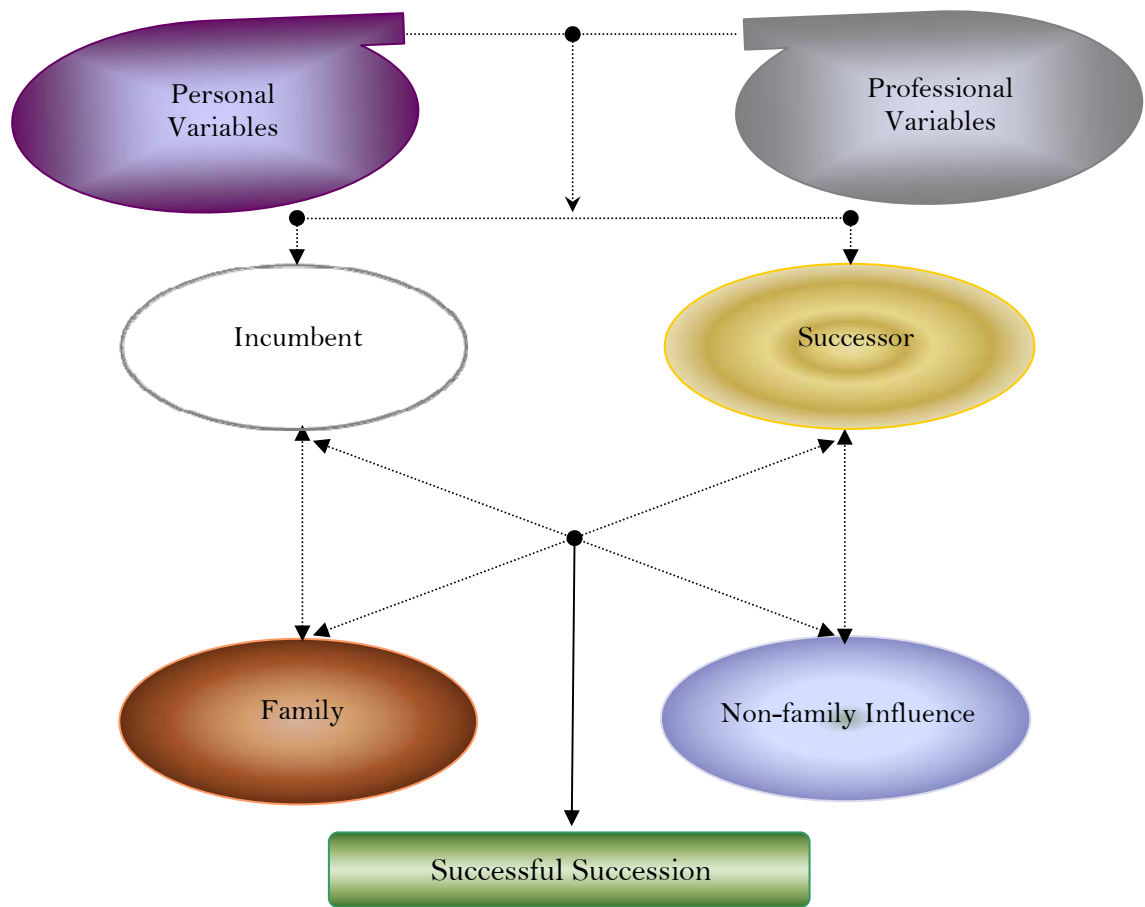


Figure 3.4
Generational Succession - Conceptual Model

business fulfilled the criteria defining family businesses as required for this study. At the conclusion of the telephone conversation, suitability for a follow-up interview was established, followed by a discussion regarding the ethical and procedural considerations of the study. Where mutual agreement was obtained, a follow-up pilot interview was scheduled for a later date.

The sample vetting of the PCS Interviews consisted of a series of lectures and discussions on the aims and objectives of the research with university students ($n=55$) enrolled in a family business unit, outlining the key variables that were being investigated. Students prepared briefs on the businesses in order to determine their suitability for inclusion in the study. Of the 55 student reviews submitted, 41 were deemed appropriate for the study based on the Prospective Case Study criteria identified in the original Protagonist interview phase.

3.4.3. Pilot stage

The Protagonist Interview pilot stage consisted of a series of short unrecorded interviews, the objective of which was to ensure that the subject fully understood the nature and purpose of the research, and that they were fully aware of their rights and responsibilities. It was also the objective in this stage to ensure that the protagonists' family businesses were supportive of the research, and that clear and mutually understood parameters of the inquiry were defined. On the completion of the initial interview, the subject was given a written authority outlining the nature of the research, the nature of data collection, and seeking their permission for the one-on-one (Protagonist) interviews to be digitally recorded and for the data to be used in the research. A date, time, and location for the Protagonist Interviews was then arranged.

No PCS Interview pilot stage was required due to the *a posteriori* nature of this data collection phase.

3.4.4. Interview Participants

Patton (1990), Le Compte and Preissle (1993), and Barzelay et al. (2003) acknowledged the importance of choosing the appropriate subject for research, where the subject had direct relevance to the themes under consideration. Replication logic (Ginsburg, 1989) and defined selection strategy (Creswell, 1998) enhanced the appropriateness of the sample.

The Protagonist Interview sample selection criteria established for this study encompassed: family businesses in operation for a minimum of 25 years, ownership and management of the family business rests with one family, the family business was large enough to employ non-family employees, and the family business had either undergone succession or was about to undergo succession. The Protagonist Interview subjects were drawn from family businesses in Melbourne. Contacts were gained via Family Business Australia, Accounting, Legal and Family Business Firm consultancies, and through personal friends and colleagues. An introductory letter (explanatory statement) and consent form seeking the family businesses' involvement in the research was sent to the family business (Appendix One) outlining the research, its purpose, and the potential time

commitment and associated impact on the family business. A total of 16 family business members and non-family employees were interviewed for this study.

The PCS Interview sample selection mirrored the same criteria used for the Protagonist Interview sample, namely the family businesses selected had been in operation for a minimum of 25 years, ownership and management of the family business rests with one family, the family business was large enough to employ non-family employees, and the family business had either undergone succession or was about to undergo succession. The sample selection was drawn from students ($n=41$) enrolled in a Melbourne-based research university, and who were successors in their family businesses ($n=15$), affiliated as a relative or third party in a family business ($n=18$), or had other contacts, either personally or professionally, with the family business ($n=8$). The family business selection embraced both domestic family businesses ($n=21$) and international family businesses ($n=20$). The use of respondents not personally affiliated with the organization engaged in the research has been recognized as a valid technique of triangulated data collection (e.g. Campbell, 1975) According to Campbell (1975:182):

It is noteworthy that the criteria of quality come not from the use by the ethnographer of any special tools of qualitative social science (such as random sampling procedures, structured interview schedules, psychological tests, and so forth), but rather from superior qualitative acquaintance with the culture described, for example through longer residence and better knowledge of the local language.

In this study, students collected the data consistent with Campbell's (1975) observation that "amateur" scientists are as relevant, or even more appropriate, than social scientists in the collection of data with which they are very familiar.

3.4.5. Respondent Profile

Tables 3.1, 3.2 and 3.3 reflect the profiles of the Protagonist and PCS Interview samples respectively.

Based on the Protagonist Interview data, Table 3.1 highlights the age and gender of the protagonists, and the size of the family business. As shown in Table 3.1, 12 (75%) of the 16 Protagonists were over 50 years of age. The gender spread indicated that 14 (88%) of the protagonists were male, of whom five were non-family members. The two females

Table 3.1**Protagonist Interview Sample Profile**

Protagonist	Number		Age						Industry			Gender				Family Business Size					
			<40		41-50		50+		P	S	T	M		F		<20		21 - 99		100 +	
	n	%	n	%	n	%	n	%				n	%	n	%	n	%	n	%	n	%
Incumbent	6	24		0	1	50	5	42	1	3	2	6	43		0	3	38	2	50	1	25
Successor	3	12	2	100	1	50		0	1	1	1	3	21		0	2	24		0	1	25
Family*	9	36		0		0		0					0		0		0		0		0
Non-family influence	7	28		0		0	7	58		3	4	5	36	2	100	3	38	2	50	2	50
TOTAL	25	100	2	100	2	100	12	100	2	7	7	14	100	2	100	8	100	4	100	4	100

P – Primary, S – Secondary, T – Tertiary

* The family category encompasses the incumbent and the successor

Table 3.2**PCS Interview Sample Profile**

Protagonist	Number	Age						Industry			Gender				Family Business Size					
		<40		41-50		50+		P	S	T	M		F		<20		21 - 99		100+	
		n	%	n	%	n	%				n	%	n	%	n	%	n	%	n	%
Incumbent	41		0	7	17	34	83	2	15	24	36	85	5	15	22	54	8	20	11	26
Successor	41	35	85	5	12	1	3				32	78	9	22						

P – Primary, S – Secondary, T – Tertiary

Table 3.3
PCS Interview Sample Profile Categorized by Ethnicity

	Industry			Family Business Size			Ethnicity			
	P	S	T	<20	21 - 99	100+	Asian		Anglo	
							n	%	n	%
	1	5	16	22			6	32	16	72
	0	5	3		8		5	26	3	14
	1	5	5			11	8	42	3	14
Total	2	15	24	22	8	11	19	100	22	100

P – Primary, S – Secondary, T – Tertiary

comprised a non-family employee and non-family advisor. All the protagonists were Australian.

Table 3.2 represents the 41 PCS Interviews undertaken in this study. Each PCS Interview represents an individual family business, from which both incumbent and successor comments were collected. As shown in Table 3.2, 34 (83%) of the incumbents were over 50 years of age, whereas 35 (85%) of the successors were under 40 years of age. Table 3.3 shows that 19 of 41 (46%) of the PCS Interviews were of Asian heritage, with eight of 19 (42%) of the largest family businesses being located overseas

3.4.6. Data Collection

In this study, to ensure the integrity of the multiple case study approach (Yin, 1994; Eisenhardt, 1989), clear and concise definitions of the research questions were established in light of a thorough understanding of the current literature. Appropriate diagnostic tools (NVivo8 and NVivo10) were chosen for data analysis, and detailed protocols for data collection and analysis were established.

Solomon et al. (2011:151) commented on the role of researchers in family business succession research:

In 2-hour, semi-structured interviews, participants were asked to tell the story of their business, thinking about pivotal chapters in its evolution. We utilized a life story interview protocol to explore owners' identities and the multifaceted relationships owners have with their businesses, their families, and succession. . . The values of these narratives are not in their factual accuracy per se, rather the stories are valuable because they place history and succession decision-making in the context of meaning. Narratives are critical to understanding the chapters of "letting go" because they reveal the owners' authored contexts including their dreams of business creation, the challenges of business growth and evolution, and how they handle both, such that they ultimately can or cannot let go.

In line with Solomon et al. (2011), the data collection strategy of the current study was to establish a culture of comfort and trust, enabling protagonists to construct a narrative that expressed their thoughts and ideas (Huberman and Miles, 2002). The Protagonist Interviews were carried out within three weeks of the initial pilot interview, with 14 (88%) of the 16 interviews undertaken at the interviewee's family business, and the remaining two at Monash University. Present at the interviews were the researcher and the interviewee.

The data collection objectives of the PCS Interviews were to build on and expand the data generated by the Protagonist Interviews. In choosing appropriate PCS Interview questions, Patton (1990) argued that it was important that they have direct relevance to the themes under consideration, and that the data generated are rich and add to the established data base. To achieve this, Le Compte and Preissle (1993) and Barzelay et al. (2003) identified the need to have clear and concise criteria on which to establish the inquiry, that a clearly defined sampling strategy is established (Creswell, 1998), and that the need to apply replication logic in selection to ensure commonality throughout the sample is adhered to (Ginsburg, 1998).

3.4.7. Data Protocols

Interviews as a data source have been identified by Tull and Hawkins (1990) and Schmitt and Klimoski (1991) as the best method to accurately and instantaneously investigate an individual's behavior or attitudes. Yin (1994) and Marshall and Rossman (1989) found that an open-ended conversation facilitating trust was the most effective way to generate rich data and to create an environment that optimized the protagonist's narrative. Accordingly, the Protagonist Interview format was semi-structured with key themes identified by the researcher prior to the interview (Appendix Two). This procedure was replicated in the PCS Interview phase. The Protagonist Interview protocols were as follows:

1. Once permission was received from the subject confirming their willingness to participate in the study, contact was made with the subject confirming a time for an initial conversation.
2. The location was chosen, either at the subject's premises or at Monash University.
3. An initial meeting consisted of a 30-minute unstructured conversation re-confirming the nature of the research and enabling the researcher to determine if the subject was suitable for the study.
4. At the conclusion of an initial meeting, a consent form was handed to the subject to be signed and collected by the researcher (Appendix Three), and a follow-up time and location was chosen for the interview.
5. Permission was sought to digitally record the discussion.

6. The interview commenced with the purpose and the scope of the research reiterated.
7. The researcher restated the value of the subject's contribution and the assistance they gave the research, and that all data collected were held in the strictest confidence.
8. The subject was assured that if they felt uncomfortable and did not want to answer certain questions that they were under no obligation to do so.
9. The subject was informed that at any stage they could terminate the interview.
10. The style of the interview was at all times empathetic and the researcher adopted an active listening approach of appropriate and effective questioning (Covey, 2004; Schmitt and Klimoski, 1991).
11. The researcher maintained a judgmental distance at all times.
12. The researcher adhered to a prepared and structured format.
13. Each interview took between 90 to 120 minutes (Seidman, 1991).
14. Permission was sought for follow-up interviews and/or clarifications if needed.
15. On completion of the interview, digital recordings were transcribed and a copy of the recording together with the transcript was sent to the subject for their records.
16. The final transcripts were coded using NVivo8 and NVivo10.

3.4.7.1. Protagonist Interview Question Construction

“When researchers are interested in capturing individuals' lived experiences, informant bias and subjectivity are not problems to be addressed, but rather the essential nature of what the researchers are studying” (Graebner, Martin and Roundy, 2012:281).

Payne (1951) identified that open-ended questions offer the greatest opportunity for insight on how phenomena occur. Foddy and Foddy (1994) found that the use of language had a direct effect on data collected, arguing that the language used must be clearly defined, benign, simple, and universally understood. In addition, clear and precise definitions and assumptions must be established prior to the interviews commencing. The researcher needs to be aware that responses may be influenced by answers to previous questions; this “priming effect” can lead to a more effective inquiry as the previous question acts as a foundation and a direction beacon for the subsequent question (Foddy

and Foddy, 1994:62). Table 3.4 outlines the priming effect principal, and Table 3.5 reflects the application of the priming effect in this research.

Table 3.4
Priming of Interview Questions

Generalist question - does the respondent have the required information	Have you heard of . . . ?
Open ended question - the respondent's general perceptions	What are your views about?
Dichotomous question - to elicit topic specific perceptions	Do you favor (or not) X?
Open ended question - to get a reason for the response	Why do you favor (or not) X?
A rating question to indicate the strength of the respondent's response to the aspect of the question	How strongly do you feel about this?

Table 3.5
Application of Primed Interview Questions

<i>INTRODUCTORY - GENERAL</i>
How do you see your role in the business?
Could you please explain what you regard as some of the critical issues in the succession process?
How do you see your role in the succession process?
<i>SPECIFIC – TARGETED</i>
How would you describe the most important element(s) in the succession process?
Can you expand on what you mean?
That's an interesting observation, How do you...?
<i>CONCLUSION – REFLECTION</i>
This is my understanding of what you said; do you believe that this observation reflects your thoughts?

The PCS Interview protocols replicated the Protagonist Interview protocols in that key themes and variables of the study were clearly outlined and confirmed with the student researchers (Campbell,1975) prior to the research being conducted. The PCS Interview protocols were as follows:

1. Ethics approval was sought and approved by Senate Committee Evaluating Research involving Human (SCERH) (Reference CF12/2685 – 2012001446, See Appendix Four).
2. All observers were family business undergraduate students from a city-based research University.
3. All students were given an invitation to participate form (Appendix Five).
4. All participating family businesses gave informed consent for their PCS Interview to be used as a data source.
5. All PCS Interviews were to be anonymous, and no reference to the family business or individuals in them was identified.
6. Students were given a detailed structure on which to conduct their individual PCS Interview (Appendix Six).
7. On collection of the PCS Interview data, where ambiguities existed, the author of the individual PCS Interview was interviewed to clarify and consolidate the data collected.

3.5. Data Analysis

Merriman (2002:14) identified that in qualitative research, data analysis runs simultaneously with the data collection in that the simultaneous collection and analysis of data enables the researcher to adjust the research along the way to ensure that the data collected are appropriate for the research that is undertaken. Subsequently, Merriman (2002) described data analysis as essentially an inductive strategy, in which researchers made sense out of data, transforming disparate outcomes and observations into a cohesive structure from which an understanding of the events could proceed.

Eisenhardt (1989) acknowledged that in analyzing a range of case studies, each must be able to stand alone before the analysis can be integrated and overall patterns identified. This was very much the case with the Protagonist and PCS Interviews in this study. The structure of each of the Protagonist and PCS Interviews was consistent with clearly-defined guidelines (Yin, 1994), which specified that the family businesses that were interviewed were owned by one family, had been operating for a minimum of 25 years

(one generation), employed non-family employees, and either had completed or were in the process of succession. All the data were coded and allocated into defined nodes via NVivo8 and NVivo10 (Protagonist Interviews) or through manual coding (PCS Interviews). Figure 3.5 outlines the process by which the interview data codes were developed.

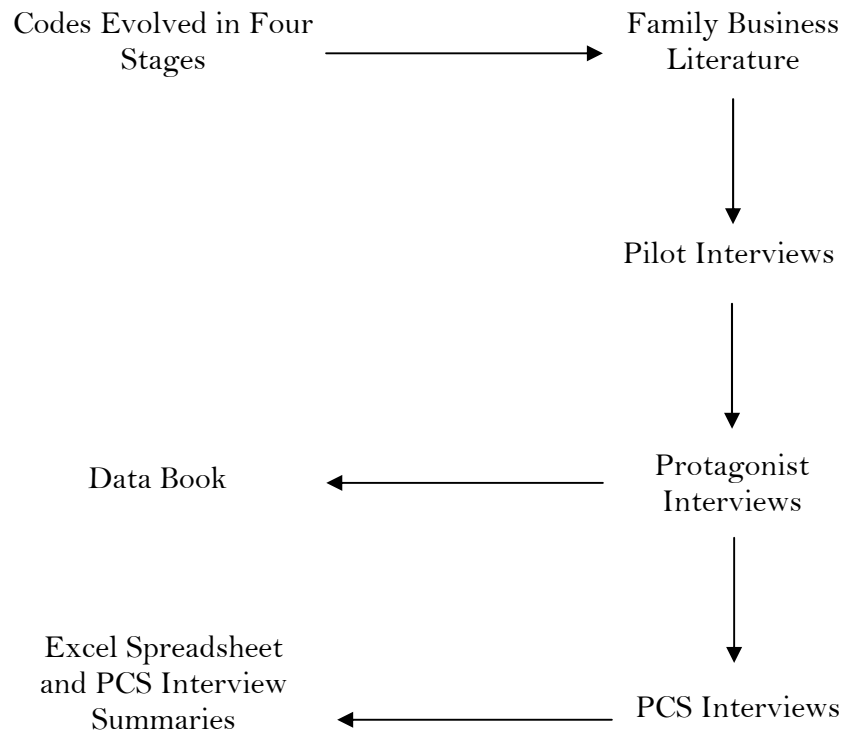


Figure 3.5
Data Analysis Procedure

The codes evolved in four stages and over an 18-month period, and were based on (a) family business literature, (b) pilot interviews, (c) Protagonist Interviews, and (d) PCS Interview analysis. The data generated by the 16 Protagonist Interviews and 41 PCS Interviews resulted in an inductive understanding of the effect of the personal and professional variables on succession (McAdams, 2008). For the Protagonist interviews, a “data book” encompassing all the relevant quotes relating to individual variables was generated, and for the PCS interviews, an extensive excel spreadsheet and interview summaries were generated based on the principles established by Solomon et al. (2011:154).

Meaning was extracted from the transcripts through a grounded theory approach that began with an analysis of the data on the succession process, and its generation of related categories. Next, the data evaluation used a series of pattern comparisons (on several variables) derived from theory. Hammond and Hammond (1966) and Yin (2003) allow for outcome evaluations on multiple dimensions, where as few as one actual observation for a given dimension is available. As Trochim (1989:360) stated, “All that the pattern matching requires is a theoretical pattern of expected outcomes, an observed pattern of effects, and an attempt to match the two”.

Protagonist Interview coding took an estimated eight to ten hours per transcript, including supporting notes from the follow-up inquiries. This process resulted in 145 tree and associated nodes (threads and associated themes) being created, generating 8,520 reference points (Appendix Seven, illustrative example). Table 3.6 represents the interview data yielded.

PCS Interviews were coded on the basis of the principles of the prospective case study design (Bitektine, 2007), as the issues being examined in the PCS Interviews were based on and had previously been identified during the Protagonist Interview stage. The coding of PCS interview data generated 52 threads and associated themes. The PCS Interviews (n=41) yielded on average 12 to 20 pages of approximately 4,000 words each. In addition, subsequent notations and clarifications constituted between two and three pages per PCS Interview. Total data comprised approximately 574 PCS Interview pages, in addition to 137 pages of general notes and clarifications.

3.5.1. Managing Qualitative Methodological Weakness

The following weaknesses in the qualitative method are identified and discussed, including: generalization, validity, reliability, quality vs. quantity of the sample size, consistency, and triangulation.

(a) Generalization - Eisenhardt (1989), Chetty (1996), and Yin (1994) identified that generalizing from a limited sample can be mitigated by a chain of multiple events from different sources. Perry (1998) suggested that upwards of 15 to 20 cases would constitute a fair and reflective sample base upon which conclusions could be drawn. This current study has undertaken 16 Protagonist interviews, and 41 PCS Interviews, totaling 57 interviews.

Table 3.6
Protagonist Interview Data Capture

Protagonist	Vetting		Pilot		Interview		Follow up		Data	
	M	%	M	%	M	%	M	%	P	%
Incumbent 1	10	16	0	0	85	13	15	13	29	17
Incumbent 2	5	8	30	19	110	16	30	29	19	11
Incumbent 3	7	11	35	23	200	30	35	32	49	29
Incumbent 4	5	8	15	10	95	14	15	13	21	13
Incumbent 5	30	49	45	29	120	18	15	13	31	18
Incumbent 6	5	8	30	19	65	9	0	0	20	12
Incumbent Total	62	100	155	100	675	100	110	100	169	100
Successor 1	5	33	15	100	85	38	60	76	24	34
Successor 2	5	33	0	0	65	29	10	12	25	34
Successor 3	5	34	0	0	75	33	10	12	22	32
Successor Total	15	100	15	100	225	100	80	100	71	100
Non-Family Influence 1	5	5	0	0	85	13	10	10	19	13
Non-Family Influence 2	5	5	15	13	90	14	15	14	10	7
Non-Family Influence 3	30	32	30	26	110	18	25	24	24	16
Non-Family Influence 4	10	11	35	29	120	20	15	14	32	21
Non-Family Influence 5	5	5	0	0	85	13	10	10	21	14
Non-Family Influence 6	25	26	20	16	85	13	15	14	24	16
Non-Family Influence 7	15	16	20	16	60	9	15	14	19	13
Non-Family Influence Total	95	100	120	100	635	100	105	100	149	100
Interview Total	172		290		1535		195		389	
M – Minutes P - Pages										

(b) Validity - Barzelay et al. (2003) and Yin (1981) acknowledged that repeated cross-case analysis and comparisons involving different instruments measuring the same phenomena increases the validity of the findings. As applied to this study, validity was established through the collection of 41 separate PCS Interviews using the PCS method, supporting the 16 one-on-one (Protagonist) interviews as foundation research.

(c) Reliability - Well-designed and repeatable protocol increases the reliability of the outcomes (Eisenhardt, 2001; Eisenhardt and Brown, 1997; Yin, 1994). Reliability was established through the application of clearly-defined and structured guidelines which replicated the interview phase of the study.

(d) Quantity vs. Quality - Pettigrew (1988) identified the challenge of balancing copious rich data through relevant and meaningful analysis. The collection and analysis of the 41 PCS Interviews demonstrated clearly identifiable and consistent threads and themes, similar to the Protagonist Interview data set. These themes were further validated in direct discussions with the data source, suggesting that the collection of additional data through expanding the case study sample would not be warranted.

(e) Consistency - Eisenhardt and Brown (1997) argued that a clearly-defined and codified interview structure can be determined at the outset of the research, and where that structure is applied consistently throughout the research, this increases the veracity of the findings.

(f) Triangulation –Thurmond (2001:255) defined triangulation as a combination of methods, data sources, investigations, and analysis methods in the same study, which by its application mitigates the risk that the conclusions drawn from the data reflect a systematic bias derived from one data collection method. This current study has adapted Thurmond's (2001) approach through data collection based on the family business literature, and complemented by a preliminary pilot study, in-depth Protagonist Interviews, and follow-up PCS Interviews. This approach enhances the reliability, credibility, and trustworthiness of the data collection process (Bryman and Bell, 2003:288).

3.6. Summary

This chapter explained the research method and design of the study.

The research method chosen for this study was qualitative, and the research design was adapted from Kingdon (1995), reflecting the influence and interdependencies of the demands of the family and the business during the process of generational transition.

Two samples participated in this study. The Protagonist Interview sample consisted of 16 one-on-one interviews of which six were incumbents, three successors, four non-family employees, and three non-family advisors. The family businesses were based in Melbourne, had been operating for over 25 years (one generation), were owned by one family, employed non-family employees, and had either experienced or were about to go

through succession. The second sample group comprised Prospective Case Study (PCS) Interviews, consisting of 41 individual interviews of family businesses by undergraduate family business students from a city-based research University.

The data were analyzed using NVivo8 and NVivo10. The results of the analyses are presented in Chapters Four and Five of this thesis, followed by a discussion of the results in Chapter Six, which concludes the study.

CHAPTER FOUR

FINDINGS OF THE STUDY: PERSONAL VARIABLES

4. Introduction

This chapter presents the findings of the study in relation to the personal variables of the participants. First, the findings from the Protagonist Interviews with the four key protagonists in relation to each of the research questions guiding this study are presented. Second, 41 family business Prospective Case Study Interviews (PCS Interviews) from family business students from a city-based research university are examined in relation to the interview data and the associated research questions.

In this chapter each of the four protagonists in this study, namely the Incumbent (2.4.1/2.5.1), the Successor (2.4.2/2.5.2), the Family (2.4.3/2.5.3), and the Non-family influence (2.4.4/2.5.3) is examined in relation to Personal (2.2) variables and their associated components (see Figure 2.4), and in response to the ten research questions guiding this study.

4.1. Research Question One: Incumbent

What are the key personal variables (2.4) of the incumbent (2.4.1) related to succession?

The key personal variables of the incumbent associated with succession in a family business identified as a result of the content analyses in this study are Attitudes (2.4.1.1), Cultural Shadow (2.4.1.2), Mortality (2.4.1.3) and Nepotism and Ethnicity (2.4.4.3), and as reported in Chapter 2. Tables 4.1 and 4.2 address the first element of the incumbents' Personal Variables, namely Attitudes. In order to populate this key variable of incumbent succession, the data collected through interviews with family business principals were content analysed through NVivo10. The PCS Interviews provided by 41 students of a family business research-based unit delivered in a city-based research University,

represented in Table 4.2, were manually coded. These analyses revealed three elements associated with incumbent attitudes: identity, education, and outside interests and experience. In each table, only those participants whose data are related to the variable under examination and its associated items are included. Each incumbent is identified by their coded reference; for instance, in Table 4.1, i1 refers to incumbent #1 who is a second generation incumbent of a wholesale family business (see Tables 3.1 and 3.2 for detailed profiles). Additionally, Table 4.1 shows that i1 identified identity (as an element of Attitudes) 13 times during the course of their interview (or 30% of the total references to identity by the total number of respondents in this category). This procedure of identifying percentage frequency distributions for each variable and its related components applies to every table in this and subsequent chapters. Additionally, for each table there is a variable n, as in some cases there may have been non-respondents.

As shown in Tables 4.1 and 4.2, the industries in which the family businesses are established are primary industries, representing mining and agriculture; secondary industries, representing wholesale, retail and manufacturing; and tertiary industries, representing service-based industries such as media consulting and education.

4.1.1. Attitudes

Table 4.1

**Frequency and Percentage Frequency Distributions of Incumbent Personal Variable
(Attitudes) Categorized by Components (Identity, Education, Outside Interests)
– Protagonist Interviews (n=6)**

Incumbent	Size (Number of Employees)			Generation		Industry			Identity		Education		Outside Interests & Experience	
	1-20	20 - 99	100 +	1	2	P	S	T	n	%	n	%	n	%
i1			1		1		1		13	30	6	18	12	31
i2	1			1				1	7	16	5	14	8	20
i3	1				1	1			4	10	5	14	4	10
i4		1		1			1		7	16	8	23	3	8
i5		1		1			1		10	23	7	20	8	20
i6	1				1		1		2	5	4	11	4	11
Total	3	2	1	3	3	1	4	1	43	100	35	100	39	100

P = Primary, S = Secondary, T = Tertiary

Table 4.2
Frequency and Percentage Frequency Distributions of Incumbent Personal Variable
(Attitudes) Categorized by Components (Identity, Education, Outside Interests)
– PCS Interviews (n=41)

Number of (PCS Interviews) by size of the family business (Number of Employees)			Generation		Industry			Identity		Education		Outside Interests & Experience	
1-20	20 - 99	100 +	1	2	P	S	T	n	%	n	%	n	%
22			20	2	1	5	16	12	46	7	54	8	80
	8		8	0	0	5	3	5	19	3	23	1	10
		11	6	5	1	5	5	9	35	3	23	1	10
Total			34	7	2	15	24	26	100	13	100	10	100

P = Primary, S = Secondary, T = Tertiary

Astrachan et al. (2005) and Koiranen (2002) identified that family business attitudes are formed by the core values in an organization, which are driven by the incumbent on the guiding principles and identity of the founder (Davis and Harrison, 1999). Tables 4.1 and 4.2 highlight the frequency and percentage frequency distributions of the incumbents' personal variable of attitudes and its associated components.

4.1.1.1. Attitudes: Identity (Protagonist Interviews)

As shown in Table 4.1, six interviewees commented on identity as a component of incumbent attitudes, with five affirming the positive impact of the family business on their identity, and one participant (i1, male, >35 years old, second generation, wholesaler, >20 employees) the dissenting voice. Illustrative comments follow:

“It [the business] doesn't define you . . . [but it is] the opportunity to be significantly financially secure for you and your family” (i1)

“I'd never want to retire as such because I'm not going to go to Myer and buy a toy train” (i2, male, >50 years old, first generation, established family business, media, <20 employees)

“[The business] has always been, selfishly, me, and what I want” (i2)

“I've never considered not being part of the business” (i2)

“Ego and self-image are so tied up in the business” (i3, male, >35 years old, second generation, wholesale, <20 employees)

“I love business. It's in my blood” (i5, male, >50 years old, first generation, established family business, manufacturing – building supplies, >20 employees)

“My life is business” (i5)

“So I look at my children and how I’ve been talking to them as they’ve been growing up, and they’ve only known me in business” (i5)

“Because work is my life and I have a belief that if work is my life, if I stop working then I stop my life” (i6, male, >35 years old, second generation, manufacturing - building supplies, <20 employees)

The dissenting observation of i1 represents a large family business, with more than 100 employees, where the incumbent is second generation, and with the family business having been established over 60 years ago by the incumbent’s father. The response of i1 might suggest that the older the family business, the less the influence of the family business on the incumbent’s identity.

4.1.1.2. Attitudes: Identity (PCS Interviews)

As shown in Table 4.2, 26 (63%) from a sample of 41 PCS Interviews identified identity as a component of incumbents’ attitudes, with the family business becoming a legacy to be handed down to the family. Illustrative comments follow:

“[The family business is] here if they want it, but I still want my family to have a legacy” (PCS Interview 1, male incumbent, >50 years old, second generation, agriculture, <20 employees)

“We do not want to sell the family business after us, we have a responsibility to the people that work with us, and it will still be a family business. Someone in the family will take it over . . . my grandfather started our family business with his brothers and they did so well to pass on this baggage of hard work to us. I cannot let it go; I have to pass it on to my children” (PCS Interview 13, female incumbent, >50 years old, second generation, food industry, >400 employees)

“The single request [by the father of the incumbent] became one of the key reasons the incumbent would not give up the family business, he would ensure it stayed alive in order to maintain his father’s legacy” (PCS Interview 38, male incumbent, >50 years old, second generation, auto industry, 3 employees)

“It’s like home” (PCS Interview 39, female incumbent, >50 years old, first generation, food industry, 14 employees)

The PCS Interviews revealed that the incumbent’s identity was shaped by the family business. For example, incumbents in 12 (55%) of 22 family businesses with fewer than 20 employees, five (62%) of eight family businesses with between 21 and 100 employees, and

nine (82%) of 11 family businesses with more than 100 employees, indicated that their identity was defined by their family businesses. Similarly, this identity remained regardless of whether incumbents were first or second generation.

4.1.1.3. Attitudes: Education (Protagonist Interviews)

In this study, education is defined as the formal education of the key protagonist and its relationship to succession (Morris et al. 1997).

As shown in Table 4.1, all incumbents acknowledged the value of education, but not to the same extent as identity. Interviewees i1, i2 and i3 placed greater emphasis on a formalized tertiary education than i4, i5, and i6. The value of a formal tertiary education was to some extent based on the industry of the family business, and indirectly on the value of a tertiary degree. Illustrative comments follow:

“As a family, we've always placed a high value on education. And again, I think this is a reflection on how my father dealt with his children” (i1)

“We wanted all the children to have tertiary degrees. And they all have tertiary degrees” (i1)

“I went through Melbourne Grammar; I then went to Melbourne University to do a Diploma of Journalism, which was very new in those days” (i2)

“It wasn't assumed [going into the family business]. I remember having preferences at the end of my Year 12 and having the option to go and do what I wanted to do, and I'd written down medicine first and law second” (i3)

“But no, [education] is not particularly relevant [to the family business]. I don't think any education's wasted” (i3)

Participants i1, i2 and i3 were in industries that were not trade-based, where a tertiary background may have added a degree of credibility with third parties. Additionally these incumbents were Jewish, a culture that places a great emphasis on education and where scholarship remains a prominent social value (Harrison, 2006:104). In comparison, i4, i5, and i6 were in family businesses in the trade and manufacturing sectors, where higher education was less valued. Illustrative comments follow:

“[In] some situations . . . professional qualifications may be an actual hindrance” (i4, male, >35 years old, first generation, retail - food industry, >20 employees)

“I think you’re either born with a business sense or you’re not. I mean, you can have all the academic qualifications, it doesn’t necessarily mean it’s going to get you through a business . . . sometimes a high form of education can have a bit of snobbery about it - he was from Cambridge, a doctor, a professor, and everything, and I could not understand a word he was saying” (i5)

“Most of the guys here wouldn’t even know that I’ve got a university degree” (i6)

4.1.1.4. Attitudes: Education (PCS Interviews)

As shown in Table 4.2, of the 41 PCS Interviews reviewed, 13 (33%) respondents identified themselves as having a tertiary education, and that educational qualifications would be of value to the family business:

“If [the successor] had an opportunity to go to school when he was young he could save the time to fail [failing at university rather than in the family business] and [could then] explore the family business [with a different perspective]” (PCS Interview 3, male incumbent, >50 years old, first generation, wallpaper manufacturer, >100 employees)

4.1.1.5. Attitudes: Outside Interests and Experience (Protagonist Interviews)

Outside interests and experience are not directly related to the family business, such as social, religious, sporting, and charitable or other business ventures. Table 4.1 reports interviewees classified by outside interests and experience as a component of attitudes.

Among the incumbents, i1 was the only one who indicated a significant number of outside experiences independent of the family business, where those experiences influenced his attitudes beyond that of a family business leader. Illustrative comments by i1 follow:

“There are other influences which also I think had a bearing. I was always a moderate public speaker. . . I’ve been a Rotarian at the Rotary Club of Melbourne since 1964 . . . I think that also I’ve been fortunate in being involved in a number of external activities from the business which I think have influenced me . . . It was very stimulating but it’s also a very humbling experience because you mix with a whole heap of people from vastly different walks of life, who are all doing that course for different reasons, but valid reasons always.”

The remaining incumbents reported that their outside interests and experiences were subservient to that of the family business. Illustrative comments follow:

“Yeah [the family business] was discussed around the kitchen table” (i3)

“I wasn’t allowed to play [Richmond 3rds] until I cleaned twenty bags of spuds. Or I’d have to go to the orchard and do some work first, and then we were allowed to play sport. None of this business of, I’ve gotta play sport, that I can’t do this and I can’t do that” (i5)

“Although the business wasn’t brought into the living room, the family was brought into the business” (i6)

“It was cold and I was very young, I was in this factory on my own on a Saturday morning. I pretty much would’ve liked to have been home, but it was probably my sisters were both at netball or something and I was sent to work with dad” (i6)

“You’ve got the family of blood, and you’ve got the family of business” (i2)

Although not highlighted in Table 4.1, the five incumbents whose attitudes were most influenced by the family business were the same incumbents who made little to no reference to non-business outside interests and experiences. Incumbent i1 was the only one who expressed a range of outside interests and experiences beyond that of the family business.

4.1.1.6. Attitudes: Outside Interests and Experience (PCS Interviews)

As reported in Table 4.2, 10 (24%) of the 41 PCS Interviews made direct reference to outside interests and experiences as elements of the incumbent’s attitudes regarding family business succession. Only one PCS Interview discussed at length the incumbent’s involvement in outside interests and experiences, largely religious in nature, and how these activities affected their attitudes to the family business:

“[The incumbent] can be more joyful for giving time, love and resources to [my workers] generously without expecting anything in return” (PCS Interview 26, male incumbent, > 50 years old, second generation, food processing, >100 employees)

As this comment shows, the incumbent regarded his family business as an extension of his religious (Christian) attitude and the means by which those attitudes could be expressed and implemented beyond that of the traditional view of a family business as either a reflection of the family, and/or a source of financial security.

4.1.1.7.Synthesis

This section reviews the variables of identity, education, and outside interests and experiences as components of incumbent attitudes.

The protagonist and PCS Interview data suggest that the majority of incumbents felt that their involvement in the family business was largely related to their own sense of identity, and that this relationship was reciprocal. Five (83%) of the six interviewees and 26 (63%) of the 41 PCS Interviews identified the importance of the family business in creating a sense of identity.

Responses by incumbents in relation to the role of education in family business succession were not conclusive. Although 100% of incumbent interviewees stated they valued education, only 50% saw education as important in itself, where the other 50% supported education in terms of how it would help the family business. In comparison, 13 (33%) PCS Interviews respondents highlighted education in their narrative either in terms of importance, or the fact that they had a tertiary degree. The finding that 67% of PCS Interviews did not highlight the importance of education does not necessarily suggest incumbents do not value education, but that this observation might not have been captured by the PCS Interview data.

In considering outside interests and experiences and their relationship to attitudes, the data suggested that where there was significant involvement by the incumbent outside the family business, then the role of the family business in defining their attitudes was diminished. The only incumbent who did not define himself in terms of the family business was the only incumbent with extensive experiences and interests outside the family business.

To summarize:

- Identity - Astrachan et al. (2005) and Vera and Dean (2005) identified that the incumbent's identity was instrumental in developing the incumbent's attitude towards the family business. This study has found that the relationship is reciprocal; i.e. the family business helped form the incumbent's identity and that identity helped augment the family business unit. This study highlights that in the majority one-on-

one and PCS Interviews, the incumbent's identity were integrated with that of the family business.

- Education - Le Breton-Miller et al. (2004) and McCann et al. (2001) observed that educational credentials can influence the incumbent's attitude, and the succession process. The current study did not clearly identify this relationship, and instead found that although education was valued, its value was in terms of its utility to the business, rather than in education for its own sake.
- Outside Interests and Experiences - Vaughan and Hogg (2004) observed that individual attitudes are influenced by a range of experiences, events, or symbols. The research supported the contention that incumbents' exposures to a range of outside interests and experiences would influence their attitudes, and subsequently their perceptions of their role in the family business during succession.

4.1.2. Cultural Shadow

Kets de Vries (1994) and Davis and Harveston (1999) observed that incumbent influence extended beyond the functional activities associated with their role in the family business, and into the family business culture and its internal structures. The incumbent's leadership approach influenced the manner by which relationships were formed and maintained among family business protagonists. Dyer (1986) referred to this influence of the incumbent on the family business as the incumbent's cultural shadow.

Tables 4.3 and 4.4 address the second element of incumbent Personal Variables, Cultural Shadow, highlighting its two components of leadership (Poza, 2004) and succession planning (Yochum, 1997).

Table 4.3

Frequency and Percentage Frequency Distributions of Incumbent Personal Variable (Cultural Shadow) Categorized by Components (Leadership, Succession Planning) – Protagonist Interviews (n=6)

Incumbent.	Size (Number of Employees)			Generation		Industry			Leadership		Succession Planning	
	1-20	20 - 99	100 +	1	2	P	S	T	n	%	n	%
i1			1		1		1		19	26	8	15
i2	1			1				1	13	20	8	15
i3	1				1	1			10	15	10	17
i4		1		1			1		4	6	13	24
i5		1		1			1		17	25	6	11
i6	1				1		1		4	6	10	18
Total	3	2	1	3	3	1	4	1	67	100	55	100

P = Primary, S = Secondary, T = Tertiary

Table 4.4

Frequency and Percentage Frequency Distributions of Incumbent Personal Variable (Cultural Shadow) Categorized by Components (Leadership, Succession Planning) – PCS Interviews (n=41)

Number of (PCS Interviews) by size of the family business (Number of Employees)			Generation		Industry			Leadership		Succession Planning	
1-20	20 - 99	100 +	1	2	P	S	T	n	%	n	%
22			20	2	1	5	16	13	48	5	46
	8		8	0	0	5	3	5	19	3	27
		11	6	5	1	5	5	9	33	3	27
Total			34	7	2	15	24	27	100	11	100

P = Primary, S = Secondary, T = Tertiary

4.1.2.1. Cultural Shadow: Leadership (Protagonist Interviews)

As shown in Table 4.3, all interviewees commented on leadership style and how this style influenced the incumbent's cultural shadow. The table also indicates that leadership was mentioned extensively (n=67) as a key component of cultural shadow and succession planning. Illustrative comments follow:

“And whatever leadership style I have, if there is any at all, I would hope that the best parts of it rub off and the worst parts of it don't . . . I took the view that if we didn't have unanimity about something as significant as this [property acquisition] then we wouldn't do it . . . you're actually talking about engagement with people at a level that is warm and understanding” (i1)

“When the tough decisions have to be made, they'll be made and then I have to make them . . . I have a highly open and transparent and engaging leadership style, that you would trust non-bloods to actually influence your decision in

relation to blood . . . I'm encouraging [my son] to make some of those [decisions] on his own . . . while it would've been my own decision, two to three years ago, now my son's decision would be important" (i2)

"[My father] would say I was pushing to have more authority, and I would say I was trying to without challenging my father – it was completely his business, his ownership, and his finances, his ingenuity, and his entrepreneurship that started the company . . . it was very much, this is how you do it – my father just telling, it wasn't as much of a discussion, ask why or how or is there an other way, but there was no disputing the authority of the final decision or whatever else . . . I couldn't impose anything, no matter how right or wise it would have been on Dad while he was running the business" (i3)

"[Leadership style] is one of plenty of fun . . . Roz [employee] and I are there and she's got a job description that cuts right through the middle of every decision-making process, whilst I'm still strongly making decisions and so is Roz, she's on board with that"(i4)

"That everyone is important to the business . . . [Staff] come in and see you and know who you are. Not to be frightened. I have a policy that no one can get the sack for telling me to get fucked because there's got to be a reason why they want to say that to you . . . I'm a male chauvinist pig. I suppose that's how they classify it. And my job is to look after the factory and make sure I'm a bloody good provider [in dealing with family members]" (i5)

As these comments reveal, leadership manifests itself both as a transformational and engaging pursuit (i1, i4), but also as a transactional activity in order to get things done (i2, i3, i5).

4.1.2.2. Cultural Shadow: Leadership (PCS Interviews)

Table 4.5

Frequency and Percentage Frequency Distributions of the Leadership Component of Successor Personal Variable (Cultural Shadow) Categorized by Leadership Style– PCS Interviews (n=27)

Number of (PCS Interviews) by size of the family business (Number of Employees)			Generation		Industry			Autocratic		Democratic		Mentioned leadership without identifying style.	
1-20	20 - 99	100 +	1	2 +	P	S	T	n	%	n	%	n	%
22			20	2	1	5	16	6	47	7	64	0	0
	8		8	0	0	5	3	2	15	2	18	1	33
		11	6	5	1	5	5	5	38	2	18	2	67
Total			34	7	2	15	24	13	100	11	100	3	100

P = Primary, S = Secondary, T = Tertiary

As shown in Table 4.4, 27 (66%) of the 41 PCS Interviews made direct reference to the role leadership played in the family businesses. Table 4.5 shows that of the 27 PCS Interviews that identified leadership, 13 (48%) defined the leadership approach as autocratic, 11 (41%) defined the leadership style as democratic, and three (11%) mentioned but did not define the leadership style. Generally, autocratic leaders were seen to have a detrimental effect on enhancing the incumbent's cultural shadow, whereas democratic leaders were seen in a more positive light. Illustrative comments follow:

“The survival of the family business rests with the ability and leadership of the [successor]; without her the chance of survival dwindles” (PCS Interview 18, female/male incumbent team, > 20 years old, first generation, food retail, <20 employees)

“I could have handled my leadership challenges a bit better; I was not very tolerant of people making mistakes” (PCS Interview 38, incumbent)

4.1.2.3. Cultural Shadow: Succession Planning (Protagonist Interviews)

Table 4.3 indicates that all interviewees commented on succession planning as part of the incumbent's cultural shadow. Illustrative comments follow:

“We've put in place a structure which - with the aid of our lawyers, and our accountants - both an equity arrangement because we are a unit trust, and we've dealt with succession of ownership issues already, which means well before I'm dead. Because four families are involved in the ownership, we've put in place a unit holder's agreement. And the agreement deals with a lot of issues, more particularly, dispute resolutions, and all of those mechanisms are necessary, in our view, in order for the business to go ahead . . . Managing change involves identifying succession, and planning for it, and working for it, and giving the proposed successor, or successors if there's more than one, all the training and help that you can whilst you're able, and inclined to do so” (i1)

“We have regular staff meetings, and we're small enough to be able to do that, so once a fortnight we all meet, and talk about everything that's happening in the business” (i2)

“The succession plan for my kids, this is where it gets like a normal business, is that for me to move on . . . that wouldn't happen until I allowed them . . . [The kids and I are] sitting around doing that now. I mean I've told them, the succession plan for them is to, as I said before, is to develop a store management team in each of their stores that allows them to step out of the store . . . that's how I want to run it [post succession] with me still in [the leadership group]

especially in the first two years, still sort of having an overall role in having to pull that together” (i4)

These comments reveal that incumbents are clear about their succession strategies, and where they would like the successor to take the family business. However, incumbents are also reticent to relinquish full control of the business and seek to maintain some degree of influence post transition.

4.1.2.4. Cultural Shadow: Succession Planning (PCS Interviews)

As shown in Table 4.4, 11 (27%) of the 41 PCS Interviews indicated that their family businesses initiated some form of a succession plan. The majority of the PCS Interviews 30 (73%) either did not highlight succession planning as part of their procedures, or indicated that they did not plan for succession. Illustrative comments follow:

“I want to do something that can surprise my family. I have to prove to my father that I am better than my brother in the family business” (PCS Interview 13)

[The successor indicated that he wanted to] “Modernize the wine and the business” [in respect to planning] [The Incumbent’s response] “How do you think the wine is going?” [The Successor’s response] “Fantastic” [The Incumbent’s reaction] “Then why change anything?” (PCS Interview 28, male incumbent, > 50 years old, third generation, wine industry, <20 employees)

“Succession, I don’t think so; no one would want to carry on” [with this family business] (PCS Interview 31, female incumbent, > 50 years old, first generation, auction house, <20 employees)

“We have no formal plan in place for succession, the family business is too small and [the successor] has not expressed any interesting taking over” (PCS Interview 38, male incumbent)

These comments reveal that for the majority of the PCS Interviews under review, planning for succession was not something that the incumbent initiated. In some cases, it appears that the incumbent inhibited the development of any form of succession planning.

4.1.2.5.Synthesis

This section reviews leadership and succession planning as components of cultural shadow as a personal variable of the incumbent.

The protagonist and PCS Interview data suggest that all the incumbents interviewed (100%) and 27 (66%) of the 41 PCS Interviews acknowledged the importance of leadership in the succession process. The comments reveal that an open, democratic leadership style facilitated a smoother transition without the imposition of the incumbent's shadow. However, some incumbents (i2, i3, i5) still maintained a strong influence on the decisions of the successor. In considering the PCS Interview data, 27 (66%) of the 41 cases acknowledged the role of leadership. Overwhelmingly, an autocratic style was seen as detrimental to the succession process, whereas democratic leaders were seen to have a positive effect on the succession process. When considering the effect of planning on succession, all interviewees saw this as a positive aspect of succession, whereas only 11 (23%) of the PCS Interviews highlighted that planning was very positively associated with succession.

To summarize:

- Leadership - Poza (2004) identified a range of leadership styles in relation to the succession process. The current study highlights that a more open, inclusive and democratic leadership style was the most effective in facilitating the succession process, whereas a more autocratic leadership style increased the potential of the incumbent's cultural shadow imposing itself on the succession process.
- Succession Planning - Yochum (1997, cited in Davis and Harveston, 2001) found that the majority of incumbents intend to maintain some influence in the family business, with fewer than 22% considering leaving all together. The current study found that although 100% of the incumbents interviewed identified planning for succession as important, only one (i1) explored in detail the nature of the planning process and its effect on the family business succession plan. In comparison, although only 11 of 41 (27%) PCS Interviews identified the presence of the planning process in their family business, most of these cases argued that the planning process had a positive effect on succession. The relatively low acknowledgement of detailed

planning procedures in the PCS Interviews supports Yochum's (1997) finding that planning and succession in family businesses are not a high priority.

4.1.3. Mortality

Vera and Dean (2005) observed that the loss of an incumbent's power and influence during and following succession symbolizes the incumbent's own mortality. Tables 4.6 and 4.7 address the third element of incumbent Personal Variables, namely Mortality. The data analysis identified two elements associated with mortality: the nature and extent of familial and other support (Dunemann and Barrett, 2004), and the individual's adaptability to change (Kepner, 1983).

As shown in Table 4.6, all interviewees commented on the influence that family support had on their incumbency and on their ability to relinquish control during succession. Illustrative comments follow:

Table 4.6
Frequency and Percentage Frequency Distributions of Incumbent Personal Variable
(Mortality) Categorized by Components (Family Support, Personal Adaptability) –
Protagonist Interviews (n=6)

Incumbent	Size (Number of Employees)			Generation		Industry			Family Support		Personal Adaptability	
	1-20	20 - 99	100 +	1	2	P	S	T	n	%	n	%
i1			1		1		1		15	20	5	11
i2	1			1				1	12	16	12	24
i3	1				1	1			23	31	20	41
i4		1		1			1		5	6	1	2
i5		1		1			1		12	16	7	14
i6	1				1		1		8	11	4	8
Total	3	2	1	3	3	1	4	1	75	100	49	100

P = Primary, S = Secondary, T = Tertiary

Table 4.7
Frequency and Percentage Frequency Distributions of Incumbent Personal Variable
(Mortality) Categorized by Components (Family Support, Personal Adaptability) – PCS
Interviews (n=41)

Number of (PCS Interviews) by size of the family business (Number of Employees)			Generation		Industry			Family Support		Personal Adaptability	
1-20	20 - 99	100 +	1	2	P	S	T	n	%	n	%
22			20	2	1	5	16	15	58	16	50
	8		8	0	0	5	3	4	15	7	22
		11	6	5	1	5	5	7	27	9	28
Total			34	7	2	15	24	26	100	32	100

P = Primary, S = Secondary, T = Tertiary

4.1.3.1. Mortality: Family Support (Protagonist Interviews)

“We sat down as a family and we talked about it . . . wife and I - have made these decisions to pass the equity of the business around the family . . . we need to have unanimity in what we're doing and if we couldn't get unanimity on that subject then let's not pursue it . . . All the family are agreed on one thing, and that is that if decisions taken are good for the business, they are good for the family, and vice versa. . . I had a remarkably good relationship with my dad. In fact, the older I get, and the more I think back on it, I can't ever remember being angry with him” (i1)

“My wife, Julia, was also very much involved, and worked in the business. . . I was married for the second time, the two of us, my wife, Julia, had always worked in the media, and the two of us said, let's start our own business” (i2)

“[Father] had not discussed business. With my sensitivity to Dad, there was no win for me if business went badly, it was not good, and if business went well, he wouldn't have been happy either . . . I probably walk on eggshells a bit and didn't want to criticize my father . . . I think it became difficult to work as colleagues and not father and son to a certain extent . . . he would say I was pushing to have more authority, and I would say I was trying to without challenging my father” (i3)

“So that's when I asked the family to consider whether they would join the business, because if they didn't [I] would have moved on” (i4)

“I had the three kids around and cake, it was a beautiful meal, and I said, “We're going to sit down while I've got you all here”. I said, “I've made up my mind, what I want to do with the factory, the farm, and the property and whatever else I've got . . .” I told my children, the reason why I'm doing this is I want you to be friends forever. I want you to be like you are now. You see each other, you share each other's children . . . at dinner we would talk business all the time, politics, and occasionally religion, but business - business was his form of discussion to us and world affairs . . . Mother used to be involved [in the business] when we had the farms, she would cook for the staff, the lunches” (i5)

“Although the business wasn't brought into the living room, the family was brought into the business . . . my parents and their three children. My mother, until six years ago used to do some deliveries, she had a big four-wheel-drive, and she'd throw all these big wire baskets in the back and run them around town” (i6)

Of the six incumbents interviewed, i1, i2 all i4 indicated that their succession plans engaged the broader family unit, and that this support was important in easing the transition and sense of mortality the incumbent might experience. In comparison, the relationship between (i3) and his father during succession was negative, and following succession, the family was fractured and the previous generation became embittered, losing their sense of purpose.

4.1.3.2. Mortality: Family Support (PCS Interviews)

As shown in Table 4.7, 26 (63%) of the 41 PCS Interviews identified family support was a key component in helping the incumbent manage their succession process. Illustrative comments follow:

“I want to do something that can surprise my family. I have to prove to my father that he made the wrong decision. I am better than my brother when dealing with the family business . . . the Chinese culture seems to tell women to stay at home and look after the elderly and the kids, but evidently I am not a housewife and I would like to assist my husband in the family business”(PCS Interview 13, female incumbent)

“I was quite excited about taking over the family business and we discussed [with the family] some form of ongoing learning process” (PCS Interview 38, male incumbent)

“Many families spent their weekends going out for dinner but we worked” (PCS Interview 39, female incumbent)

These comments highlight two key aspects of family support for the incumbent during succession. First, the family is involved in supporting and being involved in the family business, and second, the willingness of the incumbent to accept and internalize that support allows the incumbent to successfully manage the succession process.

4.1.3.3. Mortality: Personal Adaptability (Protagonist Interviews)

As shown in Table 4.6, all interviewees commented on their adaptability to change during the succession process. Illustrative comments follow:

“The agreement deals with a lot of issues in order for the business to go ahead . . . [so] the adaptability of accepting alternate viewpoints [is important]” (i1)

“No way in the world would I stop Nick [son] from going off and doing something totally different . . . I said right at the start, I’ve never pushed Nick in that direction. I’ve never tried to encourage members of the staff to accept him” (i2)

“My parents still weren’t seeing me as the manager or the leader of the family business . . . it was completely [my father’s] business, his ownership, and his finances, his ingenuity, and his entrepreneurship that started the company [But now the] ability to change to suit your environment [is critical to succession]” (i3)

“Do you want to join the business? If you do, you need to respond to me within 12 months, because I’ll be going in a different direction” (i4)

“I wouldn’t care. I’ve had my innings. I’ve enjoyed my [moving on] . . . I’ll probably buy some houses and do them up and sell them, or something. I don’t know” (i5)

While five (83%) of the six incumbents acknowledged the need to adapt to a changing environment and to consciously manage generational transition, in one case (i3), the founder was not able to adapt to or accept the transition, which led to a fractured family unit and a challenging succession process.

4.1.3.4. Mortality: Personal Adaptability (PCS Interviews)

As shown in Table 4.7, 32 (78%) of the 41 PCS Interviews identified incumbent adaptability as a key element in managing succession. Illustrative comments follow:

“My grandfather started our family business with his brothers. . . I have to pass it on to my children . . . we do not want to sell the family business after us . . . it will still be a family business, someone in the family will take it over” (PCS Interview 13, incumbent)

“[The founder saw] his staff as his family” (PCS Interview 17, male incumbent, >50 years old, second generation, rubber plantation, >100 employees)

“The successor [is] under [my] wing because of a strong interest in the family business . . . I treat everyone equally but at the end of the day I am the owner” (PCS Interview 31, incumbent)

“[The incumbent] would not have a clue what [the successor] wanted, and does not understand where [the successor] is coming from; it’s a new age with different opportunities” (PCS Interview 38, secondary observation)

These observations highlight the need for incumbents to adapt to a changing environment; failure to adapt can have a negative impact on succession.

4.1.3.5. Synthesis

This section reviews family support and adaptability as components of the personal variable of incumbent mortality.

The protagonist and PCS Interview data suggest that there is a strong relationship between the adaptability of a family's culture and the ability to offer discernable familial support to the incumbent during the succession process. All the one-on-one interviewees and 63% of the PCS Interviews referenced family support as having a positive influence on the succession process, while 83% one-on-one interviewees and 78% of PCS Interviews highlighted the importance of adaptability on the succession process. Where the environment or incumbent were not adaptable, the effect on the family and succession was negative.

To summarize:

- Family Support – Dunemann and Barrett (2004) acknowledged the degree of family support an incumbent receives during the succession process can ease the sense of “finality” that transition represents. This study supports the proposition that family support during the succession process is important in facilitating a smooth transition, and in ensuring that the incumbent does not deny his or her own mortality.
- Personal Adaptability - Kepner (1983) identified that the level of adaptability is an essential characteristic in the management of succession. This study supports Kepner's (1983) finding, noting that where the incumbent is willing to adapt to a new environment and has family support, the incumbent will be able to psychologically accept succession as a new stage, rather than as a statement of their impending mortality.

4.1.4. Nepotism and Ethnicity

Dyer (2003) recognized the influence of ethnicity and kinship on traditional business decision-making. Karra et al. (2006) and Peredo (2003) identified that ethnic connections in a family's culture can create a “like” group that through common history, language and cultural perspective defines the family's boundaries, and directly affects key family business decision-making processes. To counteract this influence, Gallo and Vilaseca (1998) recommended a meritorious-based decision platform in family businesses, with transparent protocols and procedures to help mitigate any possible negative outcomes of decisions based solely on blood and ethnic ties.

Tables 4.8 and 4.9 address the fourth element of the Incumbent Personal Variables, namely Nepotism and Ethnicity, and its associated components of protocols and culture. Protocols are defined as encompassing financial policies, structures, strategic planning, human resource management and compensation (Chua et al. 2003; Siebels and Knyphausen-Aufse, 2012). Culture represents the family's sense of what constitutes appropriate behavior and attitudes in the management of people, and in the reflection of the family business' identity and operational behavior (Dyer, 1986; Kepner, 1983; Lee, 2006; Olson et al. 1989; Stavrou et al. 2005).

Table 4.8

Frequency and Percentage Frequency Distributions of Incumbent Personal Variable (Nepotism and Ethnicity) Categorized by Components (Protocols, Culture) – Protagonist Interviews (n=6)

Incumbent	Size (Number of Employees)			Generation		Industry			Protocols		Culture	
	1-20	20 - 99	100 +	1	2	P	S	T	n	%	n	%
i1			1		1		1		11	23	8	29
i2	1			1				1	10	21	3	11
i3	1				1	1			7	15	6	21
i4		1		1			1		10	21	0	0
i5		1		1			1		6	12	5	18
i6	1				1		1		4	8	6	21
Total	3	2	1	3	3	1	4	1	48	100	28	100

P = Primary, S = Secondary, T = Tertiary

Table 4.9

Frequency and Percentage Frequency Distributions of Incumbent Personal Variable (Nepotism and Ethnicity) Categorized by Components (Protocols, Culture) – PCS Interviews (n=41)

Number of (PCS Interviews) by size of the family business (Number of Employees)			Generation		Industry			Protocols		Culture	
1-20	20 - 99	100 +	1	2	P	S	T	n	%	n	%
22			20	2	1	5	16	4	40	12	55
	8		8	0	0	5	3	4	40	2	9
		11	6	5	1	5	5	2	20	8	36
Total			34	7	2	15	24	10	100	22	100

P = Primary, S = Secondary, T = Tertiary

4.1.4.1. Nepotism and Ethnicity: Protocols (Protagonist Interviews)

As shown in Table 4.8, all interviewees commented on the importance of protocols on the family business. Illustrative comments follow:

“We've put in place a structure by which, in the event there's disagreement, the matter can be resolved by voting procedure . . . managing change involves identifying succession, and planning for it, and working for it, and giving the proposed successor, or successors if there's more than one, all the training and help that you can whilst you're able, and inclined to do so” (i1)

“We have regular staff meetings, and we're small enough to be able to do that . . . there was a structured, I don't want to use the word 'board', but there was a structured process of determining a strategic direction” (i2)

“No - there was no family council, I couldn't impose anything, no matter how right or wise it would have been on Dad while he was running the business . . . my father just telling, it wasn't as much of a discussion . . . no disputing the authority” (i3)

As these comments by incumbents indicate, having a structured protocol in the family business assists in managing the business decision-making process. Incumbent i3 highlights the potential problems that arise when leadership is authoritarian, and no independent protocols exist.

4.1.4.2. Nepotism and Ethnicity: Protocols (PCS Interviews)

As shown in Table 4.9, 10 (24%) of the 41 PCS Interviews identified the importance of protocols on the family business. Illustrative comments follow:

“It is important to plan where we want to go next, that's how we have always operated . . . [knowing our] own kind [when planning for the future]” (PCS Interview 12, female incumbent, <50 years old, first generation, entrepreneurs, <20 employees)

“It is the responsibility of the family to carry on the family business . . . there was no need to have formal meetings; the family was the family business. We met at the dinner table” (PCS Interview 13, female incumbent)

“Things have to be done right first time when you are dealing with people” (PCS Interview 21, male incumbent, >50 years old, first generation, manufacturing, <20 employees)

“We are too small to have a bloody thick book of rules. I understand the business, I know what's right” (PCS Interview 22, male incumbent, >50 years old, first generation, hospitality, <20 employees)

The Protagonist Interview data support the value of having protocols in the family business as a means of managing change; the only exception was (i3) where the previous incumbents' leadership style was autocratic, resulting in a problematic succession. In comparison, the PCS Interview data were not as emphatic on the application of protocols. Family business size was also not a key determinant of applying protocols. For instance, four (18%) of 22 family businesses with fewer than 20 employees, two (18%) of 11 family businesses with over 100 employees, and four (50%) of eight family businesses with between 20 to 100 employees acknowledged the use of protocols to help manage their family business.

4.1.4.3. Nepotism and Ethnicity: Culture (Protagonist Interviews)

As shown in Table 4.8, all interviewees commented on the influence that culture had on the family business. Illustrative comments follow:

"I think [culture] washes off on the children . . . we've made every effort in our unit holder's agreement to ensure that the passing of equity stays within the bloodlines. I'd like to think that there'd be no difference between them - between family and non-family. I'd like to think that. But that's easy to say" (i1)

"You've got the family of blood, and you've got the family of business" (i2)

"Family culture and how it affects the business culture is of critical note [in the family business] . . . there was no disputing [father's] authority" (i3)

The comments reflect the importance incumbents place on culture as a unifying factor in the family business.

4.1.4.4. Nepotism and Ethnicity: Culture (PCS Interviews)

As outlined in Table 4.9, 22 (54%) of 41 PCS Interviews highlighted the influence of family culture on nepotism and ethnicity in family business. As shown in Table 4.10, the nature of the family culture was predominantly Asian, with 14 (67%) of the 22 cases indicating culture was important in succession, and four (21%) suggesting it was not important. The greatest impact of culture was recorded for 5 (83%) of the 6 Asian family businesses employing fewer than 20 people, and for businesses with 100 or more employees. Illustrative comments follow:

Table 4.10
Frequency and Percentage Frequency Distributions of Incumbent Personal Variable
(Nepotism and Ethnicity) Categorised by National Culture - PCS Interviews (n=41)

Number of (PCS Interviews) by size of the family business (Number of Employees)			Generation		Industry			Cultural Origin							
								Culture Origin		Important		Culture Origin		Not Important	
1-20	20 - 99	100+	2	3+	P	S	T	Asian	Anglo	n	%	Asian	Anglo	n	%
22			20	2	1	5	16	5	7	12	54	1	9	10	53
	8		8	0	0	5	3	2	0	2	9	2	4	6	32
		11	6	5	1	5	5	7	1	8	37	1	2	3	15
Total			34	7	2	15	24	14	8	22	100	4	15	19	100

P = Primary, S = Secondary, T = Tertiary

“We speak in Chinese in the office, it’s our business. It is easier to communicate with family, they understand who we are” (PCS Interview 3, male incumbent)

“It’s a position of trust and if people do not have trust they will not come back [relating to cultural alignment]” (PCS Interview 5, male incumbent, >50 years old, first generation, medical, <20 employees)

“Just did not get it, what we were about and how we do things [after sacking a non-family CEO] . . . everyone knew what they had to do” (PCS Interview 6, male incumbent)

“People were judged on merit” (PCS Interview 14, male incumbent, >50 years old, first generation, engineering, <100 employees)

“Being a good doctor has nothing to do with family blood, it’s about ability” (PCS Interview 15, male incumbent, >50 years old, first generation, medical, >100 employees)

“I treat everyone equally but at the end of the day I am the owner” (PCS Interview 31, female incumbent)

The PCS Interview commentary highlighted the importance of culture in family businesses, but unlike the Protagonist Interviews, the dominance of Chinese family businesses was potentially a source of concern for non-culturally aligned employees.

4.1.4.5. Synthesis

This section reviews protocols and culture as components of the incumbent personal variable of nepotism and ethnicity.

Protagonist Interview data indicated that incumbents identified protocols in family business as a means by which non-family employees could be managed. The PCS Interview data were not as definitive.

Regarding the role of family culture on nepotism and ethnicity, Protagonist Interview data indicated that incumbents saw culture as embracing both family and non-family members. The PCS Interview data highlighted the strong influence of traditional Asian cultures on family business.

To summarize:

- Protocols – The data supported Gallo and Vilaseca’s (1998) finding of the need for transparent protocols to ensure positive outcomes in the family business.
- Culture – Incumbents saw family culture as having a positive influence on the family business, especially in Asian families (Barnes and Hershon, 1976; Chrisman et al. 2003; Dierickx and Cool, 1989).

4.2. Research Question Two: Successor

What are the key personal variables (2.4) of the successor (2.4.2) related to succession?

The key personal variables of the successor associated with succession in a family business identified as a result of the content analyses in this study are Commitment (2.4.2.1), Gender (2.4.2.2), Age (2.4.2.3) and Nepotism and Ethnicity (2.4.4.3), and as reported in Chapter 2. Tables 4.11 and 4.12 address the first element of the successor’s Personal Variables, namely Commitment.

4.2.1. Commitment

Dyck et al. (2002) stated that without successor commitment, the family nature of the family business would be diluted. Habbershon and Williams (1999), Handler (1989), Issacharoff (1998), Stewart (2003) and Sharma and Irving (2005) identified the range of likely successor commitments as “wanting to”, “ought to”, “needing to”, and “having to”.

Tables 4.11 and 4.12 address the first element of successor Personal Variables, namely Commitment. The data identified two elements associated with successor commitment: family business socialization (Astrachan et al. 2005; Habbershon and Williams, 1999), and external influences (Parasuraman et al. 1996).

Table 4.11

Frequency and Percentage Frequency Distributions of Successor Personal Variable (Commitment) Categorized by Components (Family Business Socialization, External Influences) – Protagonist Interviews (n=3)

Successor	Size (Number of Employees)			Generation		Industry			Family Business Socialization		External Influences	
	1-20	20 - 99	100 +	2	3+	P	S	T	n	%	n	%
s1	1			1				1	9	36	4	33
s2			1		1		1		9	36	3	25
s3			1		1		1		7	28	5	42
Total	1	0	2	1	2	0	2	1	25	100	12	100

P = Primary, S = Secondary, T = Tertiary

Table 4.12

Frequency and Percentage Frequency Distributions of Successor Personal Variable (Commitment) Categorized by Components (Family Business Socialization, External Influences) – PCS Interviews (n=41)

Number of (PCS Interviews) by size of the family business (Number of Employees)			Generation		Industry			Family Business Socialization		External Influences	
1-20	20 - 99	100 +	1	2 +	P	S	T	n	%	n	%
22			20	2	1	5	16	14	44	8	67
	8		8	0	0	5	3	8	25	1	8
		11	6	5	1	5	5	10	31	3	25
Total			34	7	2	15	24	32	100	12	100

P = Primary, S = Secondary, T = Tertiary

4.2.1.1. Commitment: Family Business Socialization (Protagonist Interviews)

As shown in Table 4.11, all interviewees referenced the early exposure to the family business as a positive influence on them and the succession process. Illustrative comments follow:

“I’ve grown up with the business. This business having been around for 25 years, and [I] turned 30 this year, my earliest memories are of Dad starting this business . . . I [worked in the family business] on the weekends . . . I enjoyed that and

enjoyed being able to have a look around the office, and get a feel for where Dad worked . . . [the family business has] been a major part of my upbringing” (s1, male, >30 years old, second generation, media”, <20 employees)

“We had the opportunity to be part of [the family business] . . . we learnt the business not just in the time we worked in it but also as kids growing up . . . we just soaked it up like sponges” (s2, male, >50 years old, third generation, media, >100 employees)

“Since I can remember, [the family business] always been part [of me]. . . All my best mates’ dads are directors, and always have been since I can remember” (s3, male, >25 years old, third generation, transport, >100 employees)

These comments reinforce the positive effect early exposure to the family business had in molding the successor’s commitment to the business.

4.2.1.2. Commitment: Family Business Socialization (PCS Interviews)

As shown in Table 4.12, 32 (78%) of the 41 PCS Interviews identified early exposure to the family business as part of the successors’ family experience. Illustrative comments follow:

“The successor was always under her wing [incumbent]” (PCS Interview 31, Secondary observation)

“Initially [the successor] was quite excited about taking over the family business and we discussed some form of ongoing [early] learning process” (PCS Interview 38, secondary observation)

“Many families spent their weekends going out for dinner but [the successor] worked” (PCS Interview 39, secondary observation)

These observations support the comments made by the interviewees, and reinforce the positive effects of early exposure to the family business on the successor.

4.2.1.3. Commitment: External Influences (Protagonist Interviews)

As shown in Table 4.11, all interviewees identified external influences as impacting on their abilities to manage the family business. Illustrative comments follow:

“You don’t even have to study journalism, it’s too easy. Go get a real degree, go get a Commerce degree or a Law degree or both, and if you still want to do sports

after that, then I'll get you where you have to get . . . I'm not trying to big note myself, but I've also run a gym, built up a gym from scratch for five years which I sold last month" (s1)

"For the next generation, for the third generation to come into the business they needed to have done some form of post-school education, be it academic or technically-based, they'd need a minimum of two years work experience elsewhere" (s2)

"When I was at university I had a range of jobs, I worked in a pub, stuff like that. Different experiences are good . . . That's what you can draw on; you can only draw on your past. Getting experience, gaining it, the more experience you have, the more you can draw on. I'd been overseas, walked the Kokoda Trail, and done lots of walks out here" (s3)

These comments indicate that the successors acknowledged the value of other pursuits and interests in influencing their leadership role in and commitment to the family business.

4.2.1.4. Commitment: External Influences (PCS Interviews)

Table 4.12 shows that 12 (29%) of the 41 PCS Interviews indicated the successor had exposure outside that of the family businesses. Illustrative comments follow:

"The incumbent felt that a real world apprenticeship would be more valuable for the successor . . . the successor took the incumbent's advice and worked as a real-estate agent up until succession" (PCS Interview 4, secondary observations)

"The successor had little experience in the family business or leadership; however his experiences in the wrestling team and as president of the student organization served as a strong foundation" (PCS Interview 21, secondary observations)

There was limited direct referencing to explicit experiences within the PCS Interviews, however the general narrative supported the positive effects of external influences on the successor.

4.2.1.5. Synthesis

This section reviews family business socialization and external influences as components of successor commitment.

The protagonist and PCS Interview data indicate that successors regard early involvement in the family business as an important element in effective succession transition. Regarding the importance of external influences, interviewees were unanimous in acknowledging the value of outside interests and experiences as a means by which they gained perspective and depth in relation to succession. In comparison, the PCS Interview data were not as compelling, with only 12 (29%) of the 41 making reference to external influences.

To summarize:

- Family business socialization - Astrachan et al. (2005) and Habbershon and Williams (1999) argued that early exposure to the family business in the formative stages of the successor's life will have a positive effect on the successor's commitment to the family business. This study supports this proposition, and insinuates that the earlier exposure a successor has to the family business, the greater the possibility of a smooth transition.
- External Interests - Parasuraman et al. (1996) identified that exposure of the successor to external experiences not directly related to the family business will potentially have a positive influence on the successor and their commitment to the family business. This study reveals that all the successors who were interviewed extolled the benefits of external experiences. In comparison, only a small percentage (29%) of the PCS Interviews identified external experiences as an important determinant of successor commitment.

4.2.2. Gender

Barnes (1988) and Keating and Little (1997) observed the preference for primogeniture (the right of the first born son to inherit the family business) in determining the successor during transition. In later studies, Sharma and Irving (2005) and Vera and Dean (2005) found that gender preference was in part based on family expectations of male and female roles in the family unit. Bennedsen et al. (2006) and Stavrou (2005) found that the family's history and nature of business (Keating and Little, 1997) will influence what role the family expects of the next generation.

Tables 4.13 and 4.14 address gender preferences regarding family business succession. The data analysis identified two elements associated with gender, namely primogeniture and family expectations.

Table 4.13

Frequency and Percentage Frequency Distributions of Successor Personal Variable (Gender) Categorized by Components (Primogeniture, Family Expectations) – Protagonist Interviews (n=3)

Successor	Size (Number of Employees)			Generation		Industry			Primogeniture		Family Expectations	
	1-20	20 - 99	100 +	2	3+	P	S	T	n	%	n	%
s1	1			1				1	1	25	5	83
s2			1		1		1		0	0	0	0
s3			1		1		1		3	75	1	17
Total	1	0	2	1	2	0	2	1	4	100	6	100

P = Primary, S = Secondary, T = Tertiary

Table 4.14

Frequency and Percentage Frequency Distributions of Successor Personal Variable (Gender) Categorized by Components (Primogeniture, Family Expectations) – PCS Interviews (n=41)

Number of (PCS Interviews) by size of the family business (Number of Employees)			Generation		Industry			Primogeniture		Family Expectations	
1-20	20 - 99	100 +	1	2 +	P	S	T	n	%	n	%
22			20	2	1	5	16	10	50	11	53
	8		8	0	0	5	3	3	15	3	14
		11	6	5	1	5	5	7	35	7	33
Total			34	7	2	15	24	20	100	21	100

P = Primary, S = Secondary, T = Tertiary

4.2.2.1. Gender: Primogeniture (PCS Interviews)

As shown in Table 4.14, 20 (49%) of the 41 PCS Interviews believed gender was important in succession. However, 10 (50%) of these comments stated that gender played no role in succession, while the remaining 10 indicated that primogeniture was important. Table 4.15 highlights that of the 10 family businesses that believed in the importance of primogeniture, nine (90%) were of Asian heritage. Illustrative comments follow:

Table 4.15
Frequency and Percentage Frequency Distributions of Primogeniture Categorized by
Family Business Culture – PCS Interviews (n=41)

Number of (PCS Interviews) by size of the family business (Number of Employees)			Generation		Industry			Family Business Culture		Importance of Primogeniture	
1-20	20 - 99	100 +	1	2 +	P	S	T	Asian	Anglo	n	%
22			20	2	1	5	16	2	1	3	30
	8		8	0	0	5	3	1	0	1	10
		11	6	5	1	5	5	6	0	6	60
Total			34	7	2	15	24	9	1	10	100

P = Primary, S = Secondary, T = Tertiary

“It is my duty to honor the family name [by taking over]” (PCS Interview 7, male successor, >50 years old, second generation, textile manufacturer, >100 employees)

“It’s my role to take over the family business and support the family” (PCS Interview 10, male successor, >50 years old, first generation, furniture retailer, >100employees)

“I think it is ridiculous that he has not even considered his [daughter] . . . He [incumbent] makes the assumption that just because she is a girl she would not understand cars” (PCS Interview 38, successor)

Two findings differentiate the PCS Interview data from the Protagonist Interviews; (1) there was a greater acknowledgement of primogeniture in the PCS Interview data, and (2) the importance of gender in the succession process was a product of family business culture. Additionally, Table 4.15 indicates that the larger sized family businesses (more than 100 employees) were more likely to emphasize the importance of the son’s right to inherit the family business (six out of 11, or 55%).

4.2.2.2. Gender: Family Expectations (Protagonist Interviews)

As shown in Table 4.13, and consistent with the discussion on primogeniture, only two successors made reference to family expectations in relation to succession: Illustrative comments follow:

“My goals were to run my own business . . . and that probably comes from Dad” (s1)

“Since I can remember [the factory has] always been part [of my childhood] . . . Brad [cousin] came here all the time after school, he was 14-15 as well, and he was always here” (s3)

The one-on-one interview data indicated that the successors interviewed did not experience family pressure to pursue a role in the family business, but instead were empowered to pursue their own career. However, it is important to note that the incumbents in the respective family businesses played an important role as role models, influencing their successors covertly.

4.2.2.3. Gender: Family Expectations (PCS Interviews)

As outlined in Table 4.14, 21 (51%) of the 41 PCS Interviews indicated family expectations were important in the succession process, however as reflected in Table 4.16, 14 (67%) of the PCS Interviews that highlighted the importance of family expectations were of Asian heritage. Illustrative comments follow:

Table 4.16

Frequency and Percentage Frequency Distributions of Family Expectations Categorized by Family Business Culture – PCS Interviews (n=41)

Number of (PCS Interviews) by size of the family business (Number of Employees)			Generation		Industry			Family Business Culture		Importance of Family Expectations	
1-20	20 - 99	100 +	1	2 +	P	S	T	Asian	Anglo	n	%
22			20	2	1	5	16	5	6	11	52
	8		8	0	0	5	3	3	0	3	15
		11	6	5	1	5	5	6	1	7	33
Total			34	7	2	15	24	14	7	21	100

P = Primary, S = Secondary, T = Tertiary

“It’s how it has always been; it was my job to follow in the family tradition” (PCS Interview 3, successor)

“The successor is committed to the family business emotionally, and is very loyal to the family business, he was always going to take it over; that was his duty” (PCS Interview 6, secondary observations)

“Chinese-Indonesian culture of venerating the old and obeying the parent’s wishes” (PCS Interview 7, secondary observation)

“It is important that we maintain our Chinese heritage” (PCS Interview 9, successor)

“It’s my role to take over the family business and support the family” (PCS Interview 10, successor)

The PCS Interview data highlighted the influence that more communal and traditional family cultures play in determining the expected roles of the incumbent.

4.2.2.4. Synthesis

This section reviews primogeniture and family expectations as components of successor gender.

The Protagonist Interview data indicate that primogeniture was not a critical factor in determining succession. In comparison, the PCS Interviews placed greater importance on primogeniture with 10 (24%) of the 41 PCS Interviews noting the importance of gender in determining the appropriate successor, with nine (90%) of Asian heritage. The findings on family expectations were similar to the importance of primogeniture, with Asian family businesses regarding family business expectations as important to successor commitment.

To summarize:

- Primogeniture – The Protagonist Interview data did not support the observations of Barnes (1988) and Keating and Little (1997) on the importance of male primacy in succession, possibly because of the small sample size. In comparison, the PCS Interviews data did support the importance of primogeniture in traditional Asian families.
- Family Expectations – The data and findings were similar to the primogeniture data.

4.2.3. Age

Ram and Holliday (1993) and Vera and Dean (2005) identified that the age at which successors take control of the family business was gender related. In this study, both the interview and PCS Interview data made no references to age as a variable in succession.

4.2.4. Nepotism and Ethnicity

Dyer (2003) recognized the influence of ethnicity and kinship on traditional business decision-making. Karra et al. (2006) and Peredo (2003) identified that ethnic connections

in a family's culture can create a "like" group that through common history, language and cultural perspective can define the family's boundaries, and directly affect key family business decision-making. To counteract this influence, Gallo and Vilaseca (1998) recommended a meritorious-based decision platform in family businesses with transparent protocols and procedures to mitigate any possible negative outcomes of decisions based solely on blood and ethnic ties.

Tables 4.17 and 4.18 address the Successor's Personal Variable of Nepotism and Ethnicity and its associated components, protocols and culture. Protocols are defined as encompassing financial policies, structures, strategic planning, and human resource management and compensation (Chua et al. 2003; Siebels and Knyphausen-Aufse, 2012). Culture represents the family's sense of what constitutes appropriate behavior and attitudes in the management of people and in the reflection of the family business' identity and operational behavior (Dyer, 1986; Kepner, 1983; Lee, 2006; Olson et al. 1989).

Table 4.17

Frequency and Percentage Frequency Distributions of Successor Personal Variable (Nepotism and Ethnicity) Categorized by Components (Protocols, Culture) – Protagonist Interviews (n=3)

Successor	Size (Number of Employees)			Generation		Industry			Protocols		Culture	
	1-20	20 - 99	100 +	1	2	P	S	T	n	%	n	%
s1	1			1				1	5	21	7	58
s2			1		1		1		14	58	1	9
s3			1		1		1		5	21	4	33
Total	1	0	2	1	2	0	2	1	24	100	12	100

P = Primary, S = Secondary, T = Tertiary

Table 4.18

Frequency and Percentage Frequency Distributions of Successor Personal Variable (Nepotism and Ethnicity) Categorized by Components (Protocols, Culture) – PCS Interviews (n=41)

Number of (PCS Interviews) by size of the family business (Number of Employees)			Generation		Industry			Protocols		Culture	
1-20	20 - 99	100 +	1	2	P	S	T	n	%	n	%
22			20	2	1	5	16	4	40	12	55
	8		8	0	0	5	3	4	40	2	9
		11	6	5	1	5	5	2	20	8	36
Total			34	7	2	15	24	10	100	22	100

P = Primary, S = Secondary, T = Tertiary

4.2.4.1. Nepotism and Ethnicity: Protocols (Protagonist Interviews)

As shown in Table 4.17, all interviewees commented on the influence that protocols had on the family business. Illustrative comments follow:

“We made a decision in the last 18 months or so that we needed to employ a non-family senior executive, to take over the running of the business for us . . . the board is made up of seven people, there’s three family members: myself, my sister Marion and Christopher, we have a non-executive chairman, one other non-executive director, and two non-family executive directors . . . Dad had put in place some very good business disciplines and he had some good people around him that put in place good business advice . . . The first thing was to professionalize the business” (s2)

This comment acknowledges the importance of developing protocols in the family business, and the desire of the successor to follow in the footsteps of the incumbent.

4.2.4.2. Nepotism and Ethnicity: Protocols (PCS Interviews)

As shown in Table 4.18, all interviewees commented on the influence that protocols had on the family business. Illustrative comments follow:

“It’s important we do things right. As a medical practice we must follow rules. Dad put them in place, and they work” (PCS Interview 5, male successor, <20 years old, second generation, medical, <20 employees)

“We have a very clear way of doing things, it’s been handed down over the years” (PCS Interview 7, male successor, <20 years old, third generation, manufacturing, >100 employees)

Although PCS Interview data acknowledged the importance of protocols, only 24% (n=10) of the 41 PCS Interviews responded. These responses highlighted the use of protocols as a management tool in family business.

4.2.4.3. Nepotism and Ethnicity: Culture (Protagonist Interviews)

As shown in Table 4.17, all interviewees commented on the influence that culture had on the family business. An illustrative comment follows:

“I think it is the difference between an employee and a normal business, and calling your employees a family I guess is just that absolute underlying loyalty and commitment to doing whatever’s required for the business. I think outside of the working relationship there is an underlying friendship as well” (s1)

This comment is in line with the view of incumbents that the family business culture is all pervasive, embracing family and non-family members alike.

4.2.4.4. Nepotism and Ethnicity: Culture (PCS Interviews)

As shown in Table 4.18, all interviewees commented on the influence that culture had on the family business. Illustrative comments follow:

“Non-family members are treated like they are part of the family” (PCS Interview 12, female successor, <25 years old, second generation, manufacturing, <20 employees)

“The successor was in conflict with the incumbent over culture. The former wanted to maintain his Chinese roots, his son preferred a more westernized culture” (PCS Interview 15, female successor, <25 years old, second generation, service >100 employees – secondary observation)

In comparison to the components on protocols, over 50% of PCS Interview respondents highlighted culture as a key aspect of nepotism and ethnicity.

4.2.4.5. Synthesis

This section reviews protocols and culture as components of successor nepotism and ethnicity.

Successor Protagonist Interviewees indicated the use of protocols in their family businesses were a positive initiative. In comparison, only 10 (24%) of the 41 PCS Interviewees identified protocols as useful or important in their family businesses.

Protagonist Interview data indicated that the successor saw family culture as a positive influence on the business, whereas PCS Interview data highlighted the strong influence of traditional Asian cultures on family business.

To summarize:

- Protocols –The data support Gallo and Vilaseca’s (1998) finding of the need for transparent protocols.
- Culture – Successors identified family culture as a positive contributor to the management of the family business. PCS Interview data highlighted the importance placed on culture by traditional Asian families.

4.3. Research Question Three: Family

What are the key personal variables (2.4) of the family (2.4.3) related to succession?

For the purpose of this study, the key protagonists who comprise the family business are the incumbent and the successor, and are identified accordingly in the tables below. For the PCS Interviews, the family is treated as a homogeneous unit, as both the incumbent and the successor were represented in the interview sample. The family-orientated personal variables associated with succession in a family business are Family Culture (2.4.3.1), Family History (2.4.3.2), and Work Family Conflict (2.4.3.3), as reported in Chapter 2.

4.3.1. Family Culture

Kepner (1983) identified the influence of the family’s culture was the key differentiator between a family business and a non-family business. Additionally, Lee (2006) found that the degree of family cohesion influenced how the family unit managed succession, and in turn managed internal rivalries and jealousies (Ensley and Pearce, 2005).

Tables 4.19 and 4.20 address Family Culture and its relationship to incumbent and successor succession in family business. The data analysis identified three elements associated with family culture, namely familiness, cohesion, and sibling rivalry.

Table 4.19

Frequency and Percentage Frequency Distributions of Family Personal Variable (Family Culture) Categorized by Components (Familianness, Cohesion, Sibling Rivalry) – Protagonist Interviews (n=9)

Family	Size (Number of Employees)			Generation		Industry			Familianness		Cohesion		Sibling Rivalry	
	1-20	20 - 99	100 +	1 - 2	3+	P	S	T	n	%	n	%	n	%
Incumbent			1	1			1		12	17	9	13	2	4
i1				1					7	10	9	13	4	8
i2	1			1				1	13	19	32	47	32	64
i3		1		1		1			7	10	7	10	0	0
i4		1		1			1		15	22	6	9	5	10
i5	1			1			1		15	22	5	8	7	14
i6														
Sub-Total	3	2	1	6	0	1	4	1	69	100	68	100	50	100
Successor														
s1	1			1				1	9	30	3	30	3	38
s2			1		1		1		15	50	4	40	4	50
s3			1		1		1		6	20	3	30	1	12
Sub-Total	1	0	2	1	2	0	2	1	30	100	10	100	8	100
Protagonists														
Incumbents	3	2	1	6	0	1	4	1	69	70	68	87	50	86
Successors	1	0	2	1	2	0	2	1	30	30	10	13	8	14
Combined Total	4	2	3	7	2	1	6	2	99	100	78	100	58	100

P = Primary, S = Secondary, T = Tertiary

Table 4.20

Frequency and Percentage Frequency Distributions of Family Personal Variable (Family Culture) Categorized by Components (Familianness, Cohesion, Sibling Rivalry) – PCS Interviews (n=41)

Number of (PCS Interviews) by size of the family business (Number of Employees)			Generation		Industry			Familianness		Cohesion		Sibling Rivalry	
1-20	20 - 99	100 +	1	2 +	P	S	T	n	%	n	%	n	%
22			20	2	1	5	16	15	52	16	52	13	46
	8		8	0	0	5	3	5	17	5	16	6	22
		11	6	5	1	5	5	9	31	10	32	9	32
Total			34	7	2	15	24	29	100	31	100	28	100

P = Primary, S = Secondary, T = Tertiary

4.3.1.1. Family Culture: Familianness (Protagonist Interviews)

As shown in Table 4.19, all incumbents and successors acknowledged the influence of their family culture on their family businesses:

“I think [family culture] washes off on the children . . . [it's] very much part of the same thing [family culture and business culture], being aware of the effect on each other . . . I would think that that style permeates down. I think whatever I am I'm a reflection of my own upbringing, as we all are. I'd like to think that people would see it that way” (i1)

“[Early days] it was very much, this is how you do it – my father just telling me, it wasn’t as much of a discussion, ask why or how or is there another way, but there was no disputing the authority of the final decision or whatever else” (i3)

“I think my father trained me to be in business without him knowing it . . . at dinner we would talk business all the time, politics, and occasionally religion, but business - business was his form of discussion to us and world affairs. . . I’ve told my kids happy home, happy business. If the home is not happy, your business will never be happy, because you’ll be worrying about what’s going on at home” (i5)

“The obvious word that springs to mind is family. And we’ve often talked about Business Essentials being a family business . . . My involvement in the business has made it more a family business in the true definition of the word, but hasn’t actually changed the culture at all . . . That’s been a major part of my upbringing” (s1)

“We had the opportunity to be part of it and go along for the ride, so to speak, and we learnt the business not just in the time we worked in it but also as kids growing up . . . for dad there was no separation between business, pleasure and the family” (s2)

These comments highlight that both the incumbent and successor acknowledge the powerful influence a family’s culture has on the business culture.

4.3.1.2. Family Culture: Familiness (PCS Interviews)

As outlined in Table 4.20, 29 (71%) of the 41 PCS Interviews respondents made reference to family culture and its impact on the family business. Illustrative comments follow:

“[Non-family employees] just did not get it, what we were about and how we do things [in the business]” (PCS Interview 6, male incumbent, >50 years old, second generation, real-estate, <20 employees)

“Chinese culture seems to tell women to stay at home and look after the elderly and the kids” (PCS Interview 13, incumbent)

“His staff as his family . . . it’s a Chinese family tradition” (PCS Interview 17, successor)

“People can be more joyful for giving out time, love and resources to others generously without expecting anything in return” (PCS Interview 26, incumbent)

The findings in the PCS Interviews support the observations of the interviewees that family culture, particularly with an Asian influence, is a key driver of family business culture.

4.3.1.3. Family Culture: Cohesion (Protagonist Interviews)

As shown in Table 4.19, all incumbents and successors mentioned the importance of a cohesive family culture, with 47% of observations made by (i3). In this case, succession was coercive and resulted in a fracturing of the family unit. Illustrative comments follow:

“In developing family harmony and unity, [father] developed some sayings. One of which I've always remembered, and that was that in a family business, you have to learn how to disagree agreeably . . . I took the view that if we didn't have unanimity about something this significant [property acquisition], then we wouldn't do it” (i1)

“Once a fortnight we all meet, and talk about everything that's happening in the business, and I've always been totally open with everybody, as if they are, for me, the people who work here are family” (i2)

“This [was a] difficult and awful time [during succession] for both of us . . . I thought we were evolving and that I was an adult male, with a family and kids [changing] from parent-child relationship to two adults [between incumbent and successor]. . . With my sensitivity to Dad, there was no win for me [in business]” (i3)

“As a family we are as odd as anyone, but we're very cohesive” (i6)

“We do disagree on a lot of things. We do play devil's advocate quite a lot in discussions, we disagree on small things” (s1)

“Very soon after Dad's passing we started having family retreats. Now, a family retreat was the five of us with our mother, our partners and our kids and we met as a family and during those retreats a lot of time was spent in molding a vision and mission statements and our family constitution . . . We pulled the family together. . . We created what we call The Family Pillars Group, which was the five of us. Sitting over the top you've got the whole family, which is siblings, mother, spouses, and kids. So there's a level of engagement there” (s2)

“If you know my family, the most un-stressful people ever, easygoing as . . . love sitting around having a chat and a beer” (s3)

These comments highlight that both incumbents and successors acknowledge the importance of a cohesive family culture in building a strong family business. The

exception was i3, whose family culture lacked cohesion, resulting in a fractured family unit and a combative succession process.

4.3.1.4. Family Culture: Cohesion (PCS Interviews)

Table 4.20 indicates that 31 (76%) of the 41 PCS Interviews made reference to the cohesive nature of the family's culture and its effect on the succession process. Table 4.21 examines cohesion in more detail, and shows that where family cultures were cohesive in 13 (32%) of the 41 PCS Interviews, a great number of participants believed succession was a positive outcome. In comparison, where cultures were non-cohesive for 18 (68%) of 41 PCS Interviews, the majority of participants believed that succession was a negative outcome. These observations support the interview data that suggest that a family culture that is cohesive is more likely to manage the succession process better than a family culture that is not. Illustrative comments follow:

“I treat everyone equally but at the end on the day I am the owner [in managing change]” (PCS Interview 31, incumbent)

“He [incumbent] does not understand where I'm coming from; it's a new age with different opportunities” (PCS Interview 38, successor)

Table 4.21

Frequency and Percentage Frequency Distributions of Relationship between Cohesion and Succession – PCS Interviews (n=41)

Number of (PCS Interviews) by size of the family business (Number of Employees)			Generation		Industry			Relationship between Cohesion and Succession							
								Cohesion		Succession		Not-Cohesive		Succession	
1-20	20 - 99	100 +	1	2 +	P	S	T	n	%	+ve	-ve	n	%	+ve	-ve
22			20	2	1	5	16	9	69	6	3	7	39	2	5
	8		8	0	0	5	3	1	8	1	0	4	22	2	2
		11	6	5	1	5	5	3	23	2	1	7	39	0	7
Total			34	7	2	15	24	13	100	9	4	18	100	4	14

P = Primary, S = Secondary, T = Tertiary

4.3.1.5. Family Culture: Sibling Rivalry (Protagonist Interviews)

As shown in Table 4.19, all incumbents and successors identified the role of sibling [and other family members] rivalry on succession. Illustrative comments follow:

“One of the things we've been very conscious of is that wives of family members, or husbands of family members, if it was to be the case, could have a complication, which could be quite devastating, and we've made every effort in our unit holder's agreement to ensure that the passing of equity stays within the bloodlines” (i1)

“I think had I not joined the business, I don't think [my brother] would have joined . . . I think it was an easy option . . . he wasn't driven to succeed or wouldn't really challenge himself to succeed . . . this was about looking after him [employing the brother] more than a business need when he was offered a position . . . I felt responsible to continue employing him; he wasn't doing a great job for us, but what are you going to do?” (i3)

“I told my children, the reason why I'm doing this [children's involvement in the business] is I want you to be friends forever. I want you to be like you are now. You see each other; you share each other's children. You come for dinners” (i5)

“There was no turf war [between brothers] . . . we had all worked together off and on over a long period of time so there was a clear understanding and recognition of each other's strengths and weaknesses” (s2)

These comments highlight the influence of siblings and other family members on succession, while the comments by i3 highlight the need to manage relationships and conflicts compassionately.

4.3.1.6. Family Culture: Sibling Rivalry (PCS Interviews)

As outlined in Table 4.20, 28 (68%) of 41 PCS Interviews referenced sibling rivalry as an influence on succession. Table 4.22 examines sibling rivalry in more detail, and highlights

Table 4.22
Frequency and Percentage Frequency Distributions of Management of Sibling Rivalry during Succession – PCS Interviews (n=41)

Number of (PCS Interviews) by size of the family business (Number of Employees)			Generation		Industry			Management of Sibling Rivalry			
								Positive		Negative	
1-20	20 - 99	100 +	1	2 +	P	S	T	n	%	n	%
22			20	2	1	5	16	9	70	5	33
	8		8	0	0	5	3	2	15	4	27
		11	6	5	1	5	5	2	15	6	40
Total			34	7	2	15	24	13	100	15	100

P = Primary, S = Secondary, T = Tertiary

that 13 (46%) of the 28 PCS Interviews managed the rivalry positively, whereas 15 (54%) did not, resulting in conflict during succession. Illustrative comments follow:

“We’d like to keep it [the business] between ourselves [siblings]” (PCS Interview 1, successor)

“She swapped shifts with her younger sister . . . the younger sister had to undertake both shifts because the older successor had other plans” (PCS Interview 39, successor, secondary observations)

The two comments represent the extremes of how families deal with sibling rivalries. The first comment reflects a strategy to manage potential issues and solve them, while the second highlights how potential power differences among siblings can have a negative effect.

4.3.1.7. Synthesis

This section reviews familiness, cohesion, and sibling rivalry as components of the personal variable of family culture.

The data from the Protagonist Interviews highlight the importance that familiness has on family culture for both incumbents and successors. All the Protagonist Interview respondents acknowledge the importance of family from both a positive and negative perspective, and as further supported by the PCS Interviews.

Similarly, both the protagonist and PCS Interview data reinforced the need for a cohesive family culture as an important aspect of successful succession. Further, and as identified in Table 4.20, 31 (76%) of PCS Interviews identified cohesion as an important element of succession. Table 4.21 shows nine (69%) of the 13 cohesive cultures experienced a smooth succession, and 14 (78%) of the 18 non-cohesive cultures experienced a negative succession.

Finally, the importance of managing sibling rivalry was reflected by both the protagonist and PCS Interviews.

To summarize:

- Familiness – Both the protagonist and PCS Interview data support Kepner’s (1983) proposition that the family has a direct bearing on both the incumbent and successor

during succession.

- Cohesion – Lee’s (2006) observations on the importance of family cohesion during succession are supported by both the Protagonist and PCS Interview data. Where cohesion is not present, as in the case of i3, the degree of disharmony increases during and after succession.
- Sibling Rivalry –The Protagonist and PCS Interview data support Ensley and Pearce’s (2005) findings that managing internal jealousy ensures succession remains relatively smooth. The data also highlighted that where rivalries are not managed, conflict is likely to arise.

4.3.2. Family History

Davis (1983), Davis and Harveston (2001), Smith et al. (1994) and Stewart (2003) identified the effect that family history, in particular early childhood experiences, have on family business relationships. Subsequent studies (Habbershon et al. 2003; Khai et al. 2003) found that a strong family vision, or “kinship logic”, can mitigate conflict; however it can lead to family-centric business decisions rather than decisions based on more traditional business models. Tables 4.23 and 4.24 address the variable family history and its two components, early experiences and kinship logic.

4.3.2.1. Family History: Early Experiences (Protagonist Interviews)

As shown in Table 4.23, all incumbents and successors reflected on their early experiences of their family history and subsequently how these experiences influenced their family businesses and business relationships. Illustrative comments follow:

“I had a remarkably good relationship with my dad. In fact, the older I get, and the more I think back on it, I can't ever remember being angry with him or him being cross with me” (i1)

“My younger son, Nick, did things in this business right from the start. Whether it is packing cassettes, he had an interest in what was happening here” (i2)

Table 4.23

Frequency and Percentage Frequency Distributions of Family Personal Variable (Family History) Categorized by Components (Early Experiences, Kinship Logic) – Protagonist Interviews (n=9)

Family	Size (Number of Employees)			Generation		Industry			Early Experiences		Kinship Logic	
	1-20	20 - 99	100 +	1 - 2	3+	P	S	T	n	%	n	%
Incumbent												
i1			1	1					5	14	11	23
i2	1			1				1	2	5	4	9
i3	1			1		1			9	24	12	27
i4		1		1			1		1	3	7	16
i5		1		1			1		7	19	7	16
i6	1			1			1		13	35	4	9
Sub-Total	3	2	1	6	0	1	4	1	37	100	45	100
Successor												
s1	1			1				1	6	35	2	16
s2			1		1		1		10	59	5	38
s3			1		1		1		1	6	6	46
Sub-Total	1	0	2	1	2	0	2	1	17	100	13	100
Protagonists												
Incumbents	3	2	1	6	0	1	4	1	37	69	45	78
Successors	1	0	2	1	2	0	2	1	17	31	13	22
Combined Total	4	2	3	7	2	1	6	2	54	100	58	100

P = Primary, S = Secondary, T = Tertiary

Table 4.24

Frequency and Percentage Frequency Distributions of Family Personal Variable (Family History) Categorized by Components (Early Experiences, Kinship Logic) - PCS Interviews (n=41)

Number of (PCS Interviews) by size of the family business (Number of Employees)			Generation		Industry			Early Experiences		Kinship Logic	
1-20	20 - 99	100 +	1	2 +	P	S	T	n	%	n	%
22			20	2	1	5	16	14	44	12	50
	8		8	0	0	5	3	8	25	4	17
		11	6	5	1	5	5	10	31	8	33
Total			34	7	2	15	24	32	100	24	100

P = Primary, S = Secondary, T = Tertiary

“Kendall [son] has been in the business full-time for three years, although he worked as a kid in the business, mucking around in drive-thru standing on a milk crate, you know doing all that . . . and the young fella worked; from about the age of 15, he did some shifts” (i4)

“I suppose growing up, I just remember that my father worked incredibly hard, he always worked 6-7 days a week, he was always gone in the mornings and often not home in the evenings . . . I'd come in on Saturday mornings and it was cold and I was very young, I was in this factory on my own on a Saturday morning. Well, it was more of a child-minding centre [the family business] for a Saturday morning, when your father works every Saturday, you know” (i6)

“I've grown up with the business. This business having been around for 25 years, and me only having turned 30 this year, my earliest memories are of Dad starting

this business . . . I used to [work] on the weekends back in those days, so it was sort of convenient for me and a couple of my mates to help out, and I enjoyed that and enjoyed being able to have a look around the office, and get a feel for where Dad worked . . . That's been a major part of my upbringing" (s1)

"Dad often related stories, observations and experiences with his father and his uncle and so on . . . My uncles and other extended family members came to the home and had pseudo board meetings around the kitchen table . . . we had the opportunity to be part of it and along for the ride, so to speak, and we learnt the business not just in the time we worked in it but also as kids growing up" (s2)

The broad range of comments, evenly distributed between the incumbents and the successors, highlight that early childhood exposure to the family business was as much a part of everyday life cycles as it was a part of the business.

4.3.2.2. Family History: Early Experiences (PCS Interviews)

As outlined in Table 4.24, 32 (78%) of 41 PCS Interviews referenced early work experiences as elements of the family business and the succession process. Illustrative comments follow:

"I remember going to meet dad at his office. I'd ride from school when all my other school friends were heading home" (PCS Interview 6, successor)

"It was my duty as a son to help out after I finished my studies" (PCS Interview 10, successor)

Consistent with the interview data, the PCS Interviews highlighted early work experiences as aspects of socialization into the family business.

4.3.2.3. Family History: Kinship Logic (Protagonist Interviews)

Table 4.23 indicates that all incumbents and successors acknowledged the influence of kinship on decision making in the family business. Illustrative comments follow:

"One of the things we've been very conscious of is that wives of family members, or husbands of family members, if it was to be the case, could have a complication, which could be, quite devastating, and we've made every effort in our unit holder's agreement to ensure that the passing of equity, stays within the bloodlines . . . [My daughter is divorced and] her two girls are living with her. And I'm quite sure that if the husband had still been around, that would have added a complication that would have been very difficult" (i1)

“I think it was an easy option [employing the brother] a place where he felt he would be looked after. I think that was a motivating factor . . . This was about looking after him [brother] more than a business need when he was offered a position” (i3)

“There’s got to be a line. There’s got to be a bloody line. And once you let other sides of the family in, they all suddenly have an input. And they might not necessarily think like you do . . . I don’t want [extended families] and I don’t recommend it to anyone, and they’re looking at dangerous territory . . . there is nobody outside the family who is getting a job with me at the factory. I don’t give a bugger if there’s the first or best cousins or third . . . so many of the families who’ve been through this, and what’s happened to them, I maintain this position, that even though my daughter asked me about her boyfriend, I said no, under any circumstances. I don’t care” (i5)

“We pulled the family together, in terms of what I call, ‘wider family’ [the family employees] . . . My middle brother Robert works in the business, he is essentially responsible for all our property development, and also manages a component of our business at our head office at Clayton, middle brother Christopher is our Chief Executive, our sister Marion who has worked in the business in the past, is a fellow Non-Executive Director with me” (s2)

“Probably 25 would be. I don’t know how many full-time there would be, all my cousins, all the 15 year olds, there’s probably about 25 of them, they all come in every school holidays. You find them work, they clean buses, survey drivers . . . I was down here a lot, and you’d see the other cousins and that. All my best mates’ dads are directors, and always have been since I can remember . . . My girlfriend even worked here on the holidays” (s3)

These comments illustrate the involvement of kin and extended family in the family business and the decision making process.

4.3.2.4. Family History: Kinship Logic (PCS Interviews)

As outlined in Table 4.24, 24 (59%) of 41 PCS Interviews acknowledged the influence of kinship logic on decision making in their family businesses:

“It’s here if they want it [employment in the family business] . . . we’d like to keep it between ourselves [family]” (PCS Interview 1, incumbent)

“[The sacked non-family employee] just did not get it, what [the family] was about and how we do things” (PCS Interview 6, incumbent)

“Employees do not care about the business, how the business is doing. What they know is to come to work at 8 and go home at 5” (PCS Interview 7, incumbent)

“Because [my successor] is my family, no matter how difficult he can be or how much history we share together, I felt I could not fire [him] even if he had done the wrong thing” (PCS Interview 41, incumbent)

4.3.2.5. Synthesis

This section reviews early experiences and kinship logic as components of the personal variable of family culture.

The protagonist and PCS Interview data highlighted the importance of early work experiences on family history and succession.

In relation to kinship logic, where the incumbents (i1, i3 and i5) saw the involvement of the extended family as a potential problem, the successors (s1, s2 and s3) saw kin involvement as a positive contribution to the family business and the succession process. Apparently, incumbents and successors place different values on kin involvement; the former sees such involvement as a possible negative distraction, the latter as positively contributing to the texture of the family business.

To summarize:

- Early Experiences – The Protagonist and PCS Interview data support the observations of Davis and Harveston (2001), Smith et al. (1994) and Stewart (2003) that early exposure to the family business is a form of socialization that enables successors to transition into the leadership role, and helps minimize disruption and misalignment during the succession process.
- Kinship Logic – The findings on kinship logic were not as definitive. The influence of kinship and extended families on the family business has been examined by Habbershon et al. (2003), Whyte (1996), and Khai et al. (2003). In the case of this study, this involvement differed slightly for successors and incumbents. Successors felt that extended family involvement had a positive effect on the family business, while incumbents argued that kin involvement beyond that of the immediate family added unwanted complications.

4.3.3. Work Family Conflict/Family Work Conflict

Cole (2000) and Boyara et al. (2005) identified gender as an influence on work/family, family/work conflict. Parasuraman et al. (1996) and Taylor (2002) identified the female role as one of nurturing in the home, rather than leading a business, while Lee (2006) argued that the more adaptable the family culture was to new roles, the greater the chance of cohesion and acceptance. Additionally, Smyrnios et al. (2003) found that the incumbent's spouse or "significant other" played a crucial role in mitigating potentially harmful work/family, family/work conflict by supporting the succession process.

Tables 4.25 and 4.26 address work/family, family/work conflict and the extent to which it is associated with incumbent and successor comments on succession in a family business. The data analysis identified three elements associated with work/family, family/work conflict, namely gender roles, adaptable family culture, and spousal support.

Table 4.25

Frequency and Percentage Frequency Distributions of Family Personal Variable (Work/Family, Family/Work Conflict) Categorized by Components (Gender Roles, Adaptable Family Culture, Spousal Support) – Protagonist Interviews (n=9)

Family	Size (Number of Employees)			Generation		Industry			Gender Roles		Adaptable Family Culture		Spousal Support	
	1-20	20 - 99	100 +	1 - 2	3+	P	S	T	n	%	n	%	n	%
Incumbent														
i1			1	1			1		0	0	12	22	5	19
i2	1			1				1	0	0	7	13	4	15
i3	1			1		1			0	0	19	34	5	19
i4		1		1			1		3	60	7	13	3	10
i5		1		1			1		1	20	5	9	8	30
i6	1			1			1		1	20	5	9	2	7
Sub-Total	3	2	1	6	0	1	4	1	5	100	55	100	27	100
Successor														
s1	1			1				1	0	0	6	30	4	80
s2			1		1		1		1	50	10	50	0	0
s3			1		1		1		1	50	4	20	1	20
Sub-Total	1	0	2	1	2	0	2	1	2	100	20	100	5	100
Protagonists														
Incumbents	3	2	1	6	0	1	4	1	5	71	55	73	27	84
Successors	1	0	2	1	2	0	2	1	2	29	20	27	5	16
Combined Total	4	2	3	7	2	1	6	2	7	100	75	100	32	100

P = Primary, S = Secondary, T = Tertiary

Table 4.26
Frequency and Percentage Frequency Distributions of Family Personal Variable
(Work/Family, Family/Work Conflict) Categorized by Components (Gender Roles,
Adaptable Family Culture, Spousal Support) - PCS Interviews (n=41)

Number of (PCS Interviews) by size of the family business (Number of Employees)			Generation		Industry			Gender Roles		Adaptable Family Culture		Spousal Support	
1-20	20 - 99	100 +	1	2 +	P	S	T	n	%	n	%	n	%
22			20	2	1	5	16	9	53	20	56	11	61
	8		8	0	0	5	3	3	18	7	19	1	6
		11	6	5	1	5	5	5	29	9	25	6	33
Total			34	7	2	15	24	17	100	36	100	18	100

P = Primary, S = Secondary, T = Tertiary

4.3.3.1. Work Family Conflict/Family Work Conflict: Gender Roles (Protagonist Interviews)

As shown in Table 4.25, gender was not considered a major influence on family/work or work/family conflict. Illustrative comments follow:

“I’m a firm believer in that no business today can run properly without females in it, and no business can run properly today without males in it . . . but going back quickly to the male-female balance . . . who’s the best for the job” (i4)

“She [sister] had a ten year career with Ford Motor Company, is an MBA graduate” (s2)

“My mum is a Family Executive Director, Margi who’s worked here for years and Glenda who’s worked here for 25 years. Tracey’s worked here since she was 19” (s3)

4.3.3.2. Work Family Conflict/Family Work Conflict: Gender Roles (PCS Interviews)

As outlined in Table 4.26, 17 (41%) of 41 PCS Interviews identified gender in their narrative. However as shown in Table 4.27, of the 17 that highlighted gender in their narrative, nine asserted that gender played a role in their family business, and eight (89%) of these respondents were Asian family businesses. Of the eight family businesses that indicated that gender was not important to the family work conflict and succession, three (38%) were of Asian heritage. Illustrative comments follow:

Table 4.27
Frequency and Percentage Frequency Distributions of Influence of Culture on Gender –
PCS Interviews (n=41)

Number of (PCS Interviews) by size of the family business (Number of Employees)			Generation		Industry			Gender Roles							
								Culture		Important		Culture		Not Important	
1-20	20 - 99	100 +	2	3+	P	S	T	Asian	Anglo	n	%	Asian	Anglo	n	%
22			20	2	1	5	16	3	0	4	44	1	4	5	63
	8		8	0	0	5	3	1	0	1	12	1	1	2	25
		11	6	5	1	5	5	4	1	4	44	1	0	1	12
Total			34	7	2	15	24	8	1	9	100	3	5	8	100

P = Primary, S = Secondary, T = Tertiary

“It is my son’s duty to honor the family name” (PCS Interview 7, incumbent)

“It’s my son’s role to take over the family business and support the family” (PCS Interview 10, incumbent)

“I think it is ridiculous that he [incumbent] has not even considered her [daughter] . . . he makes the assumption that just because she is a girl she would not understand cars” (PCS Interview 38, successor)

The responses from the PCS Interviews differed markedly from the one-on-one interview data, suggesting a traditional Asian-centric component to gender bias in family business succession.

4.3.3.3. Work Family Conflict/Family Work Conflict: Adaptable Family Culture (Protagonist Interviews)

As shown in Table 4.25, the ability to manage changing roles during and post succession was important both for incumbents and successors. Illustrative comments follow:

“Adaptability is your capacity to manage situations that historically might be seen in a *'this is my responsibility as leader to make a decision'* and the adaptability of accepting alternate viewpoints . . . we sat down as a family and we talked about it . . . all the family are agreed on one thing, and that is that if decisions taken are good for the business, they are good for the family, and similarly, we try to separate those issues” (i1)

“No way in the world would I stop Nick [successor] from going off and doing something totally different . . . I’ve never pushed Nick in that direction [succession]. I’ve never tried to encourage members of the staff to accept him. It’s been an organic growth” (i2)

“Ability to change to suit your environment - Dad’s quite an old fashioned, blinkered, straight ahead, resistant to change type of person . . . they [parents] basically threw you in the pool and said ‘sink or swim’ . . . there’s no doubt that was a very big factor – fractured family post succession - lack of adaptability . . . the culture of the family was not emotionally transparent or [had] the capacity for people to express themselves” (i3)

“Everything’s done on merit. There are no guarantees that a family member will be the head of this company in ten years time when all the directors come to retirement age – no guarantee” (s2)

4.3.3.4. Work Family Conflict/Family Work Conflict: Adaptable Family Culture (PCS Interviews)

As outlined in Table 4.26, 36 (88%) of 41 PCS Interviews identified family culture adaptability as a key element in family and work conflicts during succession. Illustrative comments follow:

“The incumbent spoke in terms of an evolving succession aligned to the family culture and for transition to evolve naturally without the need for articulated contractual guidelines” (PCS Interview 1, secondary observations)

“People have to work together, not love each other [when dealing with change]” (PCS Interview 8, male incumbent, >50 years old, second generation, manufacturing, >100 employees)

“Dad was always the boss, even at home, especially at home” (PCS Interview 8, male successor, <30 years old, third generation, manufacturing, >100 employees)

“The incumbent [and family] mirrored the belief that the son was more than capable to take the family business to the next stage and was more than happy to nurture his son to achieve his goals” (PCS Interview 9, secondary observations)

4.3.3.5. Work Family Conflict/Family Work Conflict: Spousal Support (Protagonist Interviews)

As shown in Table 4.25, the importance of spousal support was prominent for incumbents, but not as important for successors, two of whom were not married. Illustrative comments follow:

“I think [involvement of the spouse is] a by-product of the fact that it came to me from my father. And he was always very keen on promoting family unity . . . we

sat down as a family and we talked about it - we meaning my wife and I - have made these decisions to pass the equity of the business around the family . . . one of the things we've been very conscious of is [the role played by] wives of family members or husbands of family members" (i1)

"Because my wife, Julia, was also very much involved and worked in the business" (i2)

"I am very lucky that we've got a great relationship [personal and working with the wife] but it [my brother's involvement] is one of the very few things in 17 years we've disagreed about" (i3)

"Early on, my wife was in the business with me" (i4)

"It was a team effort because Dad definitely helped me with my communication skills and Mum helped me with a lot of other things [in the family business]" (s1)

4.3.3.6. Work Family Conflict/Family Work Conflict: Spousal Support (PCS Interviews)

Table 4.26 shows that 18 (44%) the 41 PCS Interviews identified spousal support as a factor in managing work life conflicts during succession. Illustrative comments follow:

"Chinese way is the family way, community and support" (PCS Interview 17, incumbent)

"[Family business] is a family affair" (PCS Interview 26, incumbent)

Although fewer than 50% of the PCS Interviews identified spousal support as an element of family work conflict, most (63%) PCS Interviews acknowledged the positive contribution of a supportive family environment during the succession process (see section 4.1.3.2).

4.3.3.7. Synthesis

This section reviews gender roles, adaptable family culture, and spousal support as components of the personal variable of work family/family work conflict.

The Protagonist Interview data highlighted the limited influence of gender in work family/family work conflict during succession. However, because all interviewees were male, the interview data may reflect these male perspectives of gender influence. The

PCS Interviews data were more representative of a relatively even spread between those who believed gender was important to work family conflict and succession, and those who did not, as shown in Table 4.27. These responses were associated with the Asian cultural bias of the family business.

The Protagonist and PCS Interview data on Adaptable Family Culture strongly supported the need for adaptability in managing potential work family/family work conflicts during and post succession. In line with these findings, the one-on-one and PCS Interview data reveal the importance of spousal support in managing work family conflict during this process.

To summarize:

- Gender – While the Protagonist interview data do not support Cole (2000) and Boyara et al's. (2005) proposition that gender affects work family/family work conflict, the PCS Interview data were more supportive. This outcome may be the result of traditional cultural values as key determinants of gender roles, as 19 of all 41 (46%) of the PSC Interviews comprised Asian family businesses.
- Adaptable Family Culture – Both the Protagonist and PCS Interview data supported Lee (2006) that the greater the family's ability to manage changing work roles, the greater the chance of minimizing work family/family work conflicts, and easing the family business through the succession process.
- Spousal Support – Both the Protagonist and PCS Interview data supported Parasuraman et al's. (1996) and Smyrniotis et al's. (2003) arguments that "significant others" play a crucial role in either smoothing or exacerbating the transition during succession.

4.4. Research Question Four: Non-Family Influence

What are the key personal variables (2.4) of non-family influence (2.4.4) related to succession?

The key protagonists who comprise non-family influence are non-family employees (nf1, nf2, nf3 and nf4), independent advisors (a1, a2), and family business organizations (a3).

The personal variable of non-family influence associated with succession identified as a result of the content analyses in this study is Nepotism and Ethnicity (2.4.4.3), reported in Chapter 2. PCS Interview respondents did not have access to non-family influence participants.

4.4.1. Nepotism and Ethnicity

Table 4.22 addresses nepotism and ethnicity as a variable of non-family influence, together with its associated components of protocols and culture.

4.4.1.1. Nepotism and Ethnicity: Protocols (Protagonist Interviews)

As shown in Table 4.28, the protocols associated with family business were represented by comments made by non-family influence (nf1 – nf4), independent advisors, and family business organizations (a1 – a3). Illustrative comments follow:

“My own view just so you understand: I don’t believe in family businesses, I don’t believe there should be a conglomeration of people that is influencing my opinion. I just find that in every family business, something went wrong . . . I would say that if you’ve got a mother sitting on the board that she would tend to soften her attitude towards her children . . . They would listen to what I would say but sometimes it was they paid lip-service and sometimes they wouldn’t as it was their own agenda . . . It’s their business, it’s their money, it’s their signature at the bank, they’re entitled to do what they like – I can’t interfere” (nf1, male, >50 years old, second generation family business, wholesaler, >20 employees)

Table 4.28

Frequency and Percentage Frequency Distributions of Non-Family Influence Personal Variable (Nepotism and Ethnicity) Categorized by Components. (Protocols, Culture) – Protagonist Interviews (n=7)

Non-Family Influence	Size (Number of Employees)			Generation		Industry			Protocols		Culture	
				1st	2nd	P	S	T	n	%	n	%
nf1		1			1	1			17	29	20	26
nf2	1			1				1	4	7	7	9
nf3			1	1				1	9	16	22	29
nf4			1	1				1	6	10	20	26
a1	1			n/a	n/a			1	16	28	4	5
a2	1			n/a	n/a			1	1	1	4	5
a3	1			n/a	n/a			1	5	9	0	0
Total	4	1	2	3	1	1	0	6	58	100	77	100

P = Primary, S = Secondary, T = Tertiary

“We can talk about [the incumbent] being more inclusive in his decision-making process now that it’s not just him” (nf2, female, >50 years old, first generation family business, established family business, media, <20 employees)

“I’m external quite a lot, and I have dealings with both the father and the son. When the father makes a decision that is the decision . . . I see my role, and you’re running the business, if you need any advice, I’m open to come in and consult with you with information you need, but I would say there’s an element of fear of letting go of the father in that role” (nf3, male, >50 years old, first generation family business, wholesale and developer, >100 employees)

“There’s no [board] . . . to remove any family aspects and to make it more of a corporation than a family-run business along the lines of processes, and procedures, no . . . ‘you’re so-and-so’s cousin, yes come and work here” (nf4, male, >50 years old, first generation family business, wholesale and developer, >100 employees)

“A family council presents as effectively as a board of directors, so it’s not a legal entity, but it’s a group that’s established, it has its own name, it has its own meeting schedule, it has its own meeting program, and it has its rules of engagement, it has its own decision making processes, and it has its authority clearly defined” (a2, male, >50 years old, family business consultancy business, <20 employees)

“The biggest challenge that we found is that in the smaller family businesses, as soon as you start talking about governance, it’s not a word that they enjoy, and a lot of them perceive that they are too small to need a board . . . a board meeting, and that would consist of family members around a kitchen table. There would be no formal agenda. There would be no appointed chairman, because dad or mum would have appointed themselves, and very often there are no minutes. And yet the family considers that they’re having a board meeting” (a3, female, >50 years old, family business advisor, <20 employees)

Table 4.28 shows that protocols, or the administration of a family business, were cited 36 (62%) times by non-family employees and 22 (38%) times by non-family influence respondents. The comments by nf1, nf2, nf4 and a3 indicated that in the long run, regardless of any structures to enforce protocols of administration and decision making, the family retains authority and thereby reinforces the rule of law (nepotism).

4.4.1.2. Nepotism and Ethnicity: Culture (Protagonist Interviews)

Table 4.22 shows that family business culture was of great importance to non-family influence (n=77). Illustrative comments follow:

“I’ve seen over time that there’s been more open-mindedness and family businesses are very hard because you’re loyal to each other; let’s say you’re sympathetic as opposed to loyal . . . their personality [kids and their effect on staff] pushes that person, builds them up, then hurts them, but they can get away with it because they’re the child . . . I would like their children to not walk in and demand. I would like their children to serve their apprenticeship” (nf1)

“Blood is thicker than water, what are you going to do? Turn around and say, ‘I don’t like your son’. . . I wouldn’t say family because when it comes down to it in the end blood is thicker than water” (nf2)

“And to me it’s just a family that’s transformed into a different domain, and they’re operating as a family. To me clearly that’s what’s happening . . . I think the staff has learned to become malleable in how they adapt to what’s happening within the company. If the father is not present, it is very clear to them who the manager is and who directs things . . . it’s an ethnic family with a Greek background . . . we’d prefer that highly emotional reactions in the office are avoided, so they’d probably just keep their head down and think, ‘Oh no, not this again.’ So they would avoid it [bad behavior by the father] . . . this is just a family working within a different domain and they bring their family cultural peculiarities to the business” (nf3)

“Ugh, I don’t want to be here, and how it manifests is that it leads to, oh if I know the dad’s coming in, if I can see him pulling up outside, I might just go to the bathroom, and/or nick off to the shop, or just get out of here because there’s going to be a volcano erupting any moment now . . . [the family] had to overcome a huge issue of trust and trust means somebody outside of the family” (nf4)

“I think a culture of openness and transparency, a culture of accountability, a culture of understanding and a business that has processes and structures in place whether they can deal with these issues . . . the ones who are aware of their current situation, aware of the current problems, they have opened the communication channels with all the stakeholders and have learnt what the problems are in the business, and they want to solve those problems . . . I think being blood or family is a positive and a negative. Negative is there’s a greater fear in a large family business that nepotism will be perceived by non-family employees. It is quite possible that the family member employee could be treated more harshly than a non-family member employee [to be seen as] not taking favorites” (a1)

“Experience in the family, role modeling in the family, is very relevant to succession. I think it rises a long way above things like education . . . nothing destroys trust like, so far as I can see, amongst employees than a blind requirement for everyone to fall in behind an incompetent family successor” (a2)

These comments indicate that where family members saw family culture as a unifying force for the family business, non-family employees believed culture reinforced a nepotistic mindset. Independent advisors highlighted that the greatest chance for a smooth succession is where the culture is open and transparent.

4.4.1.3. Synthesis

This section reviews protocols and culture as components of nepotism and ethnicity as a personal variable of non-family influence.

Protagonist Interview data indicate that non-family employees believe protocols could be compromised by blood loyalties having primacy over the applications of business protocols by independent outsiders. In comparison, incumbents and successors saw protocols as a means of mitigating overt family influence.

Non-family employees also believed that family culture compromised the relationship between family and non-family members. Independent advisors felt the same, and highlighted the need for an open and transparent culture as a means of combating this perception. In comparison, both incumbents and successors saw family culture as a binding force in the family business.

To summarize:

- **Protocols** – The data acknowledge the importance of protocols as a component of nepotism and ethnicity. However, unlike the commentary from incumbents and successors, the non-family influence did not believe that such protocols could be administered without family influence. These findings refute Gallo and Vilaseca's (1998) claims that protocols will add value to the family business. In the current study, non-family influence believes that protocols are not administered without undue family influence (nepotism).
- **Culture** – Similar to protocols, the data reveal that non-family employees believe that family culture had a negative effect on the running of the family business. These findings support Dyer's (2003), Karra et al's. (2006) and Peredo's (2003) claims that a disconnect exists between family and non-family employees in their views of family culture.

4.5. Research Question Nine: Similarities and Differences

What are the Similarities and Differences in the Personal Variables for each of the Four Protagonists?

Table 4.29 represents the frequency of positive and negative comments made by the four protagonists regarding succession in family business.

4.5.1. Personal Variables and Associated Components: Similarities

Table 4.29 highlights the following components as having a similar influence on succession for protagonists based on their frequency of mention: familiness, cohesion, early experiences, gender roles, adaptable family culture and spousal support. These components best reflect the family's command over the family business in line with Bennedsen et al. (2006), Dyer (2003), Kepner (1983), and Lee's (2006) research on the spillover effect of the family on the business.

Familiness (Family Culture): Incumbents (n=84, 36%) and successors (n=44, 48%) acknowledged the positive importance of familiness on the family culture. These observations strongly support the current literature (Chua et al. 1999, Corbetta and Montemerlo 1999, Dierickx and Cool 1989, Habbershon et al. 2003) that family culture and family business culture are so intertwined that it is difficult to separate the two, with the transfer of family culture to the business giving it a commercial competitive advantage.

Cohesion (Family Culture): Incumbents (n=83, 36%) and successors (n=26, 28%) recognized that a cohesive family culture helped facilitate a smooth succession. Incumbents placed a greater emphasis on the positive influence of cohesion (79 out of 83, 95% positive comments) than did successors (16 out of 26, 61% positive comments). This difference may be more a reflection of parent and child conflict, than that of a manager and staff conflict, or could be a result of the natural upheaval reflected in a change of leadership. The findings support the research by Barnett and Kellermanns (2006), Boles (1996), Dyer (2003), Kahn and Henderson (1992), Lee (2006) and Ward (1988) who

Table 4.29

Frequency and Percentage Frequency Distributions of Protagonist Personal Variables and Components (Interviews and Prospective Case Study Interviews) Related to Family Business Succession

Components	Incumbent						Successor						Non-Family Influence						Total					
	Comments				Total		Comments				Total		Comments				Total		Comments					
	+ve		-ve				+ve		-ve				+ve		-ve				+ve		-ve		Combined	
	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%
Attitudes																								
Identity	67	42	2	40	69	42													67	42	2	40	69	42
Education	45	28	3	60	48	29													45	28	3	60	48	28
Outside Interests and Experiences	49	30	0	0	49	29													49	30	0	0	49	30
Attitudes - Sub Total	161	100	5	100	166	100													161	100	5	100	166	100
Cultural Shadow																								
Leadership	94	65	0	0	94	58													94	65	0	0	94	58
Succession Planning	50	35	16	100	66	42													50	35	16	100	66	42
Cultural Shadow - Sub Total	144	100	16	100	160	100													144	100	16	100	160	100
Mortality																								
Family Support	96	58	5	26	101	55													96	58	5	26	101	55
Personal Adaptability	67	42	14	74	81	45													67	42	14	74	81	45
Mortality – Sub Total	163	100	19	100	182	100													163	100	19	100	182	100
Nepotism and Ethnicity																								
Protocols	58	53	0	0	58	53	34	50	0	0	34	50	0	0	58	42	58	42	92	52	58	42	150	48
Culture	50	47	0	0	50	47	34	50	0	0	34	50	0	0	77	58	77	58	84	48	77	58	161	52
Nepotism and Ethnicity – Sub Total	108	100	0	0	108	100	68	100	0	0	68	100	0	0	135	100	135	100	176	100	135	100	311	100

Table 4.29 (Continued)

Components	Incumbent						Successor						Non-Family Influence						Total					
	Comments				Total		Comments				Total		Comments				Total		Comments					
	+ve		-ve				+ve		-ve				+ve		-ve				+ve		-ve		Combined	
	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%
Commitment																								
Family Business Socialization							57	72	0	0	57	70							57	72	0	0	57	70
External Influences							22	28	2	100	24	30							22	28	2	100	24	30
Commitment – Sub Total							79	100	2	100	81	100							79	100	2	100	81	100
Gender																								
Primogeniture							10	27	14	100	24	47							10	27	14	100	24	47
Family expectations							27	73	0	0	27	53							27	73	0	0	27	53
Gender – Sub Total							37	100	14	100	51	100							37	100	14	100	51	100
Age																								
Age							0	0	0	0	0	0							0	0	0	0	0	0
Family Culture (Family)																								
Familiness	84	45	0	0	84	36	44	44	0	0	44	48							128	48	0	0	128	39
Cohesion	79	42	4	8	83	36	16	21	10	71	26	28							95	36	14	23	109	34
Sibling rivalry	22	13	42	92	64	28	18	21	4	29	22	24							40	16	46	77	86	27
Family Culture – Sub Total	185	100	46	100	231	100	78	100	14	100	92	100							263	100	60	100	323	100
Family History (Family)																								
Early experiences	53	65	0	0	53	48	33	73	0	0	33	56							86	68	0	0	86	51
Kinship logic	28	35	29	100	57	52	12	27	13	100	25	44							40	32	42	100	82	49
Family History - Sub Total	81	100	29	100	110	100	45	100	13	100	58	100							126	100	42	100	168	100
Work Family Conflict (Family)																								
Gender	5	4	8	88	13	10	4	7	7	63	11	17							9	5	15	75	24	12
Adaptable family culture	72	63	1	12	73	59	34	65	4	37	38	60							106	64	5	5	111	60
Spousal support	36	33	0	0	36	31	14	28	0	0	14	23							50	31	0	0	50	28
W/F/C – Sub Total	113	100	9	100	122	100	52	100	11	100	63	100							165	100	20	100	185	100

found that the potential for conflict existed when family and family business goals were misaligned. A cohesive culture mitigated these conflict outcomes

Early Experiences (Family History): Both Incumbents (n=53, 48%) and successors (n=33, 56%) supported the positive impact on succession of early experiences and exposure to the family business by the successor. These observations strongly support the current literature (Davis and Harveston, 2001; Ensley and Pearson, 2005; Smith et al. 1994; Stewart, 2003) which indicates that early childhood experiences were impossible to separate from a family business, and that these residual memories, if positive, had a positive effect on succession.

Gender (Work Family Conflict): Incumbents (n=13, 10%) and successors (n=11, 17%) viewed gender as having a limited role in succession. The only family businesses that identified gender as having some influence were in traditional Asian cultures, where primogeniture was prevalent. These findings are consistent with research undertaken by Barnes (1988), Bennedsen et al. (2006), Keating and Little (1997) and Stavrou and Swiercz (1998) where primogeniture was a key factor in determining the appropriateness of the successor.

Adaptable Family Culture (Work Family Conflict): Incumbents (n=73, 59%) and successors (n=38, 60%) placed equal weight on the importance family culture adaptability had on managing work family conflict. In addition, both incumbents (72 out of 73, 98% positive comments) and successors (34 out of 38, 89% positive comments) saw an adaptable family as having a positive effect on succession. These findings support the research by Frone et al. (1997), Greenhaus and Beutell (1985), and Netemeyer et al. (1996) who found that the impact of the competing demands of work and family can be mitigated when the family's culture balances those competing demands.

Spousal Support (Work Family Conflict): Both Incumbents (n=36, 31%) and successors (n=14, 23%) identified spousal support as having a positive influence on succession, consistent with research by Cole (2000), Kepner (1983), Lansberg (1983), Parasuraman et al. (1996) and Smyrnios et al. (2003).

Protocols (Nepotism and Ethnicity): Both Incumbents (n=58, 53%) and successors (n=34, 50%) identified the use of protocols as having a positive impact on succession, consistent

with research by Chua et al. (2003), Gallo and Vilaseca (1998), and Siebels and Knyphausen-Aufse (2012) who found that protocols reduce the influence of nepotistic decision-making, and enable the family business to embrace skills and expertise outside the scope of family members.

Culture (Nepotism and Ethnicity): Similar to protocols, both incumbents (n=50, 47%) and successors (n=34, 50%) identified family culture as having a positive impact on succession, supporting research by Chua et al. (1999), Corbetta and Montemerlo (1999) and Habbershon et al. (2003).

4.5.2. Personal Variables and Associated Components – Differences

Table 4.29 highlights the following components as having a dissimilar impact on succession for protagonists: sibling rivalry, kinship logic, protocols, and culture. The first two components represent the spillover from family to family business for incumbents (parent) and successors (child) as reported by Bennedsen et al. (2006), Dyer (2003), Kepner (1983), and Lee (2006). The latter two components represent the “in-group”, “out-group” dynamic explored by Barnett and Kellermanns (2006), Cropanzano et al. (2001), and Lubatkin et al. (2005).

Sibling Rivalry (Family Culture): Incumbent (n=64, 28%) and successor (n=22, 24%) comments are similar in importance. However, most incumbents (n=42 out of 64, 65% negative comments) identified sibling rivalry as having a negative effect on succession, compared with successors (n=18 out of 22, 81% positive comments) who saw the rivalry in a positive light. The incumbent findings support research by Ensley and Pearson (2005) and Grote (2003) who highlighted the need to manage sibling conflict. Nonetheless, the positive reporting of sibling rivalry by successors is perplexing, and warrants further investigation. For instance, incumbents seek cohesion in the family business, without rivalries, whereas successors see these rivalries as the normal process of growing up with siblings.

Kinship Logic (Family History): Incumbents (n=57, 52%) placed more importance on kinship logic than did the successor (n=25, 44%). In addition, incumbents (n=29 out of 57, 50% positive comments) saw kinship logic as having a benign effect on succession, while successors (n=18 out of 22, 81% positive comments) viewed kinship logic as having

a positive effect on succession. Amason (1996), Chua et al. (2003), Gallo and Vilaseca (1998), Khai et al. (2003), Klimoski and Mohammed (1994), Stewart (2003) and Whyte (1996) identified kinship logic as a “high level of familiness” and “shared strategic cognition,” but with inconclusive outcomes. These ambiguous findings warrant further investigation.

Protocols (Nepotism and Ethnicity): The family protagonists (n=92, 52%) identified the use of protocols as having a positive impact on succession, consistent with research by Chua et al. (2003), Gallo and Vilaseca (1998), and Siebels and Knyphausen-Aufse (2012), on the positive effects of protocols on family business. In comparison, non-family employees (n=58, 42%) saw the use of protocols as having a major opposite effect. These diametrically opposed views reflect the research on “in-group” compared with “out-group” elements of succession (Cropanzano et al. 2001; Barnett and Kellermanns, 2006).

Culture (Nepotism and Ethnicity): In line with the discussion on protocols, the family protagonists (incumbents and successors, n=84, 48%) identified family culture as having a positive impact on succession (n=84, out of 84, 100% positive comments), supporting research by Chua et al. (1999), Corbetta and Montemerlo (1999), and Habbershon et al. (2003). In comparison, the non-family influence (n=77, 58%) saw the family’s culture as reinforcing the perception of nepotistic behavior among family members (Barnett and Kellermanns, 2006) resulting in negative outcomes (n=77, out of 77, 100% negative comments). These findings support Cropanzano et al. (2001) and Barnett and Kellermanns’ (2006) research into “in-group” versus “out-group” perceptions.

4.6. Personal Variables Summary

Table 4.30 represents the combined totals and percentage distributions of comments made by incumbents, successors, family (incumbent and successor), and non-family employees in the protagonist and PCS Interviews.

4.6.1. Incumbent

The Protagonist and PCS Interview data revealed that for incumbents, four personal variables were main contributors to succession in family business. These variables, in rank order, were mortality (n=182, 29%), attitudes (n=166, 27%), cultural shadow

Table 4.30
Frequency and Percentage Frequency Distributions of Personal Variables and Components of Protagonists in Family Business Succession (n= 57)

Variable Components	Protagonist Interviews		PCS Interviews		Total	
	n	%	n	%	n	%
Incumbent						
Attitudes						
Identity	43	10	26	15	69	11
Education	35	8	13	7	48	8
Outside interests & experience	39	9	10	6	49	8
Sub Total (Attitudes)	117	27	49	28	166	27
Cultural Shadow						
Leadership	67	15	27	15	94	16
Succession planning	55	13	11	6	66	11
Sub Total (Cultural Shadow)	122	28	38	21	160	27
Mortality						
Family support	75	17	26	15	101	16
Personal adaptability	49	11	32	18	81	13
Sub Total (Mortality)	124	28	58	33	182	29
Nepotism and Ethnicity						
Protocols	48	11	10	6	58	9
Culture	28	6	22	12	50	8
Sub Total (Nepotism and Ethnicity)	76	17	32	18	108	17
Incumbent Total	439	100	177	100	616	100
Successor						
Commitment						
Family business socialization	25	30	32	28	57	28
External influences	12	14	12	10	24	12
Sub Total (Commitment)	37	44	44	38	81	40
Gender						
Primogeniture	4	5	20	17	24	12
Family expectations	6	7	21	17	27	14
Sub Total (Gender)	10	12	41	34	51	26
Age						
Sub Total (Age)	0	0	0	0	0	0
Nepotism and Ethnicity						
Protocols	24	30	10	9	34	17
Culture	12	14	22	19	34	17
Sub Total (Nepotism and Ethnicity)	36	44	32	28	68	34
Successor Total	83	100	117	100	200	100
Family (Incumbent & Successor)						
Family Culture						
Familiness	99	21	29	13	128	20
Cohesion	78	17	31	14	109	16
Sibling rivalry	58	13	28	13	86	13
Sub Total (Family Culture)	235	51	88	40	323	49

Table 4.30 (Continued)

Variable Components	Protagonist Interviews		PCS Interviews		Total	
	n	%	n	%	n	%
Family (Incumbent & Successor)						
Family History						
Early experiences	54	12	32	14	86	13
Kinship logic	58	12	24	12	82	12
Sub Total (Family History)	112	24	56	26	168	25
Work Family Conflict						
Gender	7	2	17	8	24	3
Adaptable family culture	75	16	36	18	111	16
Spousal support	32	7	18	8	50	7
Sub Total (Work Family Conflict)	114	25	71	34	185	26
Family Total	461	100	215	100	676	100
Non-Family Influence						
Nepotism and Ethnicity						
Protocols	58	43			58	43
Culture	77	57			77	57
Sub Total (Nepotism and Ethnicity)	135	100			135	100
Non-Family Influence Total	135	100			135	100
Total	1118	69	509	31	1627	100

(n=160, 27%), and nepotism and ethnicity (n=108, 17%). These variables contained three key components, namely family support (n=101, 16%), leadership (n=94, 16%), and personal adaptability (n= 81, 13%). These findings suggest that incumbents are advised to develop their skills in leadership and to encourage family support as they deal with succession issues.

4.6.2. Successor

The Protagonist and PCS Interview data revealed that for successors, three personal variables were main contributors to succession in family business. These variables, in rank order, were commitment (n=81, 40%), nepotism and ethnicity (n=68, 34%), and gender (n=51, 26%). These variables contained six key components, namely family business socialization (n=57, 28%), protocols (n=34, 17%), culture (n=34, 17%), family expectations (n=27, 14%), external influences (n=24, 12%), and primogeniture (n=24, 12%). These findings suggest that early exposure to the family business for successors is encouraged, and should have the full support of family members. In addition, the level of external influence on successors will have a positive effect on their ability to manage succession.

4.6.3. Family

The Protagonist and PCS Interview data revealed that for the family, three personal variables were main contributors to succession in family business. These variables, in rank order, were family culture (n=323, 49%), work family conflict (n=185, 26%), and family history (n=168, 25%). These variables contained three key components, namely familiness (n=128, 20%), adaptable family culture (n=111, 16%), and cohesion (n=109, 16%). The findings suggest that a strong and cohesive family culture that adapts to changes in the external environment is a key ingredient in family business succession.

4.6.4. Non-Family Influence

The Protagonist Interview data revealed that for non-family influence, one personal variable was a major contributor to succession in family business. This variable was nepotism and ethnicity (n=135, 100%), and contained two key components, namely culture (n=77, 57%) and protocols (n=58, 43%). The findings indicate that protocols of behavior and management, along with an identifiable and robust family culture, are essential to successful family business succession outcomes. However, from a non-family perspective, these components were seen to have a negative influence on succession, unlike family members who commented on their positive contribution to family business.

4.6.5. Top 10 Personal Variables and Associated Components

Table 4.31 highlights the top 10 personal variables and components of family business succession for the four groups of respondents.

The table shows the dominance of family culture and family history to family business succession. In addition, culture was also highlighted as an important influence by non-family members (n=77, 5%), although this influence was negative. These findings identify the need for the family culture to manage change and to deal empathically with all participants of the succession process. The findings support the current body of research (Astrachan et al. 2005; Davis and Harveston, 1999; Kets de Vries, 1994; Kepner, 1983; Sirmon and Hitt, 2003) that identified the interdependency between the family and the family business, and the role of family culture in these relationships. In addition the table shows the integration of family culture in the family business, through Sibling Rivalry, Early Experiences, and Kinship Logic.

Table 4.31
Frequency and Percentage Frequency Distribution of the Top Ten Personal Variables and Components of Family Business Succession

VARIABLE (PROTAGONIST)	N	%
COMPONENT		
FAMILY CULTURE (FAMILY)		
FAMILINESS	128	8
WORK FAMILY CONFLICT (FAMILY)		
ADAPTABLE FAMILY CULTURE	111	7
FAMILY CULTURE (FAMILY)		
COHESION	109	7
MORTALITY (INCUMBENT)		
FAMILY SUPPORT	101	6
CULTURAL SHADOW (INCUMBENT)		
LEADERSHIP	94	6
FAMILY CULTURE (FAMILY)		
SIBLING RIVALRY	86	5
FAMILY HISTORY (FAMILY)		
EARLY EXPERIENCES	86	5
FAMILY HISTORY (FAMILY)		
KINSHIP LOGIC	82	5
MORTALITY (INCUMBENT)		
PERSONAL ADAPTABILITY	81	5
NEPOTISM AND ETHNICITY (NON-FAMILY INFLUENCE)		
CULTURE	77	5
REST OF THE COMPONENTS	674	41
TOTAL	1627	100

The table shows the dominance of family culture and family history to family business succession. In addition, culture was also highlighted as an important influence by non-family members (n=77, 5%), although this influence was negative. These findings identify the need for the family culture to manage change and to deal empathically with all participants of the succession process. The findings support the current body of research (Astrachan et al. 2005; Davis and Harveston, 1999; Kets de Vries, 1994; Kepner, 1983; Sirmon and Hitt, 2003) that identified the interdependency between the family and the family business, and the role of family culture in these relationships. In addition, the table shows the integration of family culture in the family business through Sibling Rivalry, Early Experiences, and Kinship Logic.

CHAPTER FIVE

FINDINGS OF THE STUDY: PROFESSIONAL VARIABLES

5. Introduction

This chapter presents the findings of the study in relation to the professional variables of the participants. First, the findings from the one-on-one interviews with the four key protagonists in relation to each of the research questions guiding this study are presented. Second, 41 family business Prospective Case Study Interviews by family business students from a city-based research university are examined in relation to the interview data and the associated research questions.

In this chapter, each of the four protagonists in this study, namely the Incumbent (2.4.1/2.5.1), the Successor (2.4.2/2.5.2), the Family (2.4.3/2.5.3), and the Non-family influence (2.4.4/2.5.3) is examined in relation to Professional (2.3) variables and their associated components, and in response to the ten research questions guiding this study.

5.1. Research Question Five: Incumbent

What are the key professional variables (2.5) of the incumbent (2.5.1) related to succession?

The three professional variables of the incumbent associated with succession in a family business identified as a result of the content analyses in this study are Leadership (2.5.1.1), Fairness and Justice (2.5.3.1), and Family Business Structure (2.5.3.2). The process of data collection and analysis used in Chapter Four also applies in the case of the data presented here.

5.1.1. Leadership

Elenkov et al. (2005) and Westley and Mintzberg (1989) identified three leadership styles, namely transactional leadership, transformational leadership, and visionary, each approach reflecting the personality, history, and culture of the individual. Dunemann and Barrett (2004) and Stavrou et al. (2005) noted that each style impacted on succession

differently, and that leaders who practised an open and transparent communication style created a positive environment for succession.

Tables 5.1 and 5.2 address the incumbent Professional Variable of Leadership. The data analysis identified two components associated with Leadership: Personality and Communication Style.

Table 5.1

Frequency and Percentage Frequency Distributions of Incumbent Professional Variable (Leadership) Categorized by Components (Personality, Communication Style) – Protagonist Interviews (n=6)

Inc.	Size (Number of Employees)			Generation		Industry			Personality		Communication Style	
	1-20	20 - 99	100 +	1	2	P	S	T	n	%	n	%
i1			1		1		1		7	20	7	20
i2	1			1				1	6	17	5	14
i3	1				1	1			5	14	8	23
i4		1		1			1		2	6	3	9
i5		1		1			1		11	31	7	20
i6	1				1		1		4	12	5	14
Total	3	2	1	3	3	1	4	1	35	100	35	100

P = Primary, S = Secondary, T = Tertiary

Table 5.2

Frequency and Percentage Frequency Distributions of Incumbent Professional Variable (Leadership) Categorized by Components (Personality, Communication Style) – PCS Interviews (n=41)

Number of PCS Interviews by size of the family business (Number of Employees)			Generation		Industry			Personality		Communication Style	
1-20	20 - 99	100 +	1	2	P	S	T	n	%	n	%
22			20	2	1	5	16	14	47	5	38
	8		8	0	0	5	3	6	20	4	31
		11	6	5	1	5	5	10	33	4	31
Total			34	7	2	15	24	30	100	13	100

P = Primary, S = Secondary, T = Tertiary

5.1.1.1. Leadership: Personality (Protagonist Interviews)

Table 5.1 shows that all interviewees identified personality as a major component of their leadership approach. Illustrative comments follow:

“I think style rubs off. And whatever leadership style I have, if there is any at all, I would hope that the best parts of it rub off and the worst parts of it don't . . . I'd like to hope that we got humility. That's a characteristic we'd applaud” (i1)

“I tried to do exactly that [more open leadership style]. I read in the paper about a group called Family Business Council of Victoria, I said to Dad, ‘I don't want to fight you about stuff; there must be better ways, or smarter ways to do this. I'm going to go off and join this group and learn some stuff that'll help us both and

help the business.’ He was very suspicious of that . . . it was always [Dad’s] idea and he always expressed what he wanted to do and I said ok” (i3)

“[Leaders need to have] emotional awareness” (i4)

These responses indicate that incumbents universally recognized the need for an open and honest leadership style, and placed a high degree of importance on an individual leader’s emotional intelligence.

5.1.1.2. Leadership: Personality (PCS Interviews)

As shown in Table 5.2, 30 (73%) of 41 PCS Interview respondents highlighted the incumbent’s personality as a component of leadership style. Illustrative comments follow:

“It’s not for [successors] to determine the future direction of the business alone, it’s my leadership that has got us to where we are” (PCS Interview 13)

“I’m a fairly relaxed sort of a bloke, that’s how the staff see me” (PCS Interview 21)

“I am a very focused person, and my children must also be very focused to succeed” (PCS Interview 27, male, >50 years old, first generation, pharmaceutical, <100 employees)

Table 5.3 highlights the breakdown of the personality types, with 16 (53%) of 30 PCS Interviews identifying the incumbent’s personality as closed and 14 (47%) as open. This is consistent with the findings in Table 4.5 where 48% of the leaders were seen as autocratic, reflecting a closed personality style, and 41% of the leaders were seen as democratic, reflecting a more open personality style. Table 5.3 also illustrates that where leadership personality was open and transparent there was a higher percentage of positive succession outcomes (10/14=71%) compared to six of the 16 (38%) closed personality responses. Illustrative comments follow:

Table 5.3

Frequency and Percentage Frequency Distributions of Personality as a Component of Incumbent Professional Variable Leadership – PCS Interviews (n=30)

Number of PCS Interviews by size of the family business (Number of Employees)			Generation		Industry			Personality		Succession				Personality		Succession			
								Closed		+ve		-ve		Open		+ve		-ve	
1-20	20-99	100+	1	2+	P	S	n	n	%	n	%	n	%	n	%	n	%	n	%
22			20	2	1	5	16	7	44	3	50	4	40	7	50	5	50	2	50
	8		8	0	0	5	3	2	12	0	0	2	20	4	29	3	30	1	25
		11	6	5	1	5	5	7	44	3	50	4	40	3	21	2	20	1	25
Total			34	7	2	15	24	16	100	6	100	10	100	14	100	10	100	4	100

P = Primary, S = Secondary, T = Tertiary

“The incumbent made people feel very welcoming and he embraced all of the family business employees. Unfortunately this was not the successor’s style” (PCS

Interview 4, male, >50 years old, first generation, publishing, >100 employees, secondary findings)

“The incumbent will get outside help for succession” (PCS Interview 6, secondary observations)

“I have run this business since I can remember; I know what it needs” (PCS Interview 12)

5.1.1.3. Leadership: Communication Style (Protagonist Interviews)

Table 5.1 shows that all interviewees identified communication style as an aspect of leadership. Illustrative comments follow:

“Managing change involves identifying succession, and planning for it, and working for it . . . If you can't resolve differences of opinion, then you can't make decisions. And if you can't make decisions, the business can't progress . . . you have to learn how to disagree agreeably . . . if any of our people here had problems and felt they wanted to talk to me, I'd give them as honest an answer as I know without thinking I should skew the answer simply in the interest of the business” (i1)

“We have regular staff meetings, and we're small enough to be able to do that, so once a fortnight we all meet, and talk about everything that's happening in the business, and I've always been totally open with everybody, as if they are, for me, the people who work here are family” (i2)

“I don't know whether [father] didn't recognize the input I had in actually designing it or whether he was unable to express that to other people” (i3)

“The other day we had a barbecue for the whole staff in our factory, once a fortnight I think it is, and they were looking for a cook. And I said, “Ben this is your time, now you go and be cook.” Ok so, he goes and becomes the cook, and gets to meet everybody, I make the salads because that's my job . . . [staff] come in and see you and know who you are. Not to be frightened. I have a policy that no one can get the sack for telling me to get stuffed because there's got to be a reason why” (i5)

Overall, these comments reveal a desire to maintain an open and balanced communications approach. As indicated by i3, where this does not happen, problems and miscommunication could arise.

5.1.1.4. Leadership: Communication Style (PCS Interviews)

As shown in Table 5.2, 13 (32%) of 41 PCS Interview participants identified communication style as a component of incumbent leadership. Illustrative comments follow:

“[I am inclusive in my communications style] . . . I treat everyone equally but at the end of the day I am the owner” (PCS Interview 31)

“[The incumbent was not a good listener] we felt we were more than qualified for the position and this would be taken into account” (PCS Interview 41)

The PCS Interview data on incumbent communication style were not as extensive or detailed as in the interviews. However, the data did highlight that non-inclusive communication led to unrest in the family business.

5.1.1.5. Synthesis

This section reviews personality and communication style as components of the professional variable of incumbent leadership.

The protagonist and PCS Interview data illustrate the importance of personality in leadership, and its relationship to succession. The comments overwhelmingly support an open and inclusive personality as a criterion of successful succession. These findings complement section 4.1.2.5 in which a more open and democratic leadership style was associated with successful succession. Similar findings were associated with communication style.

To summarize:

- Personality - Elenkov et al. (2005), Dunemann and Barrett (2004) and Westley and Mintzberg (1989) highlighted the important role of leader personality on leadership style. Both the Protagonist and PCS Interview data provide further evidence of these relationships. The current research identifies that the more open and empathetic the incumbent's personality, the more advantageous it is for succession.
- Communication style – The Protagonist interview data support Stavrou et al's (2005) position that the more open and transparent the communication styles in the family business, the more positive its influence on succession.

5.1.2. Fairness and Justice

Barnett and Kellermanns (2006) identified that the treatment of non-family protagonists by family members affects how non-family members view their roles in the family business and how they perform. For instance, a lack of fairness in decision making may result in anxiety and a sense of alienation. Cropanzano et al. (2001) identified three

components of fairness: *would* – imagine how an alternative situation would be more positive; *could* – determine who is responsible; and, *should* – the ethical judgment of the situation. In their discussion on family business, Barnett and Kellermanns (2006) identified justice as whether or not non-family members felt valued, or whether they were treated as a disposable commodity. Barnett and Kellermanns (2006) identified three components of justice: distributive justice - the fairness of the outcomes; procedural justice – the fairness of the decision-making processes; and, interactional justice - the quality of interpersonal treatment received during the decision process.

Tables 5.4 and 5.5 address the incumbent's Professional Variable of Fairness and Justice. The data analysis identified two components associated with Fairness and Justice, Transparency and Consistency. In this study, transparency is defined as a process that treats others with respect, propriety, and honesty, and with the provision of adequate explanations regarding decision processes (Bies & Moag, 1986; Greenberg and Greenberg, 1993), and consistency represents processes that are free from bias; are accurate, correctable, and ethical; adhere to due process; and reflect the concerns of all interested parties (Leventhal, 1980; Lind & Tyler, 1988; Thibaut & Walker, 1975)

Table 5.4

Frequency and Percentage Frequency Distributions of Incumbent Professional Variable (Fairness and Justice) Categorized by Components (Transparency, Consistency) – Protagonist Interviews (n=6)

Incumbent	Size (Number of Employees)			Generation		Industry			Transparency		Consistency	
	1-20	20 - 99	100 +	1	2	P	S	T	n	%	n	%
i1			1		1		1		13	17	14	18
i2	1			1				1	12	16	12	16
i3	1				1	1			16	21	18	23
i4		1		1			1		9	12	16	21
i5		1		1			1		15	20	9	12
i6	1				1		1		11	14	8	10
Total	3	2	1	3	3	1	4	1	76	100	77	100

P = Primary, S = Secondary, T = Tertiary

Table 5.5
Frequency and Percentage Frequency Distributions of Incumbent Personal Variable
(Fairness and Justice) Categorized by Components (Transparency, Consistency) - PCS
Interviews (n=41)

Number of PCS Interviews by size of the family business (Number of Employees)			Generation		Industry			Transparency		Consistency	
1-20	20 - 99	100 +	1	2 +	P	S	T	n	%	n	%
22			20	2	1	5	16	15	46	9	45
	8		8	0	0	5	3	7	21	4	20
		11	6	5	1	5	5	11	33	7	35
Total			34	7	2	15	24	33	100	20	100

P = Primary, S = Secondary, T = Tertiary

5.1.2.1. Fairness and Justice: Transparency (Protagonist Interviews)

Table 5.4 shows that all interviewees identified transparency as a major component of fairness and justice. Illustrative comments follow:

“We sat down as a family and we talked about [business decisions] . . . if any of our people here had problems and felt they wanted to talk to me, I’d give them as honest an answer as I know without thinking I should skew the answer simply in the interest of the business . . . what we are actually talking about is engagement with people at a level that is warm and understanding” (i1)

“We have regular staff meetings, and we’re small enough to be able to do that, so once a fortnight we all meet, and talk about everything that’s happening in the business, and I’ve always been totally open with everybody, as if they are, for me, the people who work here are family . . . I like to think that I listen, I like to think that I make decisions, right or wrong, but I’ll gather the evidence” (i2)

“[The] family culture was not open and engaging with no real communication processes . . . it was very much, this is how you do it, my father just telling, it wasn’t as much of a discussion, ask why or how or is there another way, but there was no disputing the authority of the final decision or whatever else . . . it was always [father’s] idea and he always expressed what he wanted to do and I said ok” (i3)

“We would be practising this [open communication], we would be setting up the processes for this in our own little board room . . . We’re [The kids and I] sitting around doing [open discussion] now” (i4)

“It depends on the culture of honesty. If there’s a transparent situation where people feel they can tell you to piss off . . . I don’t sort of avoid anybody at the factory . . . [staff] come in and see you and know who you are. Not to be frightened. To run a good business, it’s got to be all of us” (i5)

“Often we’ll eat, and if there is something to be discussed . . . we sit down at a table of a group of people, and steer the discussion . . . I often think that I’m a fool not to [listen to non-family influence]. . . we have a very loose communication style” (i6)

These comments reveal a desire to maintain a transparent and open culture in the family business, and where that was not achieved as with i3, challenges in the business and the family may occur.

5.1.2.2. Fairness and Justice: Transparency (PCS Interviews)

Table 5.5 shows that 33 (80%) of 41 PCS Interview respondents identified transparency as a component of Fairness and Justice. The smaller the business, the greater the transparency. Illustrative comments follow:

“They are our employees, not our friends, and we must not forget this, some things are best kept in house” (PCS Interview 2, incumbent)

“We speak in Chinese in the office, it’s our business. It is easier to communicate with family, they understand who we are” (PCS Interview 3, incumbent)

“Other non-family employees feel they are a part of the family business. They are trusted and are involved in many of the family business decisions, they fit in well . . . The incumbent is willing to get outside help to help in succession” (PCS Interview 6, secondary observations)

“The family would meet once a week at someone’s house for a family meeting; it was part of Chinese tradition and culture” (PCS Interview 7, incumbent)

“All non-family employees had relatively low status positions; it was not their place to be part of the family business’ decision making . . . It’s not for them [the successor] to determine the future direction of the business alone, it’s my leadership that has got us to where we are” (PCS Interview 13, incumbent)

“The family business board has many non-family board members that help guide the family business . . . Although the non-family employees knew they could never own the company, the communication style was open and transparent and the HR policies rewarded merit” (PCS Interview 14, incumbent)

The PCS Interview data parallel the Protagonist Interview data which show that incumbents regarded transparency was an important component of fairness and justice in family business. As shown in Table 5.6, a transparent environment will more likely promote a smooth transition compared to a family business environment that is not transparent. Eight (44%) of the 18 family businesses that were transparent experienced a smooth succession, whereas only five (33%) of the 15 family businesses that were not transparent experienced a similar outcome.

Table 5.6
Frequency and Percentage Frequency Distributions of Incumbent Professional Variable
(Fairness and Justice) Characterised by Nature of Transparency and Effect on Succession -
PCS Interviews (n=33)

Number of PCS Interviews by size of the family business (Number of Employees)			Generation		Industry			Transparent	Succession		Transparent	Succession		No Comment
1-20	20 - 99	100 +	1	2 +	P	S	T	Yes	Smooth	Rough	No	Smooth	Rough	
22			20	2	1	5	16	8	4	4	7	3	4	0
	8		8	0	0	5	3	5	4	1	2	0	2	0
		11	6	5	1	5	5	5	0	3	6	2	4	2
			34	7	2	15	24	18	8	8	15	5	10	2

P = Primary, S = Secondary, T = Tertiary

5.1.2.3. Fairness and Justice: Consistency (Protagonist Interviews)

Table 5.4 shows that all interviewees identified consistency as important a component of fairness and justice as was transparency. Illustrative comments follow:

“We've put in place a structure which - with the aid of our lawyers, and our accountants . . . all of those mechanisms are necessary, in our view, in order for the business to go ahead . . . in the event there's disagreement that the matter can be resolved by voting procedure. . . I took the view that if we didn't have unanimity about something as significant as [property acquisition] then we wouldn't do it . . . The entire family is agreed in one thing, and that is that if decisions taken are good for the business, they are good for the family, and similarly, we try to separate those issues. . . I'd like to think that there'd be no difference between them - between family and non-family. I'd like to think that. But that's easy to say. Perhaps if I was put to the test, I might not be true to that. I don't know” (i1)

“If the job's getting done, doesn't matter if I do it in exactly the same way, same style as you would have liked me to do it because that's the style you do but I can only do it the way I want to do it . . . I think it became difficult to work as colleagues and not father and son to a certain extent . . . I was finding my way as a senior manager and I think that was somehow seen as a challenge” (i3)

“McDonalds took on the [structure] in a very rigid way, and are actually over the standard . . . we can legally allow you to sit over a structure that [is consistent] and include people reporting to you, as well as being responsible for the company” (i4)

“Them and us, it's always them and us. To run a good business, it's got to be all of us . . . I feel for them, because imagine you getting up at 6 o'clock in the morning, and 13 degrees . . . Don't forget, what father does, son will do. They might not when I pass, when I'm not there. But they'll know what works and what doesn't work” (i5)

“Absolutely . . . the only reason you really need to formalize things is when they get beyond control” (i6)

The comments indicate the importance of maintaining a consistent approach in the family business decision-making process. Two dissenting observations were made by i3 and i6. The former represented a management approach dominated by an autocratic leader resulting in a dysfunctional outcome; the latter acknowledged the importance of formalized consistency only when processes became too complicated.

5.1.2.4. Fairness and Justice: Consistency (PCS Interview)

Table 5.5 shows that 20 (24%) of 41 PCS Interview respondents identified consistency as a component of Fairness and Justice. Illustrative comments follow:

“Non-family employees . . . are trusted and are involved in many of the family business decisions . . . non-family members are also involved in the succession process” (PCS Interview 6, incumbent)

“No written vision or plan so lack of common understanding within the employees” (PCS Interview 10, incumbent, secondary observations)

“The non-family member involvement in the decision making ensured a consistent transition from the father to the son” (PCS Interview 12, incumbent, secondary observations)

“The left hand always knew what the right hand was doing, that’s how a medical practice must work, or otherwise patient care will suffer” (PCS Interview 15, incumbent)

“It is important that everybody is treated equally” (PCS Interview 27, incumbent)

The PCS Interview data on consistency are not as emphatic as the need for transparency. As shown in Table 5.5, 20 (49%) of the PCS Interview sample identified consistency as a component of Fairness and Justice, whereas 33 (80%) of the PCS Interviews acknowledged the importance of transparency as a component of Fairness and Justice in family business.

5.1.2.5. Synthesis

This section reviews transparency and consistency as components of the professional variable of Fairness and Justice as it applies to incumbents.

The Protagonist and PCS Interview data indicate the importance of transparency as a component of Fairness and Justice. The majority of incumbents with the exception of i3

experienced and fostered a transparent approach when dealing with management processes, resulting in positive outcomes.

Similarly, the majority of incumbents acknowledged the importance of consistency as a component of Fairness and Justice. Only i6 equivocated on the value of consistency, arguing that consistent processes were best applied in complex environments, while i3 emphasized outcomes, not process.

To summarize:

- Transparency – The Protagonist and PCS Interview data support Barnett and Kellermanns' (2006) assertion that an open and transparent environment will have a positive effect on perceptions of a fair and just business environment.
- Consistency - In line with the previous discussion, Protagonist and PCS Interview data support Barnett and Kellermanns' (2006) and Cropanzano et al's (2001) views that the more consistent are the policies in a family business, the more positive the outcome.

5.1.3. Family Business Structure

Fox et al. (1996), Vera and Dean (2005) and Janjuha-Jivraj and Woods (2002a,b) identified that a formalized family business board/management structure that was participatory offered the best possibility of a smooth and viable succession, and that where structures exhibited either a conservative, rebellious, or wavering culture the probability of a smooth transition was reduced (Dunemann and Barrett, 2004). Janjuha-Jivraj and Woods (2002a,b) argued that larger more stable family businesses with a structured and formalized decision-making process created the best environment for minimizing conflict and creating an environment of certainty.

Tables 5.7 and 5.8 address the incumbent Professional Variable of Family Business Structure. The data analysis identified three components associated with Family Business Structure: Formalized Structure, Non-Family Involvement, and Size.

Table 5.7

Frequency and Percentage Frequency Distributions of Incumbent Professional Variable (Family Business Structure) Categorized by Components (Formalized Structure, Non-Family Involvement, Size) – Protagonist Interviews (n=6)

Incumbent	Size (Number of Employees)			Generation		Industry			Formalized Structure		Non-Family Involvement		Size	
	1-20	20-99	100+	1 - 2	3 +	P	S	T	n	%	n	%	n	%
i1			1	1			1		10	22	3	9	0	0
i2	1			1				1	6	11	4	12	1	25
i3	1			1		1			9	19	9	26	0	0
i4		1		1			1		12	26	10	29	1	25
i5		1		1			1		3	7	4	12	0	0
i6	1			1			1		7	15	4	12	2	50
Total	3	2	1	6	0	1	4	1	47	100	34	100	4	100

P = Primary, S = Secondary, T = Tertiary

Table 5.8

Frequency and Percentage Frequency Distributions of Incumbent Professional Variable (Family Business Structures) Categorized by Components (Formalized Structure, Non-Family Involvement, Size) - PCS Interviews (n=41)

Number of PCS Interviews by size of the family business (Number of Employees)			Generation		Industry			Formalized Structure		Non-Family Involvement		Size	
1-20	20 - 99	100 +	1	2 +	P	S	T	n	%	n	%	n	%
22			20	2	1	5	16	5	26	5	29	7	39
	8		8	0	0	5	3	6	32	5	29	4	22
		11	6	5	1	5	5	8	42	7	42	7	39
Total			34	7	2	15	24	19	100	17	100	18	100

P = Primary, S = Secondary, T = Tertiary

5.1.3.1. Family Business Structure: Formalized Structure (Protagonist Interviews)

As shown in Table 5.7, the recognition of formalized structures in Family Business Structure was commented on by all the incumbents. Illustrative comments follow:

“We’ve put in place a structure with the aid of our lawyers, and our accountants . . . One of the things we’ve been very conscious of is that the passing of equity stays within the bloodlines” (i1)

“We have regular staff meetings, and we’re small enough to be able to do that, so once a fortnight we all meet, and talk about everything. . . There is a structured process of determining a strategic direction for the business” (i2)

“Not really - no systems to manage conflict . . . there’s no systems in place, and that had a deleterious effect” (i3)

“The structure around us is very significant in enabling us to be what we are today” (i4)

“The only reason you really need to formalize things is when they get beyond control . . . [We do not have a formalized structure] . . . instead we have a very organic approach” (i6)

These comments show that incumbents acknowledged the value of a formalized structure in their family businesses, but few incumbents offered direct examples of them. In the case of i3, the lack of structure was a reflection of an autocratic leadership style, rather than a desire to institute a structure.

5.1.3.2. Family Business Structure: Formalized Structure (PCS Interviews)

Table 5.8 highlights that 19 (46%) of the 41 PCS Interviews acknowledged formalized structures as a component of family business structure in their family businesses. Illustrative comments follow:

“Our planning meetings consisted of all the family sitting around the dinner table and complaining” (PCS Interview 1, incumbent)

“It will happen it always has, we don’t need to be like the other businesses, we are a family, and we manage” (PCS Interview 10, incumbent)

“It is important to plan where we want to go next, that’s how we have always operated” (PCS Interview 12, incumbent)

“We ensure that all the family is involved in the decision making and some of our trusted non-family employees as well. If there is a disagreement, best to have it in closed doors than out in the open. Our family council meetings handle this very well” (PCS Interview 14, incumbent)

“We have over 200 employees; if we do not talk about what we are going to do nothing will get done” (PCS Interview 19, incumbent)

The PCS Interview data were consistent with the data from the Protagonist Interviews in that the incumbents understood the value of formalizing their family business structures as a means of managing change, but few direct examples were offered.

5.1.3.3. Family Business Structures: Non-Family Involvement (Protagonist Interviews)

As shown in Table 5.7, Non-Family Involvement as a component of Family Business Structure was commented on by all the incumbents. Illustrative comments follow:

“[Our lawyers] were certainly involved in helping us put together the documentation, very much involved in that. . . I'd like to think that there'd be no difference between them - between family and non-family. But that's easy to say. Perhaps if I was put to the test, I might not be true to that. I don't know” (i1)

“I've always been totally open with everybody, as if they are, for me, the people who work here are family . . . Yes, and I'd have to [listen to non-family employees with respect to succession]” (i2)

“Alex [non-family employee] is a professional, and she's come from McDonalds to work for me, she's my ring master, for want of better words. So she's going to bring all of the family, the circus act together, and she's the ring master . . . Katrina's [non-family employee] background is McDonalds, McDonalds, McDonalds. Started as a crew member in 1981, '84 or whatever it was, started on the front counter and now runs the company” (i4)

“[Non-family employees] come in and see you and know who you are. . . [My] relationships with non-family staff are very transparent”(i5)

“Oh I think at some times, I often think that I'm a fool not to [listen to non-family employees]. . . Any non-family influence I propose, if I set up a board structure they might advise me otherwise, but I propose any non-family influence would be as an employee. The business has never been more successful than when we had two external family partners, with a 24% share each. It has never been as successful. Since they left, it went down until I joined, and we've grown in the last few years” (i6)

All the incumbents acknowledged the value of non-family involvement in the management of their family businesses, and as providing a broad perspective of business beyond the confines of the family business structure.

5.1.3.4. Family Business Structures: Non-Family Involvement (PCS Interviews)

Table 5.8 shows that 17 (41%) of 41 PCS Interview respondents identified non-family involvement as a component of Family Business Structure. Illustrative comments follow:

“We'd like to keep it between ourselves; we get external people if needed” (PCS Interview 1, incumbent)

“A non-family CEO was appointed, it was not successful as the non-family member did not understand the culture – Just did not get it, what we were about and how we do things . . . he lasted only 6 months” (PCS Interview 6, incumbent, secondary observations)

“It is a very structured family business environment without third party involvement; it is a family business, no place for non-family involvement in the leadership or management of the business” (PCS Interview 9, incumbent, secondary observations)

“Real racial issues irrespective of the length of time someone has worked there, there was no opportunity for non-family members or even non-ethnic Chinese to have a senior position in the family business” (PCS Interview 10, incumbent secondary observations)

“Non-family employees were not in the forefront of the decision making” (PCS Interview 28, incumbent secondary observations)

The comments by incumbents interviewed through the PCS Interview procedure indicated that the involvement of non-family influence was limited, and in some cases based on ethnic predisposition. This was a marked difference from the comments offered in the Protagonist Interviews.

5.1.3.5. Family Business Structures: Size (Protagonist Interviews)

As shown in Table 5.7, the relevance of size of the family business structure was limited and was only commented on by three (50%) incumbents. Illustrative comments follow:

“We have regular staff meetings, and we’re small enough to be able to do that” (i2)

“I think if you, the only reason you really need to formalize things is when they get beyond control. Size is very important. Let’s say that you became an equity partner in our business. We would then need controls” (i6)

Overall, the general impression was that irrespective of size of the business, an appropriate structure will evolve.

5.1.3.6. Family Business Structures: Size (PCS Interviews)

Table 5.8 shows that 18 (44%) of 41 PCS Interview respondents commented on the size of their family business as a component of Family Business Structure. Illustrative comments follow:

“We are a small practice; our meetings revolve around a coffee in the morning” (PCS Interview 5, incumbent)

“We have over 200 employees; if we do not talk about what we are going to do nothing will get done” (PCS Interview 19, incumbent)

“No structured board, family business too small” (PCS Interview 22, incumbent, secondary observations)

Similar to the Protagonist Interview data, an appropriate structure is seen to evolve irrespective of the size of the business.

5.1.3.7.Synthesis

This section reviews formalized structure, non-family involvement, and size of the family business as components of Family Business Structure.

The data from the Protagonist and PCS Interviews acknowledges the value of a formalized structure in family business. Incumbents saw formalized structures as a positive method for promoting inclusiveness for all the family members, and a means by which complex challenges could be managed.

The Protagonist Interview data acknowledged the importance of non-family influence in family business structure, especially where that influence was in introducing skills and experience family members did not have. The PCS Interview data were also extensive, with 17 (41%) of the PCS Interviews welcoming non-family employee contributions with reservations.

The Protagonist Interview data placed limited importance on the size of the family business in determining its structure. Incumbents indicated that the business structure adjusts as complex situations evolve. The PCS Interview data did note that as the business grew, there was a greater need for a clearly-defined family business structure.

To summarize:

- Formalized Structures – The Protagonist and PCS Interview data support Fox et al. (1996), Vera and Dean (2005) and Janjuha-Jivraj and Woods' (2002a,b) research that a structured and defined participatory family business structure enables the greatest possibility for effective decision making, and non-family buy-in.
- Non-Family Involvement – In line with Chrisman et al. (2003) and Ensley and Pearson's (2005) findings, the Protagonist Interview data supported the important contributions that non-family members bring to the business. This was not the case with the PCS Interview data, where there was a strong reluctance to allow non-family involvement.
- Size – The Protagonist and PCS Interview data support Janjuha-Jivraj and Woods' (2002a,b) research that larger, more complex family businesses require more rigid business structures. However, many of the comments indicated that the Family Business Structure will evolve, and find its own level depending on the challenges and

complexities faced by family businesses.

5.2. Research Question Six: Successor

What are the key professional variables (2.5) of the successor (2.5.2) related to succession?

The professional variables of the successor associated with succession in a family business identified as a result of the content analyses in this study are Education vs. Experience (2.5.2.1), Nurturing and Development (2.5.2.2), Credibility (2.5.2.3), Fairness and Justice (2.5.3.1), and Family Business Structure (2.5.3.2) as reported in Chapter 2. Education and Experience comprise the components of formal education, external experience and early involvement. Nurturing and Development include the components of relationship and mentorship. Credibility consists of family business knowledge and acceptance. Fairness and Justice comprises the components of transparency and consistency, and Family Business Structure consists of formalised structure, non-family involvement, and size.

5.2.1. Education vs. Experience

Handler (1991) stated that the preparation for the successor's ascension to a leadership position consisted of three stages: personal development, working in the family business, and taking over as the leader. Cabrera-Suárez et al. (2001) argued that the earlier the successor became involved in the family business the better, and that it was imperative that the incumbent as the custodian of the family business culture encouraged this. Goldberg (1996), McCann et al. (2001) and Morris et al. (1997) found that formal education assisted in this process, and that other non-tertiary experiences outside the family business also had a positive affect (Churchill and Hatten, 1987; Le Breton-Miller et al. 2004).

Tables 5.9 and 5.10 address the successor Professional Variable of Education vs. Experience. The data analysis identified three components associated with Education vs. Experience: formal education, external experience, and early involvement.

Table 5.9

Frequency and Percentage Frequency Distributions of Successor Professional Variable (Education vs. Experience) Categorized by Components (Formal Education, External Experience, Early Involvement) – Protagonist Interviews (n=3)

Successor	Size (Number of Employees)			Generation		Industry			Formal Education		External Experience		Early Involvement	
	1-20	20 - 99	100 +	2	3+	P	S	T	n	%	n	%	n	%
s1	1			1				1	4	29	7	41	8	33
s2			1		1		1		7	50	4	24	10	42
s3			1		1		1		3	21	6	35	6	25
3	1	0	2	1	2	0	2	1	14	100	17	100	24	100

P = Primary, S = Secondary, T = Tertiary

Table 5.10

Frequency and Percentage Frequency Distributions of Successor Professional Variable (Education vs. Experience) Categorized by Components (Formal Education, External Experience, Early Involvement) – PCS Interviews (n=41)

Number of PCS Interviews by size of the family business (Number of Employees)			Generation		Industry			Formal Education		External Experience		Early Involvement	
1-20	20 - 99	100 +	1	2 +	P	S	T	n	%	n	%	n	%
22			20	2	1	5	16	17	53	8	67	14	44
	8		8	0	0	5	3	6	19	1	8	8	25
		11	6	5	1	5	5	9	28	3	25	10	31
Total			34	7	2	15	24	32	100	12	100	32	100

P = Primary, S = Secondary, T = Tertiary

5.2.1.1. Education vs. Experience: Formal Education (Protagonist Interviews)

Table 5.9 shows that all interviewees identified the importance of formal education to succession, and as a valuable addition to, but not a substitute for, work experience. Illustrative comments follow:

“[Father] said, ‘you don’t even have to study journalism, and it’s too easy. Go get a real degree, go get a Commerce degree or a Law degree or both, and if you still want to do sports after that, then I’ll get you where you have to get.’ I think you need both. The experience is probably more important, but that experience would be pretty hard to gain without some kind of formal education” (s1)

“But that being said I did go back and repeat year 12 at night school [after initially failing]. I did a Diploma of Business at Monash. It was a program running in conjunction with the Australian Institute of Management . . . I don’t believe an MBA is important in terms of your role in business in the 21st century” (s2)

“[My aim is to go back to] the cadetship” (s3)

Overall, the successors’ commentaries on the value of formal education may be a facet of the industry in which the family business operates. That is, s1’s family business is in media, focusing on intellectual and managerial commentary, and where formal education

is valued. In comparison, s2 and s3 are in family businesses in the automotive and transport industries respectively, where industry experience was of greater importance than a tertiary degree.

5.2.1.2. Education vs. Experience: Formal Education (PCS Interviews)

As shown in Table 5.10, 32 (78%) of 41 PCS Interview respondents identified formal education as a component of the Successor Professional Variable of Education vs. Experience. Table 5.11 shows the benefit of a formal education to the successor was evenly spread between industries. Illustrative comments follow:

“If [the successor] had an opportunity to go to school when he was young, he can save the time to fail and can explore the family business larger than we see it today” (PCS Interview 3, incumbent)

“Education and experience were key variables in the family involvement . . . merit over a purely nepotistic approach” (PCS Interview 14, successor, secondary observations)

“It is important that my daughter finishes her university degree” (PCS Interview 15, incumbent)

“It’s a great feeling when I got my bachelors degree” (PCS Interview 37, successor)

Table 5.11

Frequency and Percentage Frequency Distributions of Importance of Formal Education based on Industry Type – PCS Interviews (n=41)

	Industry											
	Primary				Secondary				Tertiary			
	Important		Not important		Important		Not important		Important		Not important	
	n	%	n	%	n	%	n	%	n	%	n	%
	2	100	0	0	13	87	2	13	17	71	7	29
Totals	2	100	0	0	13	87	2	13	17	71	7	29

The PCS Interview data strongly support the value of attaining a tertiary degree by successors.

5.2.1.3. Education vs. Experience: External Experience (Protagonist Interviews)

Table 5.9 shows that all interviewees acknowledged external experience as an important component of education vs. experience. Illustrative comments follow:

“That’s right, we’re going to get the information in the newspaper but I actually enjoy the debate and the politics - of it all as well, and that’s just from growing up with it . . . not heavy business talk, but general talk . . . Yes I can run this business . . . I’m not trying to big note myself, but I’ve also run a gym, built up a gym from scratch for five years which I sold last month. . . . I think you need both, but experience is probably more important” (s1)

“It’s interesting because even for myself having moved through the different aspects of my life, be it work, be it motor sport, or my commitment to the community through Rotary or the schools I’m involved with, or even through Family Business Australia, the experiences I’ve had during those years has certainly given me the background to give advice” (s2)

“When I was at university I had a range of jobs, I worked in a pub, stuff like that. Different experiences are good. I’m looking at the moment working in the army reserve with their logistics - operational area there, which is a different experience with what you’re working with and different methods . . . experience, you can’t teach experience. If you ever have a problem, you go to those people that have the experience, and that’s why they’re in those positions” (s3)

These comments support the positive contributions that external experiences bring to the succession process.

5.2.1.4. Education vs. Experience: External Experience (PCS Interviews)

As shown in Table 5.10, 12 (29%) of 41 PCS Interview respondents highlighted external experience as a component of succession. Illustrative comments follow:

“You needed to understand the world if you want to really understand our business” (PCS Interview 14, incumbent)

“Living and studying overseas had a beneficial effect, it exposed the successor to different experiences over and above those that you would experience if they were just studying in China” (PCS Interview 25, successor, secondary observations)

The PCS Interview observations supported the interview data and reinforce the benefits of external experiences for successors and the succession process.

5.2.1.5. Education vs. Experience: Early Involvement (Protagonist Interviews)

Table 5.9 highlights the benefits of early exposure of the successor to the family business as preparation for succession. Illustrative comments follow:

“I’ve grown up with the business [from the age of 10] . . . [I] had a pretty good understanding of what was going on from a very early age. I’ve been involved in

the business as child labour . . . my earliest memories are of Dad and Jack [partner] working together, whether it was [in the family business] or in other things” (s1)

“We had the opportunity to be part of it and along for the ride, so to speak, and we learnt the business not just in the time we worked in it but also as kids growing up . . . My youngest memory as a small child was of my grandfather who was in the grocery business . . . As a 15 or 16 year old soaking things up like a sponge, that’s how we learnt the business. I still find today that I’m making decisions based on things I learnt as a teenager all those years ago.” (s2)

“It’s always been part of our childhood [the family business], we would come here every day after school. [The family business] has always been part of me . . . I started when I was 15, just working on weekends, school holidays, cleaning buses” (s3)

Early involvement (n=24) was the most frequently reported element of Education vs. Experience for successors, suggesting that the earlier the successor was exposed to the family business, the greater the probability of a successful succession.

5.2.1.6. Education vs. Experience: Early Involvement (PCS Interviews)

Table 5.10 reveals that 32 (78%) of 41 PCS Interview respondents identified early involvement as a component of their education and experiences in the family business. Illustrative comments follow:

“As early as the successor could remember, he was always working in the family business, doing something, packing boxes, sending out the mail” (PCS Interview 6, successor, secondary observations)

“The earliest memories [I have are when] the family sat around the table and talked [about the family business]” (PCS Interview 7, successor)

“As a traditional Chinese family the family was expected to be involved in the family business at a very early age [and they were exposed accordingly]” (PCS Interview 12, successor, secondary observations)

Supporting the Protagonist Interview data, early involvement by the successor was the most cited component of the successor Professional Variable of Education vs. Experience. However as shown in Table 5.12, early involvement in isolation did not guarantee a smooth succession. Of the 32 PCS Interviews that indicated they had early involvement, 15 of the 32 (47%) experienced a smooth succession, while 17 (53%) experienced the opposite. However, where there was no early involvement, six (75%) of eight responses indicated that they experienced problems during succession.

Table 5.12

Frequency and Percentage Frequency Distributions of Nature of Succession in Early Involvement as a Component of Successor Professional Variable Education vs. Experience – PCS Interviews (n=41)

Number of PCS Interviews by size of the family business (Number of Employees)			Generation		Early Involvement		Smooth Succession		No Early Involvement		Smooth Succession		No Observation	
1-20	20 - 99	100 +	1	2 +	n	%	Yes	No	n	%	Yes	No	n	%
22			20	2	14	44	7	7	7	88	1	6	1	100
	8		8	0	8	25	5	3	0	0	0	0	0	0
		11	6	5	10	31	3	7	1	12	1	0	0	0
Total			34	7	32	100	15	17	8	100	2	6	1	100

5.2.1.7. Synthesis

This section reviews formal education, external experiences and early involvement as components of the successor's Professional Variable, Education vs. Experience.

The Protagonist and PCS Interview data overwhelmingly support the proposition that early exposure to the family business is the most important component of the education vs. experience variable. However, although the interview data suggested that the earlier the successor was exposed to the family business the more effective and successful the succession, the PCS Interview data were not as conclusive. Although 78% of the PCS Interviews highlighted early involvement is a component of succession, over half of these PCS Interviews indicated that there were problems during their succession. These findings suggest that early involvement in itself is no guarantee of a smooth succession.

Formal education was positively acknowledged in both the Protagonist and PCS Interview data. However, the benefits of a formal education were more pronounced in the one-on-one interview data where it related to the family business industry, whereas the PCS Interviews reported that formal education was beneficial across all industry segments and not necessarily linked to the business in which the family operates. Although the numbers of comments on the benefits of external experience were not extensive, both the interviews and PCS Interview data supported the positive effects of outside experiences on the successor.

To summarize:

- Formal Education – The Protagonist and PCS Interview data partially support Goldberg (1996), McCann et al. (2001) and Morris et al's. (1997) research that formal

education assists in succession. However, the extent to which formal education is beneficial may depend on whether that education aligns with the industry in which the family business operates.

- External Experiences – The Protagonist and PCS Interview data support Le Breton-Miller et al. (2004) and Churchill and Hatten's (1987) findings that external experiences assisted succession.
- Early Involvement – The Protagonist and PCS Interview data did not definitively support Cabrera-Suárez et al's (2001) assertion that early involvement was beneficial to succession. Although some of the data did support this proposition, a significant percentage of PCS Interview responses indicated that even with the successor's early involvement, their succession was not necessarily smooth.

5.2.2. Nurturing

Barach and Ganitsky (1995) identified the importance of a trusting, honest incumbent/successor relationship in enabling the family business culture to transfer between generations. Cabrera-Suárez et al. (2001) saw this relationship as the foundation on which the successor was mentored, facilitating acceptance by both family and non-family employees.

Tables 5.13 and 5.14 address the successor Professional Variable, Nurturing. The data analysis identified two components associated with Nurturing: Relationship and Mentorship.

Table 5.13

Frequency and Percentage Frequency Distributions of Successor Professional Variable (Nurturing) Categorized by Components (Relationship, Mentorship) – Protagonist Interviews (n=3)

Successor	Size (Number of Employees)			Generation		Industry			Relationship		Mentorship	
	1-20	20 - 99	100 +	2	3+	P	S	T	n	%	n	%
s1	1			1				1	8	42	9	31
s2			1		1		1		6	32	13	45
s3			1		1		1		5	26	7	24
3	1	0	2	1	2	0	2	1	19	100	29	100

P = Primary, S = Secondary, T = Tertiary

Table 5.14
Frequency and Percentage Frequency Distributions of Successor Professional Variable
(Nurturing) Categorized by Components (Relationship, Mentorship) – PCS Interviews
(n=41)

Number of PCS Interviews by size of the family business (Number of Employees)			Generation		Industry			Relationship		Mentorship	
1-20	20 - 99	100 +	1	2 +	P	S	T	n	%	n	%
22			20	2	1	5	16	15	54	15	65
	8		8	0	0	5	3	4	14	3	13
		11	6	5	1	5	5	9	32	5	22
Total			34	7	2	15	24	28	100	23	100

P = Primary, S = Secondary, T = Tertiary

5.2.2.1. Nurturing: Relationship (Protagonist Interviews)

Table 5.13 highlights that all interviewees identified the importance of the incumbent/successor relationship as a component of nurturing. Illustrative comments follow:

“I remember one of the proudest days of my entire life was when I went into my interview. Grace [non-family manager] wrote Dad a letter as a reference because ‘Nick’s too proud for me to give anything to him but I want you to know that he’s unbelievable, you’ve got a great son and employee, don’t lose him, he’s brilliant.’ And she did that to Dad and not to me. That was a pretty big milestone in my life . . . I think outside of the working relationship [between incumbent and successor] there is an underlying friendship as well” (s1)

“I think Dad was comfortable at all levels . . . For Dad there was no separation between business, pleasure and the family . . . end of the day it’s about people, it’s about managing people . . . There was no turf war. We had all worked together off and on over a long period of time so there was a clear understanding and recognition of each other’s strengths and weaknesses” (s2)

“[We had] a loving open relationship . . . Christmas party every year just like most families, and we used to have it my nana’s house, and it would be not just me, my grandparents, their kids, and so like my uncles and aunties, and then my cousins, but it would be my nana and pa, my nana and pa’s brothers and sisters, and then their kids, and then their kids . . . Yeah everyone definitely was [treated] equal” (s3)

All the interviewees recognized the importance of a strong and trusting relationship engaging the incumbent as part of the family business, or the family itself.

5.2.2.2. Nurturing: Relationship (PCS Interviews)

Table 5.14 shows that 28 (68%) of 41 PCS Interview respondents identified the incumbent/successor relationship as a component of nurturing. Illustrative comments follow:

“Although dad was strict in the business, my earlier memories of him were that he always had time to tell me stories and play soccer with me” (PCS Interview 7, successor)

“Mother and daughter had a strong and loving relationship” (PCS Interview 12, successor, secondary observation)

“My father was always there to help me; he was always there when I needed help in my medical studies” (PCS Interview 15, successor)

“The incumbent’s relationship with the successor was strained and it affected the family relationship beyond that of the family business” (PCS Interview 19, male successor, <50 years old, first generation, construction, >100 employees, secondary observation)

“The relationship between the father and the son was very strong. The son was always going to take over the family business as far as the father was concerned” (PCS Interview 22, successor, secondary observations)

“I loved dad, I had a great childhood” (PCS Interview 24, successor)

The PCS Interview data support the interview data that the development of a strong and supportive incumbent/successor relationship benefited succession, by creating an environment that enabled the smooth transfer of knowledge between generations.

5.2.2.3. Nurturing: Mentorship (Protagonist Interviews)

Table 5.13 highlights the importance the successor places on mentorship as a component of nurturing. As shown in the Table 5.13, 29 separate observations on mentorship were provided by successors. Illustrative comments follow:

“Dad definitely helped me with my communication skills and Mum helped me with a lot of other things . . . There’s no decision that he makes that I’m not involved in. I play a part in every decision he makes . . . We’re very inclusive here, dad is very strict on this” (s1)

“We got first hand to see the business, and Dad’s approach was very much a mentoring style through storytelling . . . As a 15 or 16 year old soaking this up like a sponge, that’s how we learnt the business. I still find today that I’m making

decisions based on things I learnt as a teenager all those years ago . . . We had the opportunity to be part of it and along for the ride, so to speak, and we learnt the business not just in the time we worked in it but also as kids growing up . . . we were really there along for the ride, so in terms of the parenting part of it, the parenting was done a lot of the time in the workplace, and even if it was at home, it had workplace connotations to it . . . I guess for us sitting around the dinner table, you'd hear the other end of the telephone conversation and that's how you learned about your customer" (s2)

"Dad doesn't give instructions, he's not telling me what to do, he's just sort of giving me perspective, so I say to him, I've got this issue, with a manager, or with drivers, or whatever, and he'd say, well this is what I'd do, and then he'd say, but I'm not telling you what to do but this is my position. It was only our first meeting two weeks ago but we're going to speak every month. It's just about issues I might have or the future where I'd like to move onto" (s3)

All the successors noted the value of an ongoing mentorship program, either directly with the incumbent, or as in the case of s3, a valued, trusted senior employee. The data indicated that the earlier the mentorship relationship was established, the more beneficial potentially it would be.

5.2.2.4. Nurturing: Mentorship (PCS Interviews)

Table 5.14 indicates that 23 (56%) of 41 PCS Interview respondents identified mentorship as an important component in nurturing. Illustrative comments follow:

"The relationship between the incumbent and the successor was very supportive and friendly, and as a result they would spend many hours talking and discussing the family business and when and how the successor would eventually take over" (PCS Interview 6, successor, secondary observation)

"My mother always had time for me, even when she was not well" (PCS Interview 12, successor)

"The third generation is encouraged to follow their own path, however if they join the family business they are mentored and guided" (PCS Interview 26, successor, secondary observations)

"[The successor was] always under my father's wing" (PCS Interview 28, successor)

"The successor [was always] under her wing because of a strong interest in the family business" (PCS Interview 31, successor)

Although mentorship was identified as an important component in nurturing, Table 5.15 demonstrates that mentoring alone was not a guarantee of a smooth succession. Of the 23 PCS Interviews that identified a mentoring program, 11 (48%) indicated that their

succession was smooth, eight (35%) indicated a rough succession, and four (17%) did not comment. These data indicate that a mentoring program is more likely to have beneficial rather than negative implications for succession.

Table 5.15

Frequency and Percentage Frequency Distributions of Nature of Succession in Mentorship as a Component of Successor Professional Variable Nurturing– PCS Interviews (n=23)

Number of PCS Interviews by size of the family business (Number of Employees)			Generation		Industry			Mentorship		Nature of Succession					
										Smooth		Rough		No Comment	
1-20	20-99	100 +	1	2 +	P	S	T	n	%	n	%	n	%	n	%
22			20	2	1	5	16	15	65	7	64	6	76	2	50
	8		8	0	0	5	3	3	13	2	18	1	12	0	0
		11	6	5	1	5	5	5	22	2	18	1	12	2	50
Total			34	7	2	15	24	23	100	11	100	8	100	4	100

P = Primary, S = Secondary, T = Tertiary

5.2.2.5. Synthesis

This section reviews relationship and mentorship as components of the successor professional variable, nurturing.

The Protagonist and PCS Interview data strongly support the argument that the earlier and more trusting the relationship between the incumbent and successor, the greater the probability that a nurturing environment will evolve. However, the data were ambiguous on the utility of mentorship for succession. While the interview data supported that mentoring of the successor positively assisted in succession, the PCS Interview data were slightly ambivalent of the contribution of mentorship programs to a smooth succession.

To summarize:

- Relationship – The data from both the Protagonist and PCS Interviews support Barach and Ganitsky's (1995) findings that a trusting and open incumbent/successor relationship is essential in developing a nurturing and supportive environment.
- Mentorship – The Protagonist Interview data supported Cabrera-Suárez et al's (2001) assertion that succession will be smoother where the successor is exposed to a mentorship program. However, the PCS Interview data were not as definitive, suggesting that mentorship alone will not guarantee a smooth succession.

5.2.3. Credibility

Barach et al. (1988) found that for successors to achieve an appropriate level of credibility as a worthy successor, they must be seen by others to attain the appropriate family business knowledge necessary to succeed. In subsequent research, Davis and Harveston (1999) argued that even if the successor attained the appropriate level of competence, it was essential that the incumbent create an accepting family business culture while still in a leadership position to enable others to recognise and accept the successor's new role.

Tables 5.16 and 5.17 address the successor Professional Variable, Credibility. The data analysis identified two components associated with Credibility: Family Business Knowledge and Acceptance.

Table 5.16

Frequency and Percentage Frequency Distributions of Successor Professional Variable (Credibility) Categorized by Components (Family Business Knowledge, Acceptance) – Protagonist Interviews (n=3)

Successor	Size (Number of Employees)			Generation		Industry			Family Business Knowledge		Acceptance	
	1-20	20 - 99	100 +	2	3+	P	S	T	n	%	n	%
s1	1			1				1	12	38	11	33
s2			1		1		1		11	34	9	27
s3			1		1		1		9	28	13	40
3	1	0	2	1	2	0	2	1	32	100	33	100

P = Primary, S = Secondary, T = Tertiary

Table 5.17

Frequency and Percentage Frequency Distributions of Successor Professional Variable (Credibility) Categorized by Components (Family Business Knowledge, Acceptance) – PCS Interviews (n=41)

Number of PCS Interviews by size of the family business (Number of Employees)			Generation		Industry			Family Business Knowledge		Acceptance	
1-20	20 - 99	100 +	1	2 +	P	S	T	n	%	n	%
22			20	2	1	5	16	11	48	16	62
	8		8	0	0	5	3	5	22	5	19
		11	6	5	1	5	5	7	30	5	19
Total			34	7	2	15	24	23	100	26	100

P = Primary, S = Secondary, T = Tertiary

5.2.3.1. Credibility: Family Business Knowledge (Protagonist Interviews)

Table 5.16 identifies that all the interviewees recognized the importance of family business knowledge to credibility. Illustrative comments follow:

“Dad said, you don’t even have to study journalism, it’s too easy. Go get a real degree, go get a Commerce degree or a Law degree or both . . . we had an

educational video service for schools, and so, I'd come in here a couple of afternoons after university and just help her label them and pack them, and then that grew into this huge business, so my role, it almost became, it ended up a full-time distribution person . . . we get information in newspapers, but I actually enjoy the debate and the politics of it all as well, and that's just from growing up with it" (s1)

"As a 15 or 16 year old I've been soaking up this [family business knowledge] like a sponge, that's how we learnt the business . . . we learnt the business not just in the time we worked in it but also as kids growing up . . . I'd always had an interest and fascination in motor cars. I spent most of my year 12 reading my Dad's motoring books" (s2)

"A structure is put in place where the best way to learn the business as a whole, not just one area, you learn every single aspect from cleaning, to driving, to managing, to everything . . . you've got downstairs in that operational area, every day's different, and you've got to make things work, and it's never the same. You've got times to meet and you've got to get from A to B, and you've really got to use your brain, you've got to be quick thinking, and doing that somewhere else gives you a different experience, a different way of thinking maybe, a different way of doing things" (s3)

The comments support the proposition that obtaining family business specific knowledge prior to succession, through a variety of work experiences, enables the successor to achieve a greater degree of credibility in the family business.

5.2.3.2. Credibility: Family Business Knowledge (PCS Interviews)

Table 5.17 indicates that 23 (56%) of 41 PCS Interview respondents acknowledge the importance of the successor in obtaining family business knowledge as a component of successor credibility. Illustrative comments follow:

"The incumbent trained the successor in the family business from an early age" (PCS Interview 3, successor, secondary observation)

"The relationship between the incumbent and successor was supportive and friendly . . . they would spend many hours talking and discussing the family business and when and how the successor would eventually take over" (PCS Interview 6, successor, secondary observation)

"Dad really wanted me to succeed, it was annoying sometimes, but he was always giving advice on how I should run things when I took over" (PCS Interview 7, successor)

"Decisions were nepotistic in nature as the sons were always going to lead, the father tried to train them in his image" (PCS Interview 16, male successor, <50 years old, second generation, textile, >100 employees, secondary observation)

“I always wanted to follow my father’s footsteps; he made the business sound so interesting” (PCS Interview 33, male, <50 years old, first generation, quantity surveyor, <20 employees, successor, secondary observation)

The comments and observations in the 23 PCS Interviews highlight the importance of generational transfer of family business knowledge (Barach et al. 1988), and emphasize the important role of this knowledge on successor credibility.

5.2.3.3. Credibility: Acceptance (Protagonist Interviews)

As shown in Table 5.16, all interviewees identified the need for the family business culture to be accepting of successors as a means of establishing credibility. Illustrative comments follow:

“[It] was always a good atmosphere working with the staff . . . I’m not here as [the incumbent’s] son, I’m someone who wants to know whether I’m suitable for that kind of a role and whether you guys want to invest your time in helping me and training me because I see this as my first real job and something I need to learn” (s1)

“[It’s about] managing people. Understanding your own behavior traits. And understanding how to manage yourself in a business environment, and to recognize the behavior traits your other senior managers have got and having the skill set in terms of managing your own behavior and manage theirs to get the best outcomes . . . there was a real sense of commitment through the family – we were all committed to the business of surviving” (s2)

“People you want to be around, people you see that would do anything for you, you’d do anything for them. You don’t do things to benefit from it; you do it because you want to . . . [we had a] very flat management style, everyone is equal . . . everything’s done on merit. There’s no guarantees that a family member will be the head of this company in ten years time when all the directors come to retirement age – no guarantee . . . the culture of the company here is very inclusive. Team orientated. I couldn’t imagine loose cannons surviving here long” (s3)

The successor comments indicate the positive effect of an accepting culture on family business owners and employees and its impact on successor credibility.

5.2.3.4. Credibility: Acceptance (PCS Interviews)

Table 5.17 indicates that 26 (63%) of 41 PCS Interview respondents acknowledge the importance of an accepting family business culture on successor credibility. Illustrative comments follow:

“My father has low levels of neuroticism and narcissism and he created a calm and understanding family culture” (PCS Interview 2, male successor, <50 years old, second generation, architecture, >20 employees)

“It’s a position of trust and if people do not have trust [in the family business] they will not come back” (PCS Interview 5, successor)

“Our management style within the family group is very close and accepting, and this reflects the family business culture” (PCS Interview 17, successor)

As highlighted in Table 5.18, 12 (46%) of the 26 PCS Interview respondents who indicated an accepting family business culture also experienced a smooth succession, whereas nine (35%) experienced difficulties, and five (19%) did not comment. Table 5.18 also highlights that larger family businesses reported a greater probability of a rough succession. That is, four (36%) of the 11 family businesses of greater than 100 employees reported succession difficulties, compared with four (18%) of the 22 businesses with fewer than 20 employees. These figures indicate that succession difficulties occur at twice the rate in larger families than in smaller families.

Table 5.18

Frequency and Percentage Frequency Distributions of Successor Professional Variable Credibility Characterised by Nature of Succession in Acceptance – PCS Interviews (n=26)

Number of PCS Interviews by size of the family business (Number of Employees)			Generation		Industry			Acceptance		Nature of Succession					
										Smooth		Rough		No Comment	
1-20	20 - 99	100 +	1	2 +	P	S	T	n	%	n	%	n	%	n	%
22			20	2	1	5	16	16	62	7	59	4	44	5	100
	8		8	0	0	5	3	5	19	4	33	1	12	0	0
		11	6	5	1	5	5	5	19	1	8	4	44	0	0
Total			34	7	2	15	24	26	100	12	100	9	100	5	100

P = Primary, S = Secondary, T = Tertiary

5.2.3.5. Synthesis

This section reviews family business knowledge and acceptance as components of the successor Professional Variable, Credibility.

The Protagonist and PCS Interview data strongly support the importance of the successor absorbing knowledge of specific value and relevance to the family business, and its industry. That knowledge may be obtained through formal tertiary education, or by attaining a level of proficiency required of successors to understand and manage the unique characteristics of family business activities. The Protagonist Interview data highlighted the importance of an accepting family business culture that embraces change and encourages positive successor transition into a leadership role. This observation was

also supported by the PCS Interview data, which additionally indicated that the size of the family business may influence the succession process.

To summarize:

- Family Business Knowledge - The Protagonist and PCS Interview data support Barach et al's (1988) research which revealed the need for successors to attain an appropriate level of specific family business knowledge as a means of gaining credibility.
- Acceptance – Both the Protagonist and PCS Interview data support Davis and Harveston's (1999) proposition that the family business culture must be willing to accept change for a smooth succession process. However, the PCS Interview data highlighted the possibility that the size of the family business can have a negative effect on succession, irrespective of whether or not the culture was accepting of change.

5.2.4. Fairness and Justice

Barnett and Kellermanns (2006) identified that the treatment of non-family protagonists by family members affects how non-family members view their roles in the family business and how they perform. For instance, a lack of fairness in decision making may result in anxiety and a sense of alienation. Cropanzano et al. (2001) identified three components of fairness: *would* – imagine how an alternative situation would be more positive; *could* – determine who is responsible; and, *should* – the ethical judgment of the situation. In their discussion on family business, Barnett and Kellermanns (2006) identified justice as whether or not non-family members felt valued, or whether they were treated as a disposable commodity.

Tables 5.19 and 5.20 address the successor's Professional Variable of Fairness and Justice. The data analysis identified two components associated with Fairness and Justice, Transparency and Consistency. Transparency is defined as where authorities demonstrate high levels of trust and openness and treat group members with dignity and

Table 5.19

Frequency and Percentage Frequency Distributions of Successor Professional Variable (Fairness and Justice) Categorized by Components (Transparency, Consistency) – Protagonist Interviews (n=3)

Successor	Size (Number of Employees)			Generation		Industry			Transparency		Consistency	
	1-20	20 - 99	100 +	2	3+	P	S	T	n	%	n	%
s1	1			1				1	5	22	7	32
s2			1		1		1		6	26	11	50
s3			1		1		1		12	52	4	18
3	1	0	2	1	2	0	2	1	23	100	22	100

P = Primary, S = Secondary, T = Tertiary

Table 5.20

Frequency and Percentage Frequency Distributions of Successor Professional Variable (Fairness and Justice) Categorized by Components (Transparency, Consistency) - PCS Interviews (n=41)

Number of PCS Interviews by size of the family business (Number of Employees)			Generation		Industry			Transparency		Consistency	
1-20	20 - 99	100 +	1	2 +	P	S	T	n	%	n	%
22			20	2	1	5	16	15	46	9	45
	8		8	0	0	5	3	7	21	4	20
		11	6	5	1	5	5	11	33	7	35
Total			34	7	2	15	24	33	100	20	100

P = Primary, S = Secondary, T = Tertiary

respect (Cropanzano et al. 2001). Consistency is defined as being treated equally for a similar work output to others (Kulik & Ambrose, 1992).

5.2.4.1. Fairness and Justice: Transparency (Protagonist Interviews)

Table 5.19 shows that all interviewees identified transparency as a major component of Fairness and Justice. Illustrative comments follow:

“It’s good, they’re senior people in age and experience so enjoy being involved in the running of the business as well . . . We’re very inclusive here. Dad’s very strict on this, we have a staff meeting with every employee, all ten of us meet once a fortnight for half an hour, 45 minutes, and he goes through everything from top-down. This is how we’re performing financially, this is new opportunity, and we go around the table, one at a time, talk about what’s going on in their portfolio” (s1)

“We made a decision in the last 18 months or so that we needed to employ a non-family senior executive, to take over the running of the business for us . . . end of the day it’s about people, it’s about managing people” (s2)

“You’d be surprised at how many are not family members. We have a lot of management here now who aren’t families, being such a big company, a lot of them aren’t. It’s good to have that outside knowledge . . . It’s a very multi-cultural

company . . . Everyone's got different views and you've got to approach everyone differently" (s3)

These comments mirror the commentary by incumbents of a desire to maintain an open and inclusive culture in the family business.

5.2.4.2. Fairness and Justice: Transparency (PCS Interviews)

Table 5.20 shows that 33 (80%) of the 41 PCS Interview participants identified transparency as a major component of Fairness and Justice. Illustrative comments follow:

"Dad was always on about communicating with everybody in the family" (PCS Interview 12, successor)

"Everyone was involved in the important decisions" (PCS Interview 14, successor)

"The incumbent did not communicate effectively with non-family employees or with the successor resulting in conflict between the parties" (PCS Interview 19, successor)

These comments show that successors acknowledged the importance of a transparent culture, and highlighted the challenges when that was not the case.

5.2.4.3. Fairness and Justice: Consistency (Protagonist Interviews)

Table 5.19 shows that all interviewees identified consistency as an important component of Fairness and Justice. Illustrative comments follow:

"There's no decision that he makes that I'm not involved in. I can't think of one that I'm not involved in . . . I guess it's still his business so he has a final say but if I don't agree, I'll actually say, That's your decision, but I don't agree . . . He's [incumbent] trying to get me to do more" (s1)

"There certainly had been a discussion around [succession]. Dad had prepared what he called a memorandum of wishes . . . traditionally the shareholders stay the same and the vision and the values that a family hold are usually pretty clearly defined . . . the first thing we did was establish a business board that was a recognition that we needed to professionalize" (s2)

"Everything's done on merit. There are no guarantees that a family member will be the head of this company in ten years time when all the directors come to retirement age – no guarantee . . . I mean that's just the way things are I suppose. I mean, you being family, it's different. It would have a different feel about it because of that . . . At the end of the day, it's the same, everyone's equal" (s3)

These comments reveal that, similar to incumbents, successors acknowledged the importance of maintaining a consistent approach when managing a family business.

5.2.4.4. Fairness and Justice: Consistency (PCS Interviews)

Table 5.20 shows that 20 (24%) of 41 PCS Interview respondents identified consistency as a component of Fairness and Justice. Illustrative comments follow:

“There was always an understanding as to what was expected by the incumbent and what the successor was willing to give” (PCS Interview 1, successor, secondary observation)

“My earliest memory was working late with my father; it’s there where I learnt the ropes” (PCS Interview 3, successor)

“All family members support the successor taking over due to ethnic traditions, and the successor’s willingness to commit to what has gone before” (PCS Interview 9, successor, secondary observations)

The PCS Interview data on consistency support the Protagonist interview data, however not as strongly as the need for transparency.

5.2.4.5. Synthesis

This section reviews transparency and consistency as components of the professional variable of Fairness and Justice as it applies to successors.

The Protagonist and PCS Interview data indicate the importance placed on transparency by successors as a component of Fairness and Justice. All the successors highlighted the beneficial outcomes when the family business is transparent. Where this was not the case conflict arose, as shown by PCS Interview 19.

Similarly, the majority of successors acknowledged the importance of consistency as a component of Fairness and Justice, especially in family businesses with a strong ethnic base.

To summarize:

- Transparency – The Protagonist and PCS Interview data support Barnett and Kellermanns (2006) view that an open and transparent environment will have a positive effect on perceptions of a fair and just business environment.

- Consistency - In line with the previous discussion, the Protagonist and PCS Interview data support Barnett and Kellermanns (2006) and Cropanzano et al's (2001) views that the more consistent are the policies in a family business, the more positive the outcome.

5.2.5. Family Business Structure

Fox et al. (1996), Vera and Dean (2005) and Janjuha-Jivraj and Woods (2002a,b) identified that a formalized family business board/management structure that was participatory offered the best possibility of a smooth and viable succession, and that where structures exhibited either a conservative, rebellious, or wavering culture, the probability of a smooth transition was reduced (Dunemann and Barrett, 2004). Janjuha-Jivraj and Woods (2002a,b) argued that larger, more stable family businesses with a structured and formalized decision-making process, created the best environment for minimizing conflict and maximizing certainty.

Tables 5.21 and 5.22 address the successor Professional Variable of Family Business Structure. The data analysis identified three components associated with Family Business Structure: Formalized Structure, Non-Family Involvement, and Size.

Table 5.21

Frequency and Percentage Frequency Distributions of Successor Professional Variable (Family Business Structure) Categorized by Components (Formalised Structure, Non-family Involvement, Size) – Protagonist Interviews (n=3)

Successor	Size (Number of Employees)			Generation		Industry			Formalized Structure		Non-Family Involvement		Size	
	1-20	20-99	100+	2	3+	P	S	T	n	%	n	%	n	%
s1	1			1				1	1	5	4	19	1	14
s2			1		1		1		13	72	7	33	3	43
s3			1		1		1		4	23	10	48	3	43
3	1	0	2	1	2	0	2	1	18	100	21	100	7	100

P = Primary, S = Secondary, T = Tertiary

Table 5.22

Frequency and Percentage Frequency Distributions of Successor Professional Variable (Family Business Structure) Categorized by Components (Formalised Structure, Non-family Involvement, Size) - PCS Interviews (n=41)

Number of PCS Interviews by size of the family business (Number of Employees)			Generation		Industry			Formalized Structure		Non-Family Involvement		Size	
1-20	20 - 99	100 +	1	2 +	P	S	T	n	%	n	%	n	%
22			20	2	1	5	16	5	26	5	29	7	39
	8		8	0	0	5	3	6	32	5	29	4	22
		11	6	5	1	5	5	8	42	7	42	7	39
Total			34	7	2	15	24	19	100	17	100	18	100

P = Primary, S = Secondary, T = Tertiary

5.2.5.1. Family Business Structure: Formalized Structure (Protagonist Interviews)

As shown in Table 5.21, the recognition of formalized structures was commented on by all the successors. An illustrative comment follows:

“The first thing we did was establish a board that was a recognition that we needed to professionalize . . . The board is made up of six people, there’s three family members, myself, my sister Marion, and Christopher. We have a non-executive chairman, one other non-executive director, and two non-family executive directors – our Chief Financial Officer and our Group Fixed Operations Manager . . . Dad had put in place some very good business disciplines and he had some good people around him that put in place good business advice . . . We created what we call The Family Pillars Group, which was the five of us” (s2)

Similar to incumbents, successors acknowledged the importance and value of a formalized structure to the family business.

5.2.5.2. Family Business Structure: Formalized Structure (PCS Interviews)

Table 5.22 highlights that 19 (46%) of the 41 PCS Interviews acknowledged formalized structures as a component in their family businesses, although most commented on the lack of these structures, as follows:

“There was no real plan in place for anything” (PCS Interview 5, successor)

“There is no formalized board of directors, family council or constitution” (PCS Interview 7, successor)

“It’s only the family members that make up the family business board” (PCS Interview 24, successor)

“We discussed everything around the dinner table” (PCS Interview 38, successor)

The PCS Interview data, unlike the Protagonist Interview data, indicate a lack of formalized structure in the sample interviewed. The data also highlight the influence of family members on any structures that did exist.

5.2.5.3. Family Business Structure: Non-Family Involvement (Protagonist Interviews)

As shown in Table 5.21, the recognition of non-family involvement in Family Business Structure was commented on by all the successors. Illustrative comments follow:

“We have a staff meeting with every employee . . . it’s good, they’re senior people in age and experience so enjoy being involved in the running of the business as well . . . I don’t care who they are” (s1)

“We made a decision in the last 18 months or so that we needed to employ a non-family senior executive, to take over the running of the business for us . . . There was recognition that you needed a clear separation between family and business. So at that point we professionalized the business board to the next step. So mother stepped down as Chairman, the Audit Partner stepped up as Chairman, so non-family, non- executive Chairman. Someone to a) help us through the process, but b) to question . . . Also, during that process we brought in a second non-executive director who was not family. If you look at our bankers and our financiers, what they see is a business board that is not dominated by family. They see a professional business board made up of family and non-family executives . . . don’t underestimate the value of bringing outside experts in” (s2)

“You’d be surprised at how many are not family members. We have a lot of management here now who isn’t family, being such a big company, a lot of them aren’t. It’s good to have that outside . . . Everything’s done on merit. There are no guarantees that a family member will be the head of this company in ten years time when all the directors come to retirement age – no guarantee” (s3)

All the successors acknowledged the value of non-family involvement in the management of their family businesses, especially in areas where the family lacked expertise.

5.2.5.4. Family Business Structure: Non-Family Involvement (PCS Interviews)

Table 5.22 shows that 17 (41%) of 41 PCS Interview respondents identified non-family involvement as a component of Family Business Structure, but to a limited capacity, as follows:

The family business evolved and family and cultural members [Chinese/Indonesian] were asked to join– They felt they could trust their “own kind” (PCS Interview 12, successor, secondary observations)

“It is the responsibility of the family to carry on the family business” (PCS Interview 13, successor)

“Any third party advice is not really listened to; the incumbent’s leadership style is autocratic in nature . . . There is little non-family employee involvement in key management or strategic decision making or in the succession planning, these meetings are limited to the family and occur in an ad hoc manner, dependent on the whim and desire of the autocratic father” (PCS Interview 16, successor, secondary observations)

“Non-family employees are in lower management positions and are not involved in higher strategic family-based decisions” (PCS Interview 17, successor, secondary observations)

“Non-family employees, although highly qualified are not involved in the planning and strategic decisions of the family business” (PCS Interview 25, successor, secondary observations)

The PCS Interview data highlight the limited role that successors saw for their non-family counterparts in the business. Even in cases where non-family employees were highly qualified (PCS Interview 25), they were not allowed to be involved in developing the strategic direction of the family business.

5.2.5.5. Family Business Structure: Size (Protagonist Interviews)

As shown in Table 5.21, successors saw the size of the family business as being a key consideration in Family Business Structure. Illustrative comments follow:

“A family owned business. In round figures we’re about \$500 million dollars turnover, and we’re close to 500 employees. We own 10 car dealerships in the south eastern suburbs of Melbourne, and those 10 dealerships, some 20 properties/sites. In an overall business scope, \$500 million business puts us in the BRW Business Review Weekly Top 500 Private Companies, probably listed very close to number 100 . . . In terms of private business, being a business of significant size, and the skills that you need to manage a business like this are quite different to what was required ten years ago when we only had three business units” (s2)

“The whole company’s just exploded. Especially since 2002, it’s just exploded. It’s just got so big, so fast, that we’ve just gone, ‘Whoa, hang on, whoa.’ It’s like the horse has bolted and we’re struggling to pull it up, and it’s just got so big that things that we used to be able to do, you couldn’t do anymore. One person’s job suddenly becomes three people’s jobs. We had to quickly adapt to that, and we took on new things” (s3)

The importance of company size was apparent for successors: the larger and more complex the business, the greater the need for structure.

5.2.5.6. Family Business Structure: Size (PCS Interviews)

Table 5.22 shows that 18 (44%) of 41 PCS Interview respondents commented on the size of their family business as a component of Family Business Structure. Illustrative comments follow:

“There was no real plan in place for anything, things just happened” (PCS Interview 5, successor)

“No structured board, family business too small” (PCS Interview 22, successor)

“The family business has informal family meetings; however they see the family business as a small business” (PCS Interview 31, successor, secondary observation)

“There were only 20 of us, we’d meet as a family at father’s home, or the home of a cousin and talk business and eat” (PCS Interview 33, successor)

The PCS Interview data indicate that smaller businesses were less likely to have defined structures. In addition, the intimacy of the family relationship was a more important determinant of formalization of structure than was the size of the business.

5.2.5.7. Synthesis

This section reviews formalized structure, non-family involvement, and size of the family business as components of the successor Professional Variable, Family Business Structure.

The data from the Protagonist Interviews reveal that successors acknowledged the importance of a formalized structure as a component in family business structure, and as a means to promote inclusiveness. In comparison, the PCS Interview data indicate that a formalized structure was a low priority for successors.

The Protagonist Interview data acknowledged the importance of non-family influence in family business structure, especially where the non-family employees had skills and abilities the family did not possess. The PCS Interview data differed from this, highlighting that irrespective of the non-family influence skill set, their ability to influence was limited, especially with ethno-centric family businesses.

The Protagonist data recognized size as a contributor to family business structure. In comparison, the PCS Interview data indicated that family relationships rather than size were important to developing a formalized structure.

To summarize:

- Formalized Structures – The Protagonist data support Fox et al. (1996), Vera and Dean (2005) and Janjuha-Jivraj and Woods’ (2002a,b) research that a structured and

defined participatory family business structure enables the greatest possibility for effective decision making, and non-family buy-in. However the PCS Interview data were not as definitive, highlighting the lower priority that successors place on formalization of the family business.

- **Non-Family Involvement** – In line with the previous findings, where the Protagonist Interview data supported Chrisman et al. (2003) and Ensley and Pearson's (2005) findings, that non-family influence added value to family businesses, the PCS Interview data indicated that the family had primacy, irrespective of the non-family influence skill set.
- **Size** – The Protagonist and PCS Interview data acknowledged the influence of size as a factor in determining a formalized family business structure (Janjuha-Jivraj and Woods 2002a,b), however complexity and family culture were more influential than size alone.

5.3. Research Question Seven: Family

What are the key professional variables (2.5) of the family (2.4.3) related to succession?

The literature review and the research undertaken in this study found no professional variables as defined by Solomon et al. (2011) that relate to the family.

5.4. Research Question Eight: Non-Family Influence

What are the key professional variables (2.5) of non-family influence (2.5.3) related to succession?

The key protagonists who comprise non-family influence are non-family employees (nf1, nf2, nf3 and nf4), independent advisors (a1, a2), and family business organizations (a3). The professional variables of non-family influence associated with succession identified as a result of the content analyses in this study are Fairness and Justice (2.5.3.1), and Family Business Structure (2.5.3.2) as reported in Chapter 2. Fairness and Justice comprise the components of transparency and consistency. Family Business Structure contains the components of formalized structure, non-family involvement, and size.

5.4.1. Fairness and Justice

Table 5.17 addresses the non-family influence Professional Variable of Fairness and Justice. The data analysis identified two components associated with Fairness and Justice, Transparency and Consistency.

5.4.1.1. Fairness and Justice: Transparency (Protagonist Interviews)

As shown in Table 5.23, transparency was a key component of Fairness and Justice for non-family influence respondents. PCS Interview participants did not have access to non-family employees. Illustrative comments follow:

Table 5.23

Frequency and Percentage Frequency Distributions of Non-Family Influence Professional Variable (Fairness and Justice) Categorized by Components (Transparency, Consistency) – Protagonist Interviews (n=7)

Non-Family Influence	Size (Number of Employees)			Generation		Industry			Transparency		Consistency	
	1-20	20 - 99	100 +	1 - 2	3+	P	S	T	n	%	n	%
nf1		1			1	1			28	27	34	30
nf2	1			1				1	17	17	14	12
nf3			1	1				1	23	23	17	15
nf4			1	1				1	8	8	19	17
a1	1			n/a	n/a			1	15	15	16	14
a2	1			n/a	n/a			1	7	7	9	8
a3	1			n/a	n/a			1	3	3	5	4
Total	4	1	2	3	1	1	0	6	101	100	114	100

P = Primary, S = Secondary, T = Tertiary

“I was the only external person sitting on the executive . . . you can’t always criticize: they are your bosses . . . sometimes they listen but they don’t hear what you say . . . I’ve seen over time that there’s been more open-mindedness and family businesses are very hard because you’re loyal to each other. . . They would listen to what I would say but sometimes it was they paid lip-service, and sometimes they wouldn’t, as it was their own agenda” (nf1)

“[The incumbent] chooses whether he wants to do it. But when he chooses that he wants that decision, it’s his decision, and that’s it . . . I have dealings with both the father and the son. When the father makes a decision, that is the decision, he is autocratic and does not consult” (nf3)

“Communication is often poor between business partners, shareholders, siblings, cousins, husband and wife, who are involved in the business. A lot of the decisions are often ad-hoc in terms of their overall strategy in terms of the family wealth . . . I think a culture of openness and transparency is important, a culture of accountability, a culture of understanding and a business that has processes and structures in place where they can deal with these issues . . . The ones who are aware of their current situation, aware of the current problems, have opened the communication channels with all the stakeholders and have learnt what the problems are in the business, and they want to solve those problems, and they’re

open-minded because they are a family steward type personality, they're open-minded to want to solve those problems while they are alive" (a1)

"There's a lot of holding up a mirror, but there's also a lot of guiding between dismantling the problem, because the problem really has become such a mess, that they really can't see a way through dealing with it . . . If you're planning to have a business that runs over a number of generations and I believe inclusion and collaboration and training of others, respect for others is important" (a2)

These comments from non-family employees and independent advisors indicate that the transparent nature of family businesses was superficial at best, although many identified it as important to a fair and just work place (n=101).

5.4.1.2. Fairness and Justice: Consistency (Protagonist Interviews)

As shown in Table 5.23, consistency was a key component of fairness and justice in family business for non-family employees, independent advisors, and family business organizations. Illustrative comments follow:

"I've seen over time that there's been more open-mindedness and family businesses are very hard because you're loyal to each other . . . people are condescending to their own family members, possibly more so than if they were all unrelated parties . . . [I] learnt from my parents, and they learnt it from their parents, it was ingrained" (nf1)

"When it comes down to it in the end blood is thicker than water . . . Loyalty to his father, sense of commitment to the family. . . Blood is thicker than water, what are you going to do?" (nf2)

"If the father is not present, it is very clear to them who the manager is and who directs things. They also know that when the father is there that there's a certain deferring to the father . . . it's an ethnic family with a Greek background, the sons are the key people" (nf3)

"One thing you have to understand is that the father's ego and his identity are very much wrapped up in the business . . . 'It's my business [decision making only reflects his views] I started this business, I made this business happen, and you boys work here because of me'" (nf4)

"A lot of the more successful businesses have formalized processes . . . They are [non-family members on boards in large families]. At the end of the day you've still got a board. They'll have votes. But they'll be listened to . . . I think being blood or family is a positive and a negative. Negative is there's a greater fear in a large family business that nepotism will be perceived by non-family employees so that it is quite possible that the family member employee could sometimes be treated more harshly than a non-family member employee because they're trying to be seen different, squeaky clean, not taking favorites" (a1)

“In a family where you tend to have informal rules, but ultimately family remains family, no matter what, to some extent there’s almost infinite forgiveness for things like lack of performance and weaknesses. In a business, those sorts of things don’t sit terribly well” (a2)

“At the end of the day the vote was going to be [family] blood” (a3)

The commentary by the non-family employees indicates that regardless of the intention to promote consistency in the family business, “blood” (family) will always take precedence. This is in direct contrast to the observations by incumbents who saw processes as a means of promoting consistency in decision-making, and a means of mitigating nepotistic tendencies. Successors believed consistency helped them absorb the family business knowledge handed down by the incumbent.

5.4.1.3. Synthesis

This section reviews transparency and consistency as components of the non-family influence Professional Variable, Fairness and Justice.

The Protagonist Interview data indicate that non-family influence respondents believed that transparency was important, but it took second place to family imperatives.

Similarly, the non-family influence valued consistency in the family business, but understood that in family businesses, “blood is always thicker than water”.

To summarize:

- Transparency – The Protagonist Interview data did not support Barnett and Kellermanns’ (2006) view that a transparent environment will have a positive effect on non-family employees. As shown in this study, non-family employees did not believe that a transparent culture would be free from nepotistic tendencies.
- Consistency - In line with the previous discussion, the Protagonist Interview data did not support Barnett and Kellermanns (2006) and Cropanzano et al’s (2001) views that the more consistent are the policies in a family business, the more positive the outcome. Instead, non-family employees believed consistency of behavior was a poor second to family imperatives.

5.4.2. Family Business Structure

In this study, the non-family influence variable of Family Business Structure contains the components of Formalized Structure, Non-family Involvement, and Size. PCS Interview participants did not have access to non-family employees.

5.4.2.1. Family Business Structure: Formalized Structure (Protagonist Interviews)

As shown in Table 5.24, the recognition of formalized structures as a component of the variable Family Business Structure was identified 83 times by non-family employees. Illustrative comments follow:

Table 5.24

Frequency and Percentage Frequency Distributions of Non-Family Influence Professional Variable (Family Business Structure) Categorized by Components (Formalized Structure, Non-Family Involvement, Size) – Protagonist Interviews (n=6)

Incumbent	Size (Number of Employees)			Generation		Industry			Formalized Structure		Non-Family Involvement		Size	
	1-20	20-99	100+	1 - 2	3 +	P	S	T	n	%	n	%	n	%
nf1		1			1	1			15	18	13	35	0	0
nf2	1			1				1	9	11	2	5	2	9
nf3			1	1				1	21	25	10	27	6	30
nf4			1	1				1	15	18	2	5	0	0
a1	1			n/a	n/a			1	13	16	5	14	9	43
a2	1			n/a	n/a			1	8	10	3	9	2	9
a3	1			n/a	n/a			1	2	2	2	5	2	9
Total	4	1	2	3	1	1	0	6	83	100	37	100	21	100

P = Primary, S = Secondary, T = Tertiary

“For a long time, I was the only external person sitting on the executive, and I certainly would feel, sitting on the executive where everything was openly discussed, but that had several family meetings when I wasn’t there . . . I’m calling it a boardroom, although I’m a secretary, I’m not a director, the executives is probably a better description . . . They probably have those meetings without me, they have lots of family meetings, sometimes it’s about how to distribute their own profits, which I have nothing to do with. I don’t, and have never had anything to do with involvement with their private affairs” (nf1)

“I have dealings with both the father and the son. When the father makes a decision that is the decision . . . I think it was a mirror reflection of what happened in the family” (nf3)

“A lot of the more successful businesses have formalized processes which encompass business vision and mission, and proposition type statements. [The family is] not all working off the same page, the communication is often poor between business partners, shareholders, siblings, cousins, husband and wife even who are involved in business. A lot of the decisions are often ad-hoc in terms of their overall strategy in terms of the family wealth . . . as they mature and they

become adults, I think some of those business conversations have to move from the informal to the formal” (a1)

“A family council operates as a board of directors for the family, so it’s not a legal entity, but it’s a group that’s established, it has its own name, it has its own meeting schedule, it has its own meeting program, it has its rules of engagement, it has its own decision making processes, and it has its authority clearly defined” (a2)

“[The only formal structure] is a board meeting that consists of family members around a kitchen table. There would be no formal agenda. There would be no appointed chairman, because dad or mum would have appointed themselves, and very often there are no minutes. And yet the family considers that they’re having a board meeting” (a3)

The comments by non-family employees acknowledged the importance of having formalized structures in family business, although these structures were believed to be more symbolic rather than having a positive effect on the family business.

5.4.2.2. Family Business Structures: Non-Family Involvement (Protagonist Interviews)

As shown in Table 5.24, Non-Family Involvement as a component of Family Business Structure was commented on by non-family employees, and independent advisors. Illustrative comments follow:

“The family business didn’t have diversified opinions, everyone was in accord. . . I’d call it a strong tradition of doing everything one way. When I first started, there was very little external input. . . I’ve seen over time that there’s been more open-mindedness [to non-family influence] however it is very hard because the family is loyal to each other” (nf1)

“If the father is not present, it is very clear to them who the manager is and who directs things. They also know that when the father is there that there’s certain deferring to the father . . . I think the business is going to survive because the son actually understands the importance of having very close advisors and good people around him to provide sound advice” (nf3)

“The idea [of non-family involvement] was good but it didn’t have enough backing at the top level of management to be effective” (nf4)

“If you’re planning to have a business that runs over a number of generations and I believe inclusion and collaboration and training of others, respect for others is important . . . having at least two non-family, non-executive directors, or in the early days, because of the risks involved with being a director of a family business, perhaps people acting in an advisory or consulting capacity to the board but given sufficient authority to be able to really question decisions, not just be yes people, and to add significantly to the business” (a2)

“He [major Australian company incumbent] was happy to listen to what the in-laws had to say, but at the end of the day the vote was going to be family blood only. Now that is one structure that some family businesses might adopt. When our advisors, who were present at this public presentation, were hearing this, they were shaking their heads saying ‘that’s trouble’” (a3)

The non-family influence commentary acknowledged that their ability to add value to family business was a result of the leadership approach of the incumbent. Overall, non-family employees especially saw themselves as marginalized by family members irrespective of the value non-family employees believe they brought to the business. These observations are contrary to incumbent and successor Protagonist Interviews which suggest that non-family influence is valued in the family business. However, the comments are similar to the PCS Interview data, where non-family employees especially felt marginalized.

5.4.2.3. Family Business Structure: Size (Protagonist Interviews)

As shown in Table 5.24, the relevance of size of the family business to Family Business Structure was commented on by the non-family employees, and independent advisors to family businesses. Illustrative comments follow:

“Managing a company of 30 staff and 120 contractors is completely different to managing a company of 120 staff and 350 contractors located throughout the states. There you had to have structures in place, there you had to have governance and you had to have a culture that was broader than what the family actually provided” (nf3)

“If the business has grown to that extent, and you don’t adopt new ways of doing things that are more appropriate for managing a larger business, then you’re going to run into problems because the business is not equipped to make the best decisions with the right people providing the input” (a1)

“If you’ve got people in key roles, who are in the key roles because they’ve been dad’s fishing buddy for the last fifty years, rather than because they’re actually capable of running the business, – so it might have been fine when they started the whole thing out as a fish and chip shop, but now that it’s a \$100 million turnover diversified operation . . . Size is not a determinant of dynamics” (a2)

“The biggest challenge that we found is that the smaller family businesses, as soon as you start talking about governance, it’s not a word that they enjoy, and a lot of them perceive that they are too small to need a board . . . Very few smaller family businesses would have a properly constituted board” (a3)

The comments by non-family influence emphasize the impact of size on the running of the family business.

5.4.2.4. Synthesis

This section reviews formalized structure, non-family involvement, and size of the family business as components of the variable Family Business Structure.

The data from the Protagonist Interviews acknowledge the importance of formalized structure on family business as identified by the non-family influence. However, notwithstanding the potential value of formalized structure to the family business, non-family employees saw it as more symbolic rather than inclusive, and believed it was influenced by the family rather than business priorities.

The non-family influence data acknowledged the importance that size has on family business structure, arguing that the larger and more complex the family business, the greater the need for clearly defined and identifiable decision-making processes.

To summarize:

- **Formalized Structure** – The Protagonist Interview data did not support Fox et al. (1996), Vera and Dean (2005) and Janjuha-Jivraj and Woods' (2002a,b) research that a structured and defined participatory family business structure enables the greatest possibility for effective decision making, and non-family buy-in.
- **Non-Family Involvement** – The Protagonist Interview data did not support Chrisman et al. (2003) and Ensley and Pearson's (2005) findings regarding the value placed on non-family contributions from the perspective of non-family influence, due to concerns about the influence of family business members.
- **Size** – The Protagonist Interview data supported Janjuha-Jivraj and Woods' (2002a,b) research that larger, more complex family businesses require more rigid business structures.

5.5. Research Question Ten: Similarities and Differences

What are the Similarities and Differences in the Professional Variables for each of the Four Protagonists?

Table 5.25 represents the frequency of positive and negative comments made by the three protagonists regarding succession in family business.

Table 5.25

Frequency and Percentage Frequency Distributions of Protagonist Professional Variables and Components (Interviews and Prospective Case study Interviews) Related to Family Business Succession

Components	Incumbent						Successor						Non-Family Influence						Total					
	Comments				Total		Comments				Total		Comments				Total		Comments					
	+ve		-ve				+ve		-ve				+ve		-ve				+ve		-ve		Combined	
	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%
Leadership																								
Personality	65	57	0	0	65	57													65	57	0	0	65	57
Communication Style	48	43	0	0	48	43													48	43	0	0	48	43
Leadership – Sub Total	113	100	0	0	113	100													113	100	0	0	113	100
Fairness and Justice																								
Transparency	94	50	15	83	109	53	56	73	0	0	56	57	0	0	101	47	101	47	150	57	116	46	266	51
Consistency	94	50	3	17	97	47	21	27	21	100	42	43	0	0	114	53	114	53	115	43	138	54	253	49
Fairness and Justice – Sub Total	188	100	18	100	206	100	77	100	21	100	98	100	0	0	215	100	215	100	265	100	254	100	519	100
Family Business Structure																								
Formalized Structure	60	53	6	24	66	47	19	30	18	50	37	37	0	0	83	100	83	59	79	39	107	61	186	49
Non-family Involvement	35	31	16	64	51	37	23	35	15	42	38	38	0	0	37	100	37	26	58	29	68	39	126	33
Size	19	16	3	12	22	16	22	35	3	8	25	25	21	100	0	0	21	15	66	32	0	0	66	18
Family Business Structure – Sub Total	114	100	25	100	139	100	64	100	36	100	100	100	21	100	120	100	141	100	203	100	175	100	378	100
Education vs. Experience																								
Formal Education							46	37	0	0	46	35							46	37	0	0	46	35
External Experience							27	22	2	25	29	22							27	22	2	25	29	22
Early Involvement							50	41	6	75	56	43							50	41	6	75	56	43
Education vs. Experience -Sub Total							123	100	8	100	131	100							123	100	8	100	131	100
Nurturing																								
Relationship							47	52	0	0	47	47							47	52	0	0	47	47
Mentorship							44	48	8	100	52	52							44	48	8	100	52	52
Nurturing- Sub Total							91	100	8	100	99	100							91	100	8	100	99	100
Credibility																								
Family Business Knowledge							55	52	0	0	55	48							55	52	0	0	55	48
Acceptance							50	48	9	100	59	52							50	48	9	100	59	52
Credibility-Sub Total							105	100	9	100	114	100							105	100	9	100	114	100

5.5.1. Professional Variables and Associated Components – Similarities

Table 5.25 shows that size (Family Business Structure) was the only component similarly reported by all three protagonists as important to succession.

Size (Family Business Structure): Incumbents (n=22, 16%), successors (n=25, 25%) and non-family influence (n=21, 15%) identified size as having in most cases a positive impact on succession. Size was associated with the management structure and family business decision-making. These findings support the research by Janjuha-Jivraj and Woods (2002a,b) who found that large, stable family businesses with formalized clearly-defined structures created an environment where employees felt secure during transition.

5.5.2. Professional Variables and Associated Components – Differences

Table 5.25 highlights the following components as having a dissimilar association with succession for protagonists: transparency, consistency, formalized structure, and non-family involvement. The differences in attitudes for family and non-family members support the research by Barnes and Hershon (1976), Chrisman et al. (2003), Chua et al. (1999), Corbetta and Montemerlo (1999), Dierickx and Cool (1989), Habbershon et al. (2003), and Heck (2004) who commented on the divisions between family and non-family members in relation to succession and family business.

Transparency (Fairness and Justice): Incumbents (n=109, 53%), successors (n=56, 57%) and non-family influence (n=101, 47%) all gave relatively equal importance to transparency in managing a family business. Where incumbents (n=94 out of 109, 86% positive comments) and successors (n=56 out of 56, 100% positive comments) saw transparency as having a positive impact, non-family employees saw transparency in a negative light (n=101 out of 101, 100% negative comments), and acting as a screen to nepotistic behavior (Khai et al. 2003). These observations support research by Barnett and Kellermanns (2006), Cropanzano et al. (2001) and Lubatkin et al. (2005) which emphasized the need to embrace non-family employees, and promote a fair and open organizational culture.

Consistency (Fairness and Justice): In line with the transparency data, incumbents (n=97, 47%), successors (n=42, 48%) and non-family influence (n=114, 53%) gave relatively equal importance to transparency in managing a family business. However unlike the previous findings, it was only incumbents (n=94 out of 97, 96% positive comments) who saw these initiatives as primarily positive. Both successors (n=21 out of 42, 50% positive comments) and non-family employees (n=114 out of 114, 100% negative comments) believed consistency (defined as decision processes based on “facts and rules, and not on personal opinions or preferences”, Tyler & Blader, 2000:92) was either benign as in the case of the successor, or had a negative effect as reported by non-family employees. The findings concerning the dissimilarities between the incumbent and successor support research by Cropanzano et al. (2001) who identified that succession is a means by which the successor can stamp their own authority on the business, breaking from the past. In comparison, the non-family employees see themselves as not part of the “inner group”, and constantly at a disadvantage (Barnett and Kellermanns, 2006; Cropanzano et al. 2001; Lubatkin et al. 2005).

Formalized Structure (Family Business Structure): Incumbents (n=66, 47%), successors (n=37, 37%) and non-family influence (n=83, 59%) placed varying importance on formalized structures. For example, non-family employees emphasized formalized structures by which equality of decision-making could be enforced (Dunemann and Barrett, 2004; Fox et al. 1996; Janjuha-Jivraj and Woods, 2002a,b; Stavrou et al. 2005; Vera and Dean, 2005). In comparison, successors placed less priority on formalized structures compared to incumbents and non-family employees. A possible reason for this finding could be found in Cropanzano et al.’s. (2001) research identifying the successor’s desire to establish their own approach, and thereby avoiding pre-existing formalized structures which could be seen as an obstacle. The emphasis on formalized structures by incumbents supports the research by Carlock and Ward (2001), Davis and Harveston (1999), and Vera and Dean (2005) who commented on the role of the incumbent as the driving and stabilizing force in the family business. In comparison, non-family employees (n=83 out of 83, 100% negative comments) regarded formalized structures as having a negative effect on succession, as their interests were superseded by family needs and priorities (Davis et al. 2010).

Non-family involvement (Family Business Structure): Incumbents (n=51, 37%), successors (n=38, 38%) and non-family influence (n=37, 26%) saw the involvement of

non-family employees as important in the succession process. Incumbents (n=35 of 51, 68% positive comments) and successors (n=23 of 38, 60% positive comments) generally saw non-family involvement in positive terms, especially when dealing with specialist management and tax issues (Chrisman et al. 2009; Mitchell et al. 2003). In stark comparison, non-family employees were unanimous in their comments (n=37 out of 37, 100% negative comments) that their contributions were marginalized in preference to family ties. These observations support Barnett and Kellermanns' (2006) research on the "in-group", "out-group" sense of alienation by non-family members.

5.6. Professional Variables Summary

Table 5.26 represents the combined totals and percentage distributions of the comments made by incumbents, successors, and non-family influence in the Protagonist and PCS Interviews.

5.6.1. Incumbent

The Protagonist and PCS Interview data revealed that for incumbents, fairness and justice (n=206, 45%), family business structure (n=139, 30%) and leadership (n=113, 25%) were the key professional variables to succession in family business. These variables contained key components, in rank order, namely transparency (n=109, 24%), consistency (n=97, 21%), formalized structure (n=66, 14%), personality (n=65, 14%), communication style (n=48, 11%), non-family involvement (n=51, 11%) and size (n=22, 5%). These findings strongly support the incumbent's perception of an empathetic individual whose leadership style is open and communicative.

5.6.2. Successor

The Protagonist and PCS Interview data revealed that for successors, education vs. experience (n=131, 23%), credibility (n=114, 21%), family business structure (n=100, 19%), nurturing (n=99, 19%) and fairness and justice (n=98, 18%) were the key professional variables to succession in family business. These variables contained key components, in rank order, namely acceptance (n=59, 11%), transparency (n=56, 10%), early involvement (n=56, 10%), family business knowledge (n=55, 10%), mentorship (n=52, 10%), relationship (n=47, 9%), formal education (n=46, 8%), consistency (n=42, 8%), non-family involvement (n=38, 8%), formalized structure (n=37, 7%), external

Table 5.26
Frequency and Percentage Frequency Distributions of Professional Variables and
Components of Protagonists in Family Business Succession (n=57)

Variable Components	Protagonist Interviews		PCS Interviews		Total	
	n	%	n	%	n	%
Incumbent						
Leadership						
Personality	35	12	30	20	65	14
Communication Style	35	12	13	9	48	11
Sub Total (Leadership)	70	24	43	29	113	25
Fairness and Justice						
Transparency	76	24	33	22	109	24
Consistency	77	24	20	13	97	21
Sub Total (Fairness and Justice)	153	48	53	35	206	45
Family Business Structure						
Formalized Structure	47	15	19	13	66	14
Non-Family Involvement	34	12	17	11	51	11
Size	4	1	18	12	22	5
Sub Total (Family Business Structure)	85	28	54	36	139	30
Incumbent Total	308	100	150	100	458	100
Successor						
Education vs. Experience						
Formal Education	14	5	32	11	46	8
External Experience	17	7	12	4	29	5
Early Involvement	24	9	32	11	56	10
Sub Total (Education vs. Experience)	55	21	76	26	131	23
Nurturing						
Relationship	19	7	28	10	47	9
Mentorship	29	11	23	8	52	10
Sub Total (Nurturing)	48	18	51	18	99	19
Credibility						
Family Business Knowledge	32	12	23	8	55	10
Acceptance	33	12	26	9	59	11
Sub Total (Credibility)	65	24	49	17	114	21
Fairness and Justice						
Transparency	23	9	33	12	56	10
Consistency	22	9	20	7	42	8
Sub Total (Fairness and Justice)	45	18	53	19	98	18
Family Business Structure						
Formalized Structure	18	7	19	7	37	7
Non-Family Involvement	21	9	17	6	38	7
Size	7	3	18	7	25	5
Sub Total (Family Business Structure)	46	19	54	20	100	19
Successor Total	259	100	283	100	542	100

Table 5.26 (Continued)

Variable Components	Protagonist Interviews		PCS Interviews		Total	
	n	%	n	%	n	%
Non-Family Influence						
Fairness and Justice						
Transparency	101	28			101	28
Consistency	114	32			114	32
Sub Total (Fairness and Justice)	215	60			215	60
Family Business Structure						
Formalized Structure	83	24			83	24
Non-Family Involvement	37	10			37	10
Size	21	6			21	6
Sub Total (Family Business Structure)	141	40			141	40
Non-Family Influence Total	356	100			356	100
Total	923	68	433	42	1356	100

experience (n=29, 5%), and size (n=25, 5%). These findings suggest that successors should expand their educational base while being exposed at an early stage to the family business. Together with a supportive incumbent, this will increase their probability of being accepted by family business members.

5.6.3. Non-Family Influence

The Protagonist Interview data revealed that for non-family employees two professional variables were major contributors to succession in family business. These variables were Fairness and Justice (n=215, 60%) and Family Business Structure (n=141, 40%). These variables contained five key components, in rank order, namely consistency (n=114, 32%), transparency (n=101, 28%), formalized structure (n=83, 24%), non-family involvement (n=37, 10%) and size (n=21, 6%). The findings suggest that an open environment that allows non-family involvement in the succession process may assist the family business during transition, and that this will be enhanced if business structures are well-defined and applied consistently between both family and non-family members. However, as the non-family influence commentary suggested, even if this environment is established, there is still a great deal of distrust as to whether or not the family will act with the best interests of the non-family influence in mind.

5.6.4. Top 10 Professional Variables and Associated Components

Table 5.27 highlights the perception that just and honest working environments, supported by a clearly-defined and articulated structure, are key indicators of succession

Table 5.27
Frequency and Percentage Frequency Distributions of the Top Ten Professional Variables
and Components of Family Business Succession

VARIABLE (PROTAGONIST)	N	%
COMPONENT		
FAIRNESS AND JUSTICE (NON-FAMILY INFLUENCE)		
CONSISTENCY	114	9
FAIRNESS AND JUSTICE (INCUMBENT)		
TRANSPARENCY	109	8
FAIRNESS AND JUSTICE (NON-FAMILY INFLUENCE)		
TRANSPARENCY	101	8
FAIRNESS AND JUSTICE (INCUMBENT)		
CONSISTENCY	97	7
FAMILY BUSINESS STRUCTURE (NON-FAMILY INFLUENCE)		
FORMALIZED STRUCTURE	83	6
FAMILY BUSINESS STRUCTURE (INCUMBENT)		
FORMALIZED STRUCTURE	66	5
LEADERSHIP (INCUMBENT)		
PERSONALITY	65	5
CREDIBILITY (SUCCESSOR)		
ACCEPTANCE	59	4
EDUCATION VS. EXPERIENCE (SUCCESSOR)		
EARLY INVOLVEMNT	56	4
FAIRNESS AND JUSTICE (SUCCESSOR)		
TRANSPARENCY	56	4
REST OF THE COMPONENTS	550	40
TOTAL	1356	100

in family business. Consistency and transparency accounted for 421 (35%) comments by incumbents and non-family influence. A further 200 (14%) comments related to the family business structure as a means of managing the family business equitably. These findings support the research by Barnett and Kellermanns (2006), Ensley and Pearson (2005), Fox et al. (1996), Janjuha-Jivraj and Woods (2002a,b) and Vera and Dean (2005), all of whom noted the importance of managing and embracing non-family influence generally, and non-family employees specifically.

CHAPTER SIX

DISCUSSION OF THE FINDINGS, CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS

6. Introduction

Chapter Six discusses the key findings of the study, compares those findings to the current literature, and explores the contribution that this study makes to the body of knowledge on family business succession in terms of theoretical and practical implications. Finally, the chapter recommends areas for future research initiatives.

6.1. The Purpose

The purpose of this study was to examine succession in family business from a multi-source perspective which includes four key protagonists, namely the incumbent, the successor, the family, and non-family influence.

6.2. Research Questions

The research questions were designed to fulfill the purpose of the study outlined in the previous section. Each of the ten questions addressed a separate section in the literature review in Chapter Two, and established the nature of the relationships among the personal and professional variables and their associated components for the four key protagonists.

1. What are the key personal variables of the incumbent related to succession?
2. What are the key personal variables of the successor related to succession?
3. What are the key personal variables of the family related to succession?
4. What are the key personal variables of non-family influence related to succession?
5. What are the key professional variables of the incumbent related to succession?
6. What are the key professional variables of the successor related to succession?
7. What are the key professional variables of the family related to succession?

8. What are the key professional variables of non-family influence related to succession?
9. What are the similarities and differences in the personal variables for each of the four protagonists?
10. What are the similarities and differences in the professional variables for each of the four protagonists?

6.3. Findings in Relation to the Literature

Each of the protagonist personal and professional variables and associated components is discussed in relation to the literature, followed by the implications of the study for research and practice.

6.4. Research Question One: What are the Key Personal Variables (2.4) of the Incumbent (2.4.1) Related to Succession?

6.4.1. Personal Variables: Incumbent

Table 6.1 represents the frequency and percentage frequency distributions of comments by Protagonists and PCS Interview respondents regarding personal variables and components associated with family business succession for incumbents. The variables for incumbents in order of frequency of mention were mortality (n=182, 29%), attitudes, (n=166, 27%), cultural shadow, (n=160, 26%), and nepotism and ethnicity (n=108, 17%). The components by frequency of mention were family support (n=101, 16%), leadership (n=94, 15%), personal adaptability (n=81, 13%), identity (n=69, 11%), succession planning (n=66, 11%), protocols (n=58, 10%), culture (n=50, 8%), outside interests and experiences (n=49, 8%), and education (n=48, 8%).

6.4.1.1. Mortality

6.4.1.1.1. Family Support

The Protagonist and PCS Interview data support Kepner (1983), Sharma et al. (2003) and Stavrou et al's. (2005) research findings that strong family support assisted incumbents in

Table 6.1
Frequency and Percentage Frequency Distributions of Incumbent
Personal Variables and Associated Components

Variable	Component	n	%
Attitudes (2.4.1.1)	Identity	69	11
	Education	48	8
	Outside Interests and	49	8
	Experiences		
Sub Total (Attitude)		166	27
Cultural Shadow (2.4.1.2)	Leadership	94	15
	Succession Planning	66	11
Sub Total (Cultural Shadow)		160	26
Mortality (2.4.1.3)	Family Support	101	16
	Personal Adaptability	81	13
Sub Total (Mortality)		182	29
Nepotism and Ethnicity (2.4.4.3)	Protocols	58	10
	Culture	50	8
Sub Total (Nepotism and Ethnicity)		108	18
Total		616	100

relinquishing their leadership position. The importance of family support was apparent irrespective of the size, industry or ethnic origin of the family business.

6.4.1.1.2. Personal Adaptability

The Protagonist and PCS Interview commentary highlights the importance of incumbents being psychologically ready to relinquish control and adapt to a new role in the family business (Sharma et al. 2003; Stavrou et al. 2005).

6.4.1.2. Attitudes

6.4.1.2.1. Identity

The Protagonist and PCS Interview data confirm research by Davis and Harveston (1999) of the importance the family business has in shaping the incumbent's identity. The one dissenting comment (i1) was where the family business was a successful third

generation business, and where the incumbent participated in a variety of outside interests. The data also support research by Astrachan et al. (2005), Kepner (1983), Koiranen (2002) and Vera and Dean (2005) of the strong contributions by incumbents to the family business culture, especially where the control of both the family and business was the responsibility of the individual incumbent (Barnett and Kellermanns, 2006).

6.4.1.2.2. Education

The Protagonist Interviews support the importance that incumbents placed on education (Morris et al. 1997); non-Jewish incumbents placed greater emphasis on trade or industry fields, whereas Jewish incumbents emphasized tertiary education. In addition, incumbents who supported a tertiary background also had tertiary degrees, which was not the case with incumbents who were in trades and only had a high school education. These findings support Cabrera-Suárez et al.'s. (2001) claims that the type of education plays an important role in establishing effective relationships between incumbents and successors. In comparison, PCS Interview data were not as definitive, as only a relatively small percentage of incumbents commented on education, and the ones who did had businesses in the professional sector, where a tertiary education would be a prerequisite.

6.4.1.2.3. Outside Interests and Experiences

The study findings support Barach and Ganitsky (1995), Le Breton-Miller et al. (2004) and McCann et al.'s. (2001) comments on the importance of incumbents having outside interests and experiences as a means of bringing a wider and richer perspective and business knowledge to the family business.

6.4.1.3. Cultural Shadow

6.4.1.3.1. Leadership

The Protagonist and PCS Interview data support Davis and Harveston (1999), Kets de Vries (1994) and Poza's (2004) research emphasizing that the leadership style of incumbents was important in facilitating a smooth succession. Both Protagonist and PCS Interviews highlighted the importance of maintaining an open, democratic leadership style which offered the greatest chance of a successful succession.

6.4.1.3.2. Succession Planning

The Protagonist and PCS Interview data support Yochum's (1997) findings that although incumbents acknowledged the importance of succession planning (Carlock and Ward, 2001; Davis and Harveston, 1999), only one incumbent (i1) initiated a formalized plan. In some cases, incumbents were reticent to initiate plans, irrespective of size, industry or family culture.

6.4.1.4. Nepotism and Ethnicity

6.4.1.4.1. Protocols

The Protagonist Interviews support Chua et al. (2003), Gallo and Vilaseca (1998) and Siebels and Knyphausen-Aufse's (2012) research that establishing protocols can reduce the effect of free riding, shirking and family dislocation during succession. These concerns are reinforced by incumbent 3's (i3) comments that family business did not institute protocols, resulting in family dislocation and a problematic succession. The PCS Interview data indicate that protocols added some value, however many of the family businesses stated that their businesses did not need protocols to manage transition (Karra et al. 2006), as these businesses were predominantly Asian-centric with very strong internal cultural traditions which acted as proxies for protocols.

6.4.1.4.2. Culture

The Protagonist and PCS Interviews reinforced the importance of family culture in shaping the family business (Stavrou et al. 2005; Zahra, 2004), identifying that this cultural harmony offered a unique advantage (Chua et al. 1999; Corbetta and Montemerlo, 1999; Habbershon et al. 2003; Steier et al. 2004). The commentary also identified that incumbents saw themselves as the means by which the family culture was transferred to the business culture (Barnett and Kellermanns, 2006), especially in Asian family businesses.

6.4.1.5. Summary

In order of frequency of mention, the personal variables and associated components identified by incumbents as key contributors to family business succession are mortality (family support, personal adaptability), attitudes, (identity, education, outside interests

and experiences), cultural shadow, (leadership, succession planning), and nepotism and ethnicity (protocols and culture).

6.4.1.6. Key Findings

This study highlights the need for incumbents to differentiate their role in the family business as separate to their own identity. For succession to take place successfully, incumbents must be prepared to relinquish control, and develop appropriate plans and processes that would enable the next generation to assume control. To achieve this outcome, incumbents need family support, a range of interests outside the business, and a broader sense of self that is not solely defined by the business.

6.5. **Research Question Two: What are the Key Personal Variables (2.4) of the Successor (2.4.2) Related to Succession?**

6.5.1. **Personal Variables: Successor**

Table 6.2 represents the frequency and percentage frequency distributions of comments by Protagonists and PCS Interview respondents regarding personal variables and components associated with family business succession for successors. The variables in order of frequency of mention were commitment (n=81, 42%), nepotism and ethnicity (n=68, 34%) and gender (n=51, 24%). The variable age was not mentioned in any of the protagonist and PCS Interviews. The components by frequency of mention were family business socialization (n=57, 30%), protocols (n=34, 17%), culture (n=34, 17%), external influences (n=24, 12%), primogeniture (n=24, 12%), and family expectations (n=24, 12%).

6.5.1.1. Commitment

6.5.1.1.1. Family Business Socialization

The protagonist and PCS Interview data support Dierickx and Cool (1989), Habbershon and Williams (1999), Habbershon et al. (2003), Kepner (1983), Khai et al. (2003), Stewart (2003), and Whyte's (1996) research findings that successors strongly support early exposure in the family business. Family business socialization both helped enable leadership, and contributed to the successor's commitment to the business (Habbershon

Table 6.2
Frequency and Percentage Frequency Distributions of Successor
Personal Variables and Associated Components

Variable	Component	n	%
Commitment (2.4.2.1)	Family Business Socialization	57	30
	External Influences	24	12
Sub Total (Commitment)		81	42
Gender (2.4.2.2)	Primogeniture	24	12
	Family Expectations	27	12
Sub Total (Gender)		51	24
Age (2.4.2.3)		0	0
Sub Total (Age)		0	0
Nepotism and Ethnicity (2.4.4.3)	Protocols	34	17
	Culture	34	17
Sub Total (Nepotism and Ethnicity)		68	34
Total		200	100%

and Williams, 1999; Handler, 1989; Issacharoff, 1998; Stewart, 2003; Sharma and Irving, 2005).

6.5.1.1.2. External Influences

In comparison to the incumbent responses, the Protagonist and PCS Interview data for successors did not offer any firm observations about any beneficial outcomes from experiences outside the family business. Instead, the focus for successors was to (a) inculcate themselves in the family business and its culture, and (b) prepare for their leadership position through traditional educational channels. The data suggested that although successors stated that external influences were valuable to succession (Barach and Ganitsky, 1995; Churchill and Hatten, 1987; and Le Breton-Miller et al. 2004; Parasuraman et al. 1996), few actually stated they were involved in such activities.

6.5.1.2. Gender

6.5.1.2.1. Primogeniture

The Protagonist and PCS Interview data were mixed. The Protagonist Interviews indicated that primogeniture was not a factor in successor ascension, contradicting the

research by Barnes (1988) and Bennedsen et al. (2006). However, the majority of successors were the oldest male, or the only child, which may have skewed responses. In comparison, primogeniture was mentioned more prominently in the PCS Interview data, especially where family businesses had a strong traditional base or were Asian in origin (Vera and Dean, 2005).

6.5.1.2.2. Family Expectations

The Protagonist Interview data indicated that the influence of family expectations on the successor was minimal, and that the successors felt they had been given autonomy and empowerment to pursue whatever career they chose, contradicting research by Keating and Little (1997) and Sharma and Irving (2005). However, the PCS Interview data emphasized the expectations traditional Asian families had of successors, supporting Kepner's (1983) research on the nature of the parent/child relationship as an influence in succession.

6.5.1.2.3. Age

The Protagonist and PCS Interview data did not mention the influence of age on succession.

6.5.1.3. Nepotism and Ethnicity

6.5.1.3.1. Protocols

The Protagonist Interview data supported the research by Chua et al. (2003), Gallo and Vilaseca (1998), and Siebels and Knyphausen-Aufse (2012) of the importance of protocols in assisting successors to maintain the family legacy, and as a means of professionalizing the family business. The PCS Interview data were not as definitive, noting that a familial culture, especially in traditional Asian families, acted as a surrogate for business protocols (Karra et al. 2006).

6.5.1.3.2. Culture

The Protagonist and PCS Interview data confirmed Stavrou et al. (2005), Steier et al. (2004) and Zahra's (2004) findings that the family's culture assisted the successor's transition to leadership by maintaining a common and consistent cultural mindset. The successor saw these cultural benefits as holistic, spilling over into the family sphere, as

well as embracing non-family employees (Chua et al. 1999; Corbetta and Montemerlo, 1999; Habbershon et al. 2003).

6.5.1.4. Summary

In order of frequency of mention, the personal variables and associated components identified by successors as key contributors to family business succession are commitment (family business socialization, external influences), nepotism and ethnicity (protocols, culture), and gender (family expectations, primogeniture).

6.5.1.5. Key Findings

This study highlights the importance of early exposure to the family business by the successor, and that this exposure has a direct impact on the successor's commitment. Paradoxically, although successors acknowledged the importance of external experiences, few actively pursued them. The influence of primogeniture and family expectations was mixed. The Protagonist Interview data (male and western successors) highlighted a more egalitarian approach to succession. The PCS Interview data suggested the opposite (traditional Asian-based family businesses). Finally, successors saw the institution of protocols and application of family culture as having positive effects on the running of the family business.

6.6. **Research Question Three: What are the Key Personal Variables (2.4) of the Family (2.4.3) Related to Succession?**

For the purpose of this study, the definition of the family comprises the key blood protagonists, the incumbent and the successor, who directly influence the operations of the family business. Family may also include the spouse and immediate blood dependencies, where these individuals directly affect the key protagonists' management of the family business (Silva et al. 2006).

6.6.1. **Personal Variables: Family**

Table 6.3 represents the frequency and percentage frequency distributions of comments by Protagonists and PCS Interview respondents regarding personal variables and components associated with family business succession for family. The variables in order

of frequency of mention were family culture (n=323, 48%), work/family conflict (n=185, 27%) and family history (n=168, 25%).

Table 6.3
Frequency and Percentage Frequency Distributions of Family
Personal Variables and Associated Components

Variable	Component	Number	%
Family Culture (2.4.3.1)	Familiness	128	19
	Cohesion	109	16
	Sibling Rivalry	86	13
Sub Total (Family Culture)		232	48
Family History (2.4.3.2)	Early Experience	86	13
	Kinship Logic	82	12
Sub Total (Family History)		168	25
Work Family Conflict (2.4.3.3)	Gender Roles	24	4
	Adaptable Family Culture	111	16
	Spousal Support	50	7
Sub Total (Work Family Conflict)		185	28
Total		676	100

The components by frequency of mention were familiness (n=128, 19%), adaptable family culture (n=111, 16%), cohesion (n=109, 16%), sibling rivalry (n=86, 13%), early experience (n=86, 13%), kinship logic (n=82, 12%), spousal support (n=50, 7%), and gender roles (n=24, 4%).

6.6.1.1. Family Culture

6.6.1.1.1. Familiness

The Protagonist and PCS Interview data strongly support the direct influence that family culture has on the family business (Barnes and Hershon, 1976; Chrisman et al. 2003; Chua et al. 1999; Corbetta and Montemerlo, 1999; Dierickx and Cool, 1989; Habbershon et al. 2003; Kepner, 1983; Steier et al. 2004). In addition, the family saw this influence as a means by which non-family elements were brought into the cultural fold (Belardinelli, 2002; Dunemann and Barrett, 2004; Lee, 2006).

6.6.1.1.2. Cohesion

The Protagonist and PCS Interview data support Dunn (1995), Lee (2006) and Olson et al's (1989) findings of the benefits of maintaining a cohesive family business culture to manage succession. Where there was a lack of family cohesion, as seen in the comments by i3, disruption and conflict arose (Boles, 1996; Dyer, 2003; Kahn and Henderson, 1992; Ward, 1988).

6.6.1.1.3. Sibling Rivalry

The Protagonist and PCS Interview data overall support Grote (2003) and Ensley and Pearson's (2005) research on the management of sibling rivalries. Similar to those research findings, the respondents in this study identified that the lack of common purpose and empathy between siblings compromised the succession process. However, notwithstanding the potential for lack of common purpose, successors did not see sibling rivalry as negatively as did incumbents.

6.6.1.2. Family History

6.6.1.2.1. Early Experiences

The Protagonist and PCS Interview data strongly supported Davis and Harveston (2001), Ensley and Pearson (2005), Smith et al. (1994) and Stewart's (2003) research into the impact that early childhood experiences had on succession. The respondents noted that positive experiences had similar spillover effects on succession (Khai et al. 2003; Stewart, 2003; Whyte, 1996), with the converse also being true (Dunemann and Barrett, 2004; Smith et al. 1994).

6.6.1.2.2. Kinship Logic

Both the Protagonist and PCS Interview data supported Amason (1996), Khai et al. (2003), Klimoski and Mohammed (1994), Stewart (2003) and Whyte's (1996) findings that kinship logic can supersede traditional business logic. However, in the family unit, successors tended to embrace extended family ties greater than incumbents who identified the potential for conflict between their children and extended family members. The emphasis placed on kinship was even greater in the more traditional Asian family businesses.

6.6.1.3. Work Family Conflict

6.6.1.3.1. Gender Roles

The Protagonist Interview data did not support Barnes (1988), Bennedsen et al. (2006) Keating and Little (1997) and Stavrou and Swiercz's (1998) research into the relevance that primogeniture has on succession decisions, possibly because incumbents and successors in this study were male and came from an Australian background. In comparison, PCS Interview data did support the importance of gender in succession, especially in traditional Asian family businesses.

6.6.1.3.2. Adaptable family culture

The Protagonist and PCS Interview data supported research by Frone et al. (1997), Greenhaus and Beutell (1985) and Netemeyer et al. (1996) on the importance of having and maintaining an adaptable family culture during succession.

6.6.1.3.3. Spousal support

The Protagonist and PCS Interview data strongly support Hoover and Hoover (1999) and Lee's (2006) research on the interconnectivity of family and business, and of the need to maintain and enhance spousal support for incumbents and successors (Cole, 2000; Kepner, 1983; Lansberg, 1983; Parasuraman et al. 1996; Smyrniotou et al. 2003).

6.6.1.4. Summary

In order of frequency of mention, the personal variables and associated components identified by the family as key contributors to family business succession are family culture (familiness, cohesion, sibling rivalry), work/family conflict (adaptable family culture, spousal support, gender roles), and family history (early experiences, kinship logic).

6.6.1.5. Key Findings

This study highlights the role of family culture in the management of the family business and the succession process. As identified by Lee (2006), the more cohesive and unified the family culture, the more beneficial that culture is to succession. The study also identifies the influence of non-business family members on the family business decision-making

process. Additionally, the study highlights the importance of support by spouses and other non-business family members. Finally, primogeniture tended to be more prevalent in traditional Asian family businesses, and not as dominant in Western family business cultures.

6.7. Research Question Four: What are the Key Personal Variables (2.4) of the Non-Family Influence (2.4.4) Related to Succession?

For the purpose of this study, non-family influence encompasses non-family employees (2.1.1.1) and independent advisors (2.1.1.2).

6.7.1. Personal Variables: Non-Family Influence

Table 6.4 represents the frequency and percentage frequency distributions of comments by Protagonists and PCS Interview respondents regarding personal variables and components associated with family business succession for non-family employees. The variable for non-family influence is nepotism and ethnicity (n=135, 100%). The components by frequency of mention were culture (n=77, 58%) and protocols (n=58, 42%).

6.7.1.1. Nepotism and Ethnicity

6.7.1.1.1. Protocols

The Protagonist Interview data did not support Chua et al. (2003), Gallo and Vilaseca (1998), and Siebels and Knyphausen-Aufse's (2012) findings that protocols mitigate nepotistic tendencies in family businesses. The reverse applied in this study; that is, the perception by non-family employees was that any protocol initiatives initiated by family members reinforced overt family influence by (a) inequitable application of the protocols, and (b) use of protocols solely as window dressing.

Table 6.4
Frequency and Percentage Frequency Distributions of Non-Family Influence
Personal Variables and Associated Components

Variable	Component	Number	%
Nepotism and Ethnicity (2.4.4.3)	Protocols	58	42
	Culture	77	58
Sub Total (Nepotism and Ethnicity)		135	100
Total		135	100

6.7.1.1.2. Culture

The Protagonist and PCS Interview data acknowledged the importance of family culture on the family business, as reflected in research by Chua et al. (1999), Corbetta and Montemerlo (1999), Habbershon et al. (2003), and Steier et al. (2004). The non-family influence argued however, that this influence had a negative effect on the management of the family business by creating an “in-group”, “out-group” environment, where non-family employees felt isolated.

6.7.1.2. Summary

In order of frequency of mention, the personal variable and associated components identified by the non-family influence as key contributors to family business succession is nepotism and ethnicity (protocols, culture).

6.7.1.3. Key Findings

This study highlights the difference in perception between the non-family influence and family members regarding the impact of protocols and culture on family business succession outcomes. Where family members saw these components as having a positive impact on the business, non-family employees identified protocols and culture as perpetuating nepotistic tendencies, and adding to their sense of alienation.

6.8. Research Question Five: What are the Key Professional Variables (2.5) of the Incumbent (2.5.1) Related to Succession?

6.8.1. Professional Variables: Incumbent

Table 6.5 represents the frequency and percentage frequency distributions of comments by Protagonists and PCS Interview respondents regarding professional variables and components associated with family business succession for incumbents. The professional variables in order of frequency of mention were fairness and justice (n=206, 45%), family business structure (n=139, 30%), and leadership (n=113, 25%). The components by frequency of mention were transparency (n=109, 24%), consistency (n=97, 21%), formalized structure (n=66, 14%), personality (n=65, 14%), non-family involvement (n=51, 11%), communication style (n=48, 11%), and size (n=22, 5%).

6.8.1.1. Leadership

6.8.1.1.1. Personality

The Protagonist and PCS Interview data supported research by Elenkov et al. (2005), Stavrou et al. (2005) and Westley and Mintzberg (1989) that found an incumbent's personality can influence the business culture. The data also supported Dunemann and Barrett (2004), Goldman (1995, 1998), and Goleman et al's. (2002) findings that an open, democratic, and empathetic leadership style offers the best chance of a successful transition.

6.8.1.1.2. Communication Style

In line with the previous findings on leadership, the Protagonist and PCS Interview data strongly supported Dunemann and Barrett (2004) and Stavrou et al's. (2005) findings that an open and transparent communication style, aligned to a democratic leadership style, fostered a positive culture in family businesses. On the other hand, non-inclusive communication styles accounted for major communication problems both in the family and the business, as was the case with i3.

Table 6.5
Frequency and Percentage Frequency Distributions of Incumbent
Professional Variables and Associated Components

Variable	Component	Number	%
Leadership (2.5.1.1)	Personality	65	14
	Communication Style	48	11
Sub Total (Leadership)		113	25
Fairness and Justice (2.5.3.1)	Transparency	109	24
	Consistency	97	21
Sub Total (Fairness and Justice)		206	45
Family Business Structure (2.5.3.2)	Formalized Structure	66	14
	Non-Family Involvement	51	11
	Size	22	5
Sub Total (Family Business Structure)		139	30
Total		458	100

6.8.1.2. Fairness and Justice

6.8.1.2.1. Transparency

The Protagonist and PCS Interview data supported the research by Barnett and Kellermanns (2006) which found the importance of a transparent family business culture in maintaining loyalty and facilitating a smooth succession. Where this was not the case, as exemplified by i3, the lack of openness created a significant disconnect in the family unit and caused anxiety in the family business (Lubatkin et al. al. 2005).

6.8.1.2.2. Consistency

The Protagonist Interview data emphasized the importance of a consistent approach in managing individuals and challenges in a family business, in line with research by Barnett and Kellermanns (2006) and Cropanzano et al. (2001) concerning issues of justice. The PCS Interview data however were not as definitive, highlighting the importance of ethnicity and cultural alignment as key drivers in determining levels of consistency.

6.8.1.3. Family Business Structure

6.8.1.3.1. Formalized Structure

The Protagonist Interview data acknowledged the importance of the formalization of internal business structures in the family business, consistent with the work of Dunemann and Barrett (2004), Fox et al. (1996), Stavrou et al. (2005) and Vera and Dean (2005). However, incumbents indicated that their decision making was more opportunistic rather than structured in a formal fashion. This finding adds weight to Ensley and Pearson (2005) and Santarelli and Lotti (2005) research that identified leadership transition as a generational threat to the family business' longevity. The PCS Interview data were even more ambiguous when commenting on the formalized initiatives instigated by incumbents.

6.8.1.3.2. Non-Family Influence

The Protagonist Interview data support Chrisman et al.'s. (2009) research highlighting the contribution of non-family influence to family businesses, specifically in relation to professional services and skills not present in the family business. The PCS Interview data were not supportive of non-family influence, especially in family businesses that had a strong Chinese tradition. These families maintained a demarcation between family and non-family involvement, with little senior contributions by non-family members in major family business decisions, irrespective if these decisions related only to the business, or directly impacted on the family. This approach is in line with research by Handler (1989) and Khai et al. (2003).

6.8.1.3.3. Size

The Protagonist and PCS Interview data supported the research by Janjuha-Jivraj and Woods (2002a,b) which found that size is related to the management structures and organization of the family business. That is, the larger the business, the greater the need to formalize structures in the business in order to maintain control and facilitate growth.

6.8.1.4. Summary

In order of frequency of mention, the professional variables and associated components identified by incumbents as key contributors to family business succession are fairness

and justice (transparency, consistency), family business structure (formalized structure, non-family involvement, size), and leadership (personality, communication style).

6.8.1.5. Key Findings

This study highlighted the importance for incumbents of maintaining an open and democratic leadership approach. However, the data also highlighted that notwithstanding the need to create this leadership environment, in practice few incumbents maintained a level playing field between family and non-family contributions. Structures were more opportunistic than formalized, and non-family involvement was limited in scope, with a very clear demarcation between what was the family domain in the business and what was not. This demarcation was especially prevalent in traditional Asian family businesses.

6.9. Research Question Six: What are the Key Professional Variables (2.5) of the Successor (2.5.2) Related to Succession?

6.9.1. Professional Variables: Successor

Table 6.6 represents the frequency and percentage frequency distributions of comments by Protagonists and PCS Interview respondents regarding professional variables and components associated with family business succession for successors.

The variables in order of frequency of mention were education vs. experience (n= 131, 23%), credibility (n=114, 21%), family business structure (n=100, 19%), nurturing (n=99, 19%) and fairness and justice (n=98, 18%). The components by frequency of mention were acceptance (n=59, 11%), early involvement (n=56, 10%), transparency (n=56, 10%), family business knowledge (n=55, 10%), mentorship (n=52, 10%), relationship (n=47, 9%) formal education (n=45, 8%), consistency (n=41, 8%), non-family involvement (n=38, 7%), formalized structures (n=37, 7%), external experiences (n=29, 5%), and size (n=25, 5%).

Table 6.6
Frequency and Percentage Frequency Distributions of Successor
Professional Variables and Associated Components

Variable	Component	Number	%
Education vs. Experience (2.5.2.1)	Formal Education	46	8
	External Experience	29	5
	Early Involvement	56	10
Sub Total (Education vs. Experience)		131	23
Nurturing (2.5.2.2)	Relationship	47	9
	Mentorship	52	10
Sub Total (Nurturing)		99	19
Credibility (2.5.2.3)	Family Business Knowledge	55	10
	Acceptance	59	11
Sub Total (Credibility)		114	21
Fairness and Justice (2.5.3.1)	Transparency	56	10
	Consistency	42	8
Sub Total (Fairness and Justice)		98	18
Family Business Structure (2.5.3.2)	Formalized Structure	37	7
	Non-Family Involvement	38	7
	Size	25	5
Sub Total (Family Business Structure)		100	19
Total		542	100

6.9.1.1. Education vs. Experience

6.9.1.1.1. Formal Education

Notwithstanding the benefits of a formal education outlined in the research (Churchill and Hatten, 1987; Goldberg, 1996; Le Breton-Miller et al. 2004; Morris et al. 1997), the Protagonist Interview data did not see this as a priority in its own right; education had to be relevant to the industry and the family business (Churchill and Hatten, 1987; Le Breton-Miller et al. 2004). For example, s2 observed that an MBA could alienate family business employees. The PCS Interview data were more supportive of pursuing tertiary education, especially in the case of cultures that placed a higher value on education (McCann et al. 2001), such as Asian and Jewish family businesses

6.9.1.1.2. External Experience

The Protagonist and PCS Interview data are consistent with research by Barach and Ganitsky (1995), Handler (1991), Le Breton-Miller et al. (2004) and Parasuraman et al (1996) which found the value of successors being exposed to external experiences, independent of the family business. PCS Interview data also supported Churchill and Hatten (1987) and Le Breton-Miller et al's. (2004) research into the value of education and how external experiences enhanced the value of that education.

6.9.1.1.3. Early Involvement

The Protagonist and PCS Interview data identified that early involvement by the successor in the family business encouraged the transfer of idiosyncratic family business knowledge, and enhanced the successor's commitment to assuming a leadership position. This finding is consistent with the research by Astrachan et al. (2005), Cabrera-Suárez et al. (2001), Goldberg (1996), Habbershon and Williams (1999) and Meyer and Herscovitch (2001).

6.9.1.2. Nurturing

6.9.1.2.1. Relationship

The Protagonist and PCS Interviews supported Barach and Ganitsky (1995), Le Breton-Miller et al. (2004), and Morris et al. (1997) findings that a strong incumbent/successor relationship helps facilitate a successful succession.

6.9.1.2.2. Mentorship

Similar to the data on relationships, the Protagonist and PCS Interview data support the research by Cabrera-Suárez et al. (2001) of the need to establish a mentorship program as a means to facilitate a successful succession. The data also highlighted that the mentorship relationship would more than likely be between the parent (incumbent) and the child (successor), however it could also be between the successor and a trusted senior employee (Ashford, 1989; Bandura, 1982; Bass and Yammarino, 1991; Blackmore et al. 2006).

6.9.1.3. Credibility

6.9.1.3.1. Family Business Knowledge

The Protagonist and PCS Interview data supported research that identified the importance of not only obtaining family business knowledge, but being seen to understand that knowledge by other family business employees. This finding is supported in the research by Barach et al. (1988), Barnes and Hershon (1976), and Christensen (1979).

6.9.1.3.2. Acceptance

The Protagonist and PCS Interview data supported the research by Davis and Harveston (1999) of the need for the family business culture to be accepting and accommodating of change.

6.9.1.4. Fairness and Justice

6.9.1.4.1. Transparency

The Protagonist and PCS Interview data revealed that the successor placed a higher value on transparency as a component of fairness and justice than did the incumbent (Barnett and Kellermanns, 2006; Lubatkin et al. 2005). However, both the incumbent and successor acknowledged the positive effect of a transparent culture on the family business. The exception to these observations in the PCS Interview data relates to Chinese family businesses, where ethnicity influenced the degree of openness in the family business culture (Vera and Dean, 2005).

6.9.1.4.2. Consistency

The Protagonist and PCS Interview data placed a similar emphasis on maintaining consistency in decision making, as was the case with the incumbent data (Barnett and Kellermanns, 2006; Cropanzano et al. 2001). Differences arose in the PCS Interview data, regarding traditional Asian family businesses, where ethnicity and blood relations maintained control (Davis and Harveston, 1999; Kets de Vries, 1994).

6.9.1.5. Family Business Structure

6.9.1.5.1. Formalized Structure

The Protagonist and PCS Interview data reflected the incumbent data in support of maintaining a formalized decision-making structure in the family business (Dunemann and Barrett, 2004; Fox et al. 1996; Stavrou et al. 2005; Vera and Dean, 2005). Similar to the incumbent data, many successors suggested that formalization was family-based and ad-hoc, and that only when the family business grew in size and complexity did the need to establish a more formalized structure exist.

6.9.1.5.2. Non-Family Involvement

The Protagonist Interview data acknowledged the important role of non-family influence members in family business, and the need to ensure that these members were not alienated (Chrisman et al. 2009; Mitchell et al. 2003). The PCS Interview data revealed that although non-family influence skills and expertise were valued, the inclusion of non-family skills and expertise was diminished through the emphasis placed on traditional Asian values by the family (Handler, 1989).

6.9.1.5.3. Size

Consistent with the incumbent data, the Protagonist and PCS Interview data supported the research by Janjuha-Jivraj and Woods (2002a,b) that the larger the family business, and the more complex its operation, the greater the emphasis placed on formalizing the family business structure to enable family members manage the business's growth. However, some traditional family businesses highlighted the influential role of incumbents in determining the family business structure irrespective of its size (Davis and Harveston, 1999).

6.9.1.6. Summary

In order of frequency of mention, the professional variables and associated components identified by successors as key contributors to family business succession are education and experience (early involvement, formal education, external experience), credibility (acceptance, family business knowledge), family business structure (non-family involvement, formalized structure, size), nurturing (mentorship, relationship), and fairness and justice (transparency, consistency).

6.9.1.7. Key Findings

This study highlighted the importance of successors attaining the relevant and appropriate education to prepare them for family business succession. Education could take the form of tertiary education, family business experience, and experiencing external interests. The data emphasized the need for education and experience to be directly relevant to the family business. The study highlighted that the earlier the successor was exposed to the family business, the greater the probability they would absorb the idiosyncratic family business knowledge needed to successfully assume the mantle of leadership. Notwithstanding the timing of the successor's involvement, additional considerations were essential to facilitate a successful succession, such as establishing a positive and nurturing relationship with a key mentor to enable the effective transfer of family business knowledge. Supporting this relationship, an accepting family business culture needed to be established to provide the successor the appropriate leadership credibility post-succession, and to ensure essential family business knowledge was transferred seamlessly. The final observation highlighted the similar views of the incumbent and successor concerning non-family influence. For instance, both family protagonists highlighted the benefits that a transparent culture offers succession. However, the degree of the transparency that is achieved is affected by the incumbent's leadership style, and the family's ethnic and cultural background. This cultural bias was expressed primarily in traditional Asian family businesses and in their management of non-family employees.

6.10. Research Question Seven: What are the Key Professional Variables (2.5) of the Family (2.4.3) Related to Succession?

This study identified no professional variables or associated components of family business succession for the family.

6.11. Research Question Eight: What are the Key Professional Variables (2.5) of the Non-Family Influence (2.5.3) Related to Succession?

6.11.1. Professional Variable: Non-Family Influence

Table 6.7 represents the frequency and percentage frequency distributions of comments by Protagonists and PCS Interview respondents regarding professional variables and components associated with family business succession for non-family influence. The variables in order of frequency of mention were fairness and justice (n=215, 60%) and family business structure (n=141, 40%). The components by frequency of mention were consistency (n=114, 32%), transparency (n=101, 28%), formalized structures (n=83, 24%), non-family involvement (n=37, 10%) and size (n=21, 6%).

Table 6.7

Frequency and Percentage Frequency Distributions of Non-Family Influence Professional Variables and Associated Components

Variable	Component	Number	%
Fairness and Justice (2.5.3.1)	Transparency	101	28
	Consistency	114	32
Sub Total (Fairness and Justice)		215	60
Family Business Structure (2.5.3.2)	Formalized Structure	83	24
	Non-Family Involvement	37	10
	Size	21	6
Sub Total (Family Business Structure)		141	40
Total		356	100

6.11.1.1. Fairness and Justice

6.11.1.1.1. Transparency

The Protagonist Interview data highlighted significant differences between the non-family influence and family members' perceptions of the value of transparent processes in family businesses. Unlike their family counterparts, non-family employees saw any initiative to facilitate a more transparent approach in the family business as not genuine and subservient to family-centric priorities. These responses are in contrast to Barnett

and Kellermanns' (2006) research that asserted that such initiatives were seen in a positive light by non-family employees.

6.11.1.1.2. Consistency

The Protagonist Interview data on consistency replicated the findings on transparency. Non-family employees saw any initiative of establishing a consistent approach to decision-making between family and non-family members as window dressing and inconsistent with family priorities. These results support Cropanzano et al.'s. (2001) findings that irrespective of the initiatives by family members to promote consistency, the key determinant of whether these initiatives are successful is if non-family employees perceive decisions by family members are based on merit, and not on lineage, or "blood".

6.11.1.2. Family Business Structure

6.11.1.2.1. Formalized Structure

The Protagonist Interview data acknowledged the importance of formalized structures in the family business; however non-family employees saw these initiatives as secondary to family-based structures, offering no benefit to non-family members. These findings are not supported in the research by Dunemann and Barrett (2004), Fox et al. (1996), Janjuha-Jivraj and Woods (2002a,b), Stavrou et al. (2005) and Vera and Dean (2005) which found that formalized family business structures mitigate nepotistic tendencies.

6.11.1.2.2. Non-Family Involvement

The Protagonist Interview data found that although non-family employees believed they could add value to the management of the family business (Chrisman et al. 2009), they felt they were secondary to "blood" ties, irrespective of their abilities or skill level. These findings are supported in the research by Handler (1989) and Khai et al. (2003).

6.11.1.2.3. Size

The Protagonist Interview data acknowledged that size was an important component in determining the family business structure. Non-family employees perceived that the larger and more complex a family business, the greater the need for a business-based structure. These employees felt that by instituting independent systems to manage larger

businesses, these systems would also act as mitigating factors on nepotistic behavior. These findings are supported in the research by Janjuha-Jivraj and Woods (2002a,b).

6.11.1.3. Summary

In order of frequency of mention, the professional variables and associated components identified by non-family employees as key contributors to family business succession are fairness and justice (transparency, consistency), and family business structure (formalized structure, non-family involvement, size).

6.11.1.4. Key Findings

This study highlighted the stark difference in perceptions between non-family employees and family members in a family business. Although non-family influence highlighted the importance of transparency, consistency, formalized structures and non-family involvement, the overall belief was that notwithstanding the best intentions of the family members, non-family members saw these initiatives as false and which did not mitigate the nepotistic tendencies of family stakeholders. In many cases, these initiatives exacerbated the sense of alienation by non-family members, as they implied equality between family and non-family, when in reality there was none.

6.12. Research Question Nine: What are the Similarities and Differences in the Personal Variables for each of the Four Protagonists?

6.12.1. Personal Variables and Associated Components: Similarities

Table 6.8 represents the frequency and percentage frequency distributions of comments by Protagonists and PCS Interview respondents regarding similarities in personal variables and components regarding succession. The components that were seen as similar were familiness (incumbent: n=84, 17% 100% positive comments; successor: n=44, 17%, 100% positive comments), cohesion (incumbent: n=83, 17% 95% positive comments; successor: n=26, 10%, 61% positive comments), early experiences (incumbent: n=53, 10% 100% positive comments; successor: n=33, 13%, 100% positive comments), kinship logic (incumbent: n=57, 11%, 49% positive comments; successor: n= 25, 10%, 48% positive

comments), gender roles (incumbent: n=13, 3% 61% negative comments; successor: n=11, 4%, 63% negative comments), adaptable family culture (incumbent: n=73, 14% 98% positive comments; successor: n=38, 15%, 89% positive comments), spousal support (incumbent: n=36, 7% 100% positive comments; successor: n=14, 5%, 100% positive comments), protocols (incumbent: n=58, 11% 100% positive comments; successor: n=34 13% 100% positive comments) and culture (incumbent: n=50, 10% 100% positive comments; successor: n=34, 13% 100% positive comments). There were no similarities in personal variables and associated components identified in this study between incumbents, successors, and non-family influence.

Table 6.8
Frequency and Percentage Frequency Distributions of Similarities in Personal Variables and Associated Components Identified by Family Business Protagonists

Variable Component	Incumbent						Successor					
	Comments				Total		Comments				Total	
	+ve		-ve				+ve		-ve			
	n	%	n	%	n	%	n	%	n	%	n	%
Family Culture (2.4.3.1)												
Familiness	84	19	0	0	84	17	44	20	0	0	44	17
Cohesion	79	17	4	10	83	17	16	7	10	29	26	10
Family Culture (sub-total)	163	36	4	10	167	34	60	27	10	29	70	27
Family History (2.4.3.2)												
Early Experiences	53	11	0	0	53	10	33	15	0	0	33	13
Kinship Logic	28	6	29	69	57	11	12	5	13	38	25	10
Family History (sub-total)	81	17	29	69	110	21	45	20	13	38	58	23
Work Family Conflict (2.4.3.3)												
Gender Roles	5	1	8	19	13	3	4	2	7	21	11	4
Adaptable Family Culture	72	15	1	2	73	14	34	15	4	12	38	15
Spousal Support	36	8	0	0	36	7	14	6	0	0	14	5
Family work Conflict (sub-total)	113	24	9	21	122	24	52	23	11	33	63	24
Nepotism and Ethnicity (2.4.4.1)												
Protocols	58	12	0	0	58	11	34	15	0	0	34	13
Culture	50	11	0	0	50	10	34	15	0	0	34	13
Nepotism and Ethnicity (sub-total)	108	23	0	0	108	21	68	30	0	0	68	26
Total	465	100	42	100	507	100	225	100	34	100	259	100

6.12.1.1. Family Culture

6.12.1.1.1. Familiness

Both incumbent and successor Protagonist and PCS Interview data indicated overwhelming support for the positive contributions of familiness on succession. These findings reinforce Bennedsen et al. (2006) and Kepner's (1983) research highlighting the indistinguishable nature of family and business in family business.

6.12.1.1.2. Cohesion

Both the incumbent and successor Protagonist and PCS Interview data support Dunn (1995), Lee (2006) and Olson et al.'s. (1989) research into the benefits of maintaining a cohesive family business. However, where 95% of incumbent commentary supported a cohesive culture, only 61% of successor commentary supported a cohesive culture. This variation could reflect the desire by successors to establish their leadership credentials, thereby challenging the status quo of the incumbent top management team (Bennedsen et al. 2006; Ensley and Pearson, 2005).

6.12.1.2. Family History

6.12.1.2.1. Early Experiences

Both the incumbent and successor Protagonist and PCS Interview data strongly support early experiences of the family business by the successor as important contributors to succession (Davis and Harveston, 2001; Ensley and Pearson, 2005; Smith et al. 1994; Stewart, 2003). These findings also reinforce Bennedsen et al. (2006) and Kepner's (1983) research that the family and the family business are inextricably connected with the child (successor) sharing early experiences with the parent (incumbent).

6.12.1.2.2. Kinship Logic

Both the incumbent and successor Protagonist and PCS Interview data were neutral on the effect of kinship logic on the succession process, similar to the findings by Whyte (1996), Khai et al. (2003), and Stewart (2003).

6.12.1.3. Work Family Conflict

6.12.1.3.1. Gender Roles

Both the incumbent and successor Protagonist and PCS Interview data identified gender as having a negative and limited impact on succession. The support for the research is somewhat ambiguous in that Boyara et al. (2005), Cole (1997), Orhan and Scott (2001), Parasuraman et al. (1996), Ram and Holliday (1993) and Vera and Dean (2005) acknowledged the inner conflict between a female's nurturing role, and her role in a family where the majority of incumbents were male.

6.12.1.3.2. Adaptable Family Culture

Both the incumbent and successor Protagonist and PCS Interview data are consistent with Dunn (1995), Frone et al. (1997), Greenhaus and Beutell (1985) and Netemeyer et al.'s (1996) research that identified an adaptable family culture as an important component in a successful succession. Lee (2006) stated that the family culture needs to nurture a democratic and transparent environment, a condition acknowledged by both sets of protagonists.

6.12.1.3.3. Spousal Support

Both incumbent and successor Protagonist and PCS Interview data reflect the importance of spousal support during succession, consistent with research by Cole (2000), Hoover and Hoover (1999), Kepner (1983), Lansberg (1983), Lee (2006), Parasuraman et al. (1996) and Smyrnios et al. (2003)

6.12.1.4. Nepotism and Ethnicity

6.12.1.4.1. Protocols

Both incumbent and successor Protagonist and PCS Interview data reflect the importance of introducing family business protocols as a means of managing negative nepotistic tendencies, consistent with research by Bennedsen et al. (2006) and Vera and Dean (2005).

6.12.1.4.2. Culture

Consistent with the protocol data, incumbent and successor Protagonist and PCS Interview data supported family culture as a unifying component in family business, embracing both family and non-family members. These findings are consistent with research by Barnett and Kellerman (2006), DeLong and Fahey (2000), Olson et al. (1989), Parasuraman et al. (1996), and Zahra et al. (2004).

6.12.1.5. Summary

In order of frequency of mention, the common variables and associated components identified by the protagonists as key contributors to family business succession are family culture (familiness, cohesion), work family conflict (gender roles, adaptable family culture, spousal support), family history (kinship logic, early experiences), and nepotism and ethnicity (protocols, culture).

6.12.1.6. Key Findings

The overriding factor that integrates these common variables and associated components is reflected in the research by Astrachan et al. (2005), Bennedsen et al. (2006), Cole (2000), Dunemann and Barrett (2004), Kepner (1983), Lee (2006), McCollom (1990) and Vera and Dean (2005) that identified the interdependency between the family and the family business. It is therefore reasonable to expect that the roles in the family i.e. parent/child, would translate into the business i.e. incumbent/successor.

6.12.2. **Personal Variables and Associated Components: Differences**

Table 6.9 represents the frequency and percentage frequency distributions of comments by Protagonists and PCS Interview respondents regarding differences in personal variables and components related to the succession process. Components identified by the protagonists were sibling rivalry (incumbent: n=64, 27%, 65% negative comments; successor: n=22, 19%, 81% positive comments), protocols (incumbent: n=58, 33%, 100% positive comments; successor: n=34, 38%, 100% positive comments; non-family influence: n=58, 42%, 100% negative comments) and culture (incumbent: n=50, 29%, 100% positive comments; successor: n=34, 38%, 100% positive comments; non-family influence: n=77, 58%, 100% negative comments).

Table 6.9
Frequency and Percentage Frequency Distributions of Differences in Personal Variables
and Associated Components Identified by Family Business Protagonists

Variable Component	Incumbent						Successor						Non-Family Influence					
	Comments				Total		Comments				Total		Comments				Total	
	+ve		-ve				+ve		-ve				+ve		-ve			
	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%
Family Culture																		
(2.4.3.1)																		
Sibling Rivalry	22	17	42	100	64	38	18	20	4	100	22	24	0	0	0	0	0	0
Family Culture (sub-total)	22	17	42	100	64	38	18	20	4	100	22	24	0	0	0	0	0	0
Nepotism and Ethnicity (2.4.4.1)																		
Protocols	58	44	0	0	58	33	34	40	0	0	34	38	0	0	58	42	58	42
Culture	50	39	0	0	50	29	34	40	0	0	34	38	0	0	77	58	77	58
Nepotism and Ethnicity (sub-total)	108	83	0	0	108	62	68	80	0	0	68	86	0	0	135	100	135	100
Total	130	100	42	100	172	100	86	100	4	100	90	100	0	0	135	100	135	100

6.12.2.1. Family Culture

6.12.2.1.1. Sibling Rivalry

The Protagonist and PCS Interview data highlighted a significant division in how incumbents and successors viewed sibling rivalry in the family business. Generally incumbents viewed this rivalry as a disruptive challenge to their progeny (Schein, 1983) and to the business (Beckhard and Dyer, 1983; Davis and Harveston, 1999). In comparison, most successors perceived these rivalries in a more positive fashion (Meyer and Herscovitch, 2001). A possible reason for this difference could be that rivalry between siblings normally happens in a family unit, and successors might see rivalry in the family business as an extension of sibling rivalry (Davis and Harveston, 2001; Ensley and Pearson, 2005; Smith et al. 1994; Stewart, 2003).

6.12.2.2. Nepotism and Ethnicity

6.12.2.2.1. Protocols

Both incumbent and successor Protagonist and PCS Interview data suggest that the introduction of protocols in the family business are a means of managing negative nepotistic tendencies (Bennedsen et al. 2006; Vera and Dean, 2005), while simultaneously

embracing non-family employees into the family business (Chua et al. 2003; Gallo and Vilaseca, 1998; Siebels and Knyphausen-Aufse, 2012). Non-family employees' negative responses suggest that notwithstanding the intentions of the family-based leadership group, non-family employees perceived these initiatives as window dressing, and for the benefit of the family (Aldrich and Waldinger, 1990; Cropanzano et al. 2001; Davis, Allen and Hayes 2010; Lubatkin et al. 2005).

6.12.2.2.2. Culture

Similar to the protocol data, incumbent and successor Protagonist and PCS Interview data support the introduction of family culture into the family business. The family protagonists saw family culture as a unifying force on the family business, creating a common approach that encompassed both blood and non-blood employees (Barnett and Kellerman, 2006; DeLong and Fahey, 2000; Olson et al. 1989; Parasuraman et al. 1996; Zahra et al. 2004). The negative responses by non-family employees suggest that they see the introduction of the family's culture as reinforcing nepotistic behavior, supporting research by Aldrich and Waldinger (1990) and Wolff (2006) in their discussion on "in-group", "out-group" dynamics in family business.

6.12.2.3. Summary

In order of frequency of mention, the personal variables and associated components identified by the protagonists as key contributors to family business succession are family culture (sibling rivalry) and nepotism and ethnicity (protocols, culture).

6.12.2.4. Key Findings

The areas of differentiation between the incumbent and successor (sibling rivalry) and incumbent, successor and non-family employees (protocols and culture) are reflected in the literature. Regarding sibling rivalry, Beckhard and Dyer (1983) and Davis and Harveston (1999) highlighted the peacemaking role the incumbent plays in maintaining cohesion and unity in the family business. Aldrich and Waldinger (1990) commented on non-family employees perceiving their "out-group" status compared to "in-group" family members.

6.13. Research Question Ten: What are the Similarities and Differences in the Professional Variables for each of the Four Protagonists?

6.13.1. Professional Variables and Associated Components: Similarities

Table 6.10 represents the frequency and percentage frequency distributions of comments by Protagonists and PCS Interview respondents regarding similarities in professional variables and components related to the succession process. The component that was seen as similar in effect on the succession process by the protagonists was size (incumbent: n=22, 100%, 86% positive comments; successor: n=25, 100%, 88% positive comments; non-family influence: n=21, 100%, 100% positive comments).

6.13.1.1. Family Business Structure

6.13.1.1.1. Size

Size of business was the only component that all three sets of protagonists saw in a similar light in its relation to the succession process. The consensus was that as a family business grows and becomes more complex, the need for a clearly-defined set of procedures becomes paramount. These findings support the research by Janjuha-Jivraj and Woods (2002a,b).

6.13.1.2. Summary

In order of frequency of mention, the common variable and associated component identified by the protagonists as the contributor to family business succession is family business structure (size).

Table 6.10
Frequency and Percentage Frequency Distributions of Similarities in Professional Variables and Associated Components Identified by Family Business Protagonists

Variable Component	Incumbent						Successor						Non-Family Influence					
	Comments				Total		Comments				Total		Comments				Total	
	+ve		-ve				+ve		-ve				+ve		-ve			
	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%
Family Business																		
Structure																		
(2.5.3.2)																		
Size	19	100	3	100	22	100	22	100	3	100	25	100	21	100	0	0	21	100
Family Business	19	100	3	100	22	100	22	100	3	100	25	100	21	100	0	0	21	100
Structure (sub-																		
total)																		
Total	19	100	3	100	22	100	22	100	3	100	25	100	21	100	0	0	21	100

6.13.1.3. Key Findings

All the stakeholders in the business in the business support research by Janjuha-Jivraj and Woods (2002a,b) that indicates that as the business grows, processes need to be put in place to facilitate succession.

6.13.2. Professional Variables and Associated Components: Differences

Table 6.11 represents the frequency and percentage frequency distributions of comments by Protagonists and PCS Interview respondents regarding differences in professional variables and components related to the succession process. The components that were seen as having differing effects on the succession process by the protagonists were transparency (incumbent: n=109, 33%, 86% positive comments; successor: n=56, 33%, 100% positive comments; non-family influence: n=101, 31%, 100% negative comments), consistency (incumbent: n=97, 31%, 96% positive comments; successor: n=42, 25%, 50% positive comments; non-family influence: n=114, 34%, 100% negative comments), formalized structures (incumbent: n=66, 21%, 90% positive comments; successor: n=37, 21%, 51% positive comments; non-family influence: n=83, 24%, 100% negative comments) and non-family involvement (incumbent: n=51, 15%, 68% positive comments; successor: n=38, 21%, 60% positive comments; non-family influence: n=37, 11%, 100% negative comments).

Table 6.11
Frequency and Percentage Frequency Distributions of Differences in Professional Variables and Associated Components Identified by Family Business Protagonists

Variable	Incumbent						Successor						Non-Family Influence					
	Comments				Total		Comments				Total		Comments				Total	
	+ve		-ve				+ve		-ve				+ve		-ve			
	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%
Fairness and Justice (2.5.3.1)																		
Transparency	94	33	15	38	109	33	56	47	0	0	56	33	0	0	101	31	101	31
Consistency	94	33	3	7	97	31	21	17	21	39	42	25	0	0	114	34	114	34
Fairness and Justice (sub-total)	188	66	18	45	206	64	77	64	21	39	98	58	0	0	215	65	215	65
Family Business Structure (2.5.3.2)																		
Formalized Structure	60	22	6	14	66	21	19	15	18	33	37	21	0	0	83	24	83	24
Non-Family Involvement	35	12	16	41	51	15	23	19	15	28	38	21	0	0	37	11	37	11
Family Business Structure (sub-total)	95	34	22	55	117	36	42	34	33	61	75	42	0	0	120	35	120	35
Total	283	100	40	100	323	100	119	100	54	100	173	100	0	0	335	100	335	100

6.13.2.1. Fairness and Justice

6.13.2.1.1. Transparency

The Protagonist and PCS Interview data indicate that incumbents and successors place a similar value on transparency, and that they both regard having transparent processes in the family business as being altruistic in nature, resulting in positive succession outcomes (Cropanzano et al. 2001). Non-family employees however do not share these beliefs. They see any initiative to implement transparent processes as secondary to family-centric priorities (Davis et al. 2010).

6.13.2.1.2. Consistency

The Protagonist and PCS Interview data highlighted that protagonists viewed consistency in a varying ways. Incumbents saw consistency as being more positively associated with succession (96% positive), compared with successors (50% positive comments), and non-family influence respondents (100% negative comments). Incumbent responses support the research by Beckhard and Dyer (1983), Carlock and Ward (2001), Davis and Harveston (1999), and Schein (1983) which found the incumbent's role was

primarily engaged in creating and maintaining a common purpose, and in establishing and nurturing relationships. The negative view on consistency in succession by non-family employees supports Aldrich and Waldinger (1990) and Wolff's (2006) research on the perception of non-family members of the nepotistic use of internal processes in support of family members.

6.13.2.2. Family Business Structure

6.13.2.2.1. Formalized Structure

The Protagonist and PCS Interview data indicated that all protagonists acknowledged the value of formalized structures: incumbent (21%), successor (21%), and the non-family influence (24%). However, they did not regard these structures equally in terms of providing a positive contribution to succession: incumbent (90% positive comments), successor (51% positive comments), and non-family influence (100% negative comments). These results are consistent with the research that shows that incumbents as stewards of the business see their role in maintaining a structured, consistent environment (Beckhard and Dyer, 1983; Carlock and Ward, 2001; Davis and Harveston, 1999; Schein, 1983). In comparison, successors want to make their own mark as a leader (Astrachan et al. 2005; Habbershon and Williams, 1999; Parasuraman et al. 1996), and non-family employees see themselves as marginalized, and where a formalized structure will not be applied on merit (Aldrich and Waldinger, 1990; Wolff, 2006).

6.13.2.2.2. Non-Family Involvement

The Protagonist and PCS Interview data acknowledged the importance of non-family contributions to the family business, especially where those skills are missing in family members. Family protagonists saw the positive effects of these contributions equally: incumbent (68% positive comments), and successor (60% positive comments). These findings support Barnett and Kellermanns (2006) and Chrisman et al.'s. (2009) research on the value that non-family employees bring to the succession process. However, although non-family employees identified the value they bring to family businesses, they also acknowledged the value of these contributions rely on the business culture (Khai et al. 2003; Mitchell et al. 2003), and that their contributions were marginalized in favor of family members (Bennedsen et al. 2006; Vera and Dean, 2005).

6.13.2.3. Summary

In order of frequency of mention, the variables and associated components identified by the protagonists as key contributors to family business succession are fairness and justice (consistency, transparency), and family business structure (formalized structure, non-family involvement).

6.13.2.4. Key Findings

These findings reflect the different roles of each protagonist. The incumbent is the key catalyst who determines the family business's direction, by guiding and maintaining equilibrium in the business (Beckhard and Dyer, 1983; Davis and Harveston, 1999; Vera and Dean, 2005), and valuing consistency, structure, and transparency. Successors see themselves as future leaders, striving to make their mark in the business by challenging the status quo as they transition into succession (Astrachan et al. 2005; Habbershon and Williams, 1999; Parasuraman et al. 1996). Non-family employees see themselves as outsiders (Aldrich and Waldinger, 1990; Wolff, 2006), understanding that notwithstanding their skill levels, blood will take precedence over ability (Davis et al. 2010).

6.14. Contribution to Theory and Research

6.14.1. General

- This study has expanded Solomon et al's. (2011:150) assertion that family business succession is so complex that multiple perspectives are required to fully understand and explain how it operates. These perspectives can be identified by two related domains, human and business. For the purpose of this study these domains have been defined as personal and professional. In addition, they have been expanded to include 16 variables (10 personal, six professional) and 35 components (20 personal, 15 professional).
- This study has examined the four key protagonists of family business succession: the incumbent, successor, the family, and non-family influence, and shown how these variables and associated components are related to each protagonist. By doing so, the research expands on Davis et al's (2010) identification of the research gap in non-family employees, by embracing other family business protagonists. The study also

frames these findings in terms of Stewardship theory primarily, and the literature on family business and succession generally.

- This study highlights the differences between Western and Asian family business perspectives in respect to primogeniture, family expectations, non-family involvement, and education. These observations can form the foundation for future comparative research in this field.

6.14.2. Theoretical Contribution

A review of current family business theories by Siebels and Knyphausen-Aufse (2012) identified the following four approaches when determining succession issues: agency theory, altruism theory, resource-based theory, and stewardship theory. This study was based on stewardship theory as the overarching theoretical framework and consistent with the stewardship framework proposed by Davis et al. (2010).

6.14.2.1. Stewardship Theory

Stewardship theory states that the agents ('stewards') behave socially, in a self-actualizing manner and with an attitude postulating psychological ownership (Pierce et al. 2001). This theory is best placed to explain organizations where leadership serves the general good, rather than pursuing self-serving opportunistic ends (Davis, Schoorman, & Donaldson, 1997). Therefore, stewardship theory is ideal for explaining governance in the family business context because of the incumbent's deep emotional investment in the family and the business (Bubolz, 2001; Eddleston and Kellermanns, 2007). However, for incumbents to fulfill the role of a good steward, they must be motivated to serve the family business interests even at the expense of their own (Corbetta and Salvato, 2004; Davis et al. 2010). Miller et al. (2008) highlighted this multifaceted role, identifying the incumbent's role as (a) maintaining the family business, (b) creating a collective family business culture, and (c) maintaining a strong relationship with the family outside the family business. Kellermanns and Eddleston (2004) and Zahra (2003) noted that the role of the steward is to establish a strong foundation that will ensure the family business has a sound basis for long-term growth, benefiting all stakeholders (Le Breton-Miller and Miller, 2006). In addition, Arregle et al. (2007) and Banalieva and Eddleston (2011) noted that as the incumbent can call on a shared family name, common history and shared identity, the ability to enhance their stewardship is increased. Gedajlovic and Carney

(2010) also acknowledged this social capital advantage based on ingrained family networks.

Accordingly, this current study adds substance to stewardship theory by identifying core variables and components of succession in family business not only from the incumbents' perspective, but also from the perspectives of successors and non-family employees. As Davis et al. (2010:1094) stated, ““In order to better understand the role of stewardship in contributing to the competitive advantage of family businesses, researchers must better understand the psychological and situational mechanisms . . . by looking specifically at differences between family members and nonfamily members and their perceptions of stewardship, as well as the proposed situational mechanisms.” This expanded version of stewardship in family business succession provides added information as identified below for each of the protagonists.

6.14.2.2. Incumbent: Personal Variables and Associated Components

- Identity (Attitudes) – This study found that the family business defined the incumbent's identity, and that in turn, the culture of the family business was defined by the incumbent. This reciprocity supports research by Astrachan et al. (2005) and Vera and Dean (2005) that the incumbent's identity intertwined with that of the family business.
- Education (Attitude) - This study did not identify a definitive link between education and the incumbent's attitude toward the family business and succession. The data did not support Le Breton-Miller et al. (2004) and McCann et al's. (2001) view that educational credentials influence the incumbent's attitude toward the family business.
- Outside Interests and Experiences (Attitude) – This study supports the research by McCann et al. (2001) and Vaughan and Hogg (1998) that incumbents who have experiences beyond that of the family business are more willing to relinquish control to the next generation. However, the research also found that although incumbents acknowledged this view, few actually pursued interests outside the family business.
- Leadership (Cultural Shadow) – This study supports the research by Poza (2004) that an open, inclusive and democratic leadership style was the most effective in facilitating the succession process. The research noted that an autocratic approach by the incumbent increases the incumbent's shadow on the family business, impacting on the next generational leader, and reducing the opportunity of

successful succession.

- Succession Planning (Cultural Shadow) – This study highlighted that although succession planning is acknowledged by the successor as important, few successors prioritized it. This finding supports Yochum (1997) and Santora et al's (2011, 2014) research highlighting the lack of planning that is involved in succession.
- Family Support (Mortality) – The study supports Dunemann and Barrett's (2004) research that the incumbent's sense of their mortality is reduced by increasing the level of family support they receive outside the family business. The acceptance by the incumbent of their retirement as the next part of their life increases their willingness to let go, and reduces their shadow over the business when they leave.
- Personal Adaptability (Mortality) – The study supports Kepner's (1983) research that the more adaptable the incumbent is to change, the greater their acceptance of succession.
- Protocols (Nepotism and Ethnicity) – The study confirmed Gallo and Vilaseca's (1998) research that incumbents believed protocols in the family business had a positive effect on succession, and were a means of embracing all family and non-family employees.
- Culture (Nepotism and Ethnicity) – The study supports Barnes and Hershon (1976), Chrisman et al. (2003), and Dierickx and Cool's (1989) research that incumbents identified the introduction of the family's culture into the family business as a positive impact on succession, by creating an environment where all family business employees were seen as part of the larger family.

6.14.2.3. Incumbent: Professional Variables and Associated Components

- Personality (Leadership) – The study supported research by Elenkov et al. (2005), Dunemann and Barrett (2004), and Westley and Mintzberg (1989) on the importance of the incumbent's personality on their leadership style. The findings also confirm Poza's (2004) research highlighting the benefits of a democratic, open personality in enabling a smooth succession.
- Communication style (Leadership) – Supporting the discussion on leadership and personality, this study indicated that incumbents acknowledged that an open and transparent communication style will have a positive influence on succession (Stavrou et al. 2005).
- Transparency (Fairness and Justice) – The study supports Barnett and Kellermanns'

(2006) research that an open and transparent culture will create an environment that will embrace all family business employees. These findings are consistent with the findings on communication style, personality and leadership, and reveal that a transparent, empathic incumbent will create the optimal environment for successful succession.

- Consistency (Fairness and Justice) – This study supports Barnett and Kellermanns (2006) and Cropanzano et al's (2001) research that a consistent decision-making approach will enhance the probability of a successful succession.
- Formalized Structures (Family Business Structure) – The study supports research by Fox et al. (1996), Vera and Dean (2005), and Janjuha-Jivraj and Woods (2002a,b) that a structured and defined participatory family business structure embraces non-family buy-in, and increases the probability of a successful succession.
- Non-Family Involvement (Family Business Structure) – The study did not definitively support research by Chrisman et al. (2003) and Ensley and Pearson (2005) that non-family employees bring extra value to the family business. Australian incumbents acknowledged the advantages of engaging expertise outside the family unit; however Asian-based family businesses placed greater emphasis on ethnicity as a basis of obtaining expertise.
- Size (Family Business Structure) – The study supports Janjuha-Jivraj and Woods' (2002a,b) research that as a family business grows in size and becomes more complicated, a formalized structure will increase the probability of a successful succession.

6.14.2.4. Successor: Personal Variables and Associated Components

- Family Business Socialization (Commitment) – Astrachan et al. (2005) and Habbershon and Williams (1999) argued that exposure to the family business in the formative stages of a successor's life will have a positive effect on the successor's commitment to the family business. This study supports the proposition that the earlier exposure a successor has to the family business, the greater the possibility of a smooth transition.
- External Interests (Commitment) – The study identified that although successors acknowledged the importance of exposure to external interests (Parasuraman et al. 1996), only a small percentage actually did so, preferring to focus on the family business.

- Primogeniture (Gender) – The study's findings show that Australian family businesses indicated that male primacy in succession was not a priority, compared with traditional Asian family businesses, which placed greater emphasis on primogeniture.
- Family Expectations (Gender) – The findings on the influence of the family on the successor's commitment to succeed the incumbent indicated that Australian successors were more independent and free to choose, whereas Asian family business successors were very much aware of the role they should play in their family's future (Cole, 1997; Ram and Holliday, 1993).
- Age – This study did not support Ram and Holliday (1993) and Vera and Dean's (2005) research that age was a factor in succession.
- Protocols (Nepotism and Ethnicity) – Successors supported Gallo and Vilaseca's (1998) research that established protocols in the family business had a positive effect on succession, and were a means of embracing all family and non-family employees.
- Culture (Nepotism and Ethnicity) – Successors acknowledged the positive outcome of the family culture on the family business and succession consistent with research by Barnes and Hershon (1976) and Dierickx and Cool (1989). These benefits were accentuated in Asian family businesses.

6.14.2.5. Successor: Professional Variables and Associated Components

- Formal Education (Education vs. Experience) – This study contradicted research by Goldberg (1996), McCann et al. (2001) and Morris et al. (1997) that tertiary education assists in succession. This was partially true for successors; however the utility of education relied on (a) alignment to the needs of the family business and, (b) the value the family's culture placed on education. In this study, Jewish and Asian family businesses placed greater emphasis on education than did other ethnic groups.
- External Experiences (Education vs. Experience) – The study supported the research by Le Breton-Miller et al. (2004) and Churchill and Hatten (1987) that having external experiences assisted in succession.
- Early Involvement (Education vs. Experience) – The study supported the research by Cabrera-Suárez et al. (2001) that the earlier the successor is involved in the family business, the greater the chance of a successful succession.
- Relationship (Nurturing) – This study supports research by Barach and Ganitsky (1995) that a trusting, open incumbent/successor relationship will enhance the

transfer of family business knowledge, and increase the probability of a successful succession.

- **Mentorship (Nurturing)** – This study supports research by Cabrera-Suárez et al. (2001) that succession will be smoother where the successor is exposed to a mentorship program. The study highlighted that the mentor need not be a family member; a trusted, knowledgeable non-family employee can also fulfill that role.
- **Family Business Knowledge (Credibility)** – The study supports research by Barach et al. (1988) of the importance of the successor in obtaining an appropriate level of specific family business knowledge as a means of gaining credibility. Obtaining this knowledge was seen as an essential ingredient in enabling a successful succession.
- **Acceptance (Credibility)** – The study supports research by Davis and Harveston (1999) of the importance of an accepting family business culture that will embrace the successor post succession.
- **Transparency (Fairness and Justice)** – This study supports the research by Barnett and Kellermanns (2006) that an open and transparent environment will have a positive effect on succession.
- **Consistency (Fairness and Justice)** – The study highlighted the differences in perception between the incumbent and the successor on consistency in the family business. While the incumbent valued a consistent approach, the successor was less emphatic. A possible explanation for this variation is that as successors potentially see their role in the future as one of renewal and change, then maintaining consistency may compromise their agenda (Astrachan et al. 2005; Habbershon and Williams, 1999; Parasuraman et al. 1996).
- **Formalized Structures (Family Business Structure)** – The study did not definitively support research by Fox et al. (1996), Vera and Dean (2005), and Janjuha-Jivraj and Woods (2002a,b) on the value of formalized structures, possibly because successors see themselves as agents of change, and any structure would change when they became leader.
- **Non-Family Involvement (Family Business Structure)** – This study supports the research by Chrisman et al. (2003) and Ensley and Pearson (2005) that successors value the contributions of non-family employees to the family business.
- **Size (Family Business Structure)** – This study supports the research that size has a direct effect on the formalized family business structure, and can impact on succession (Janjuha-Jivraj and Woods, 2002a,b). The larger the business, the greater the need for the codification of defined procedures and protocols.

6.14.2.6. Family: Personal Variables and Associated Components

- Familiness (Family Culture) – This study supports Kepner's (1983) research on the importance of the family in the family business for incumbents and successors.
- Cohesion (Family Culture) – The study confirms Lee's (2006) research on the importance of cohesion as a means of facilitating a smooth succession. Incumbents placed greater emphasis on cohesion than successors, possibly due to the understanding by incumbents of the disruptive nature of leadership transitions.
- Sibling Rivalry (Family Culture) – This study acknowledged the potentially damaging effects of sibling rivalry on succession, supporting Ensley and Pearson's (2005) research. Incumbents placed greater emphasis on managing this rivalry than did successors. A possible explanation of this difference could be that where the incumbent is seen as managing conflict, the successor could see this jockeying between siblings as normal behavior.
- Early Experiences (Family History) – The study supports the findings of Davis and Harveston (2001), Smith et al. (1994), and Stewart (2003) that early exposure to the family business assists in the succession process.
- Kinship Logic (Family History) – This study did not definitively support Habbershon et al. (2003), Khai et al. (2003) and Whyte's (1996) research on relationships within the extended family group. Responses from incumbents and successors were benign, with neither acknowledging kinship logic as being beneficial or damaging to succession.
- Gender (Work/Family Conflict) – The study did not definitively support the research by Cole (2000) and Boyara et al. (2005), revealing that Australian families were not influenced by the gender of the successor, unlike Asian family businesses.
- Adaptable Family Culture (Work/Family Conflict) – The study indicated that the family's ability to manage changing work roles increased the probability of a successful succession (Lee, 2006).
- Spousal Support (Work/Family Conflict) – The study highlighted the important roles of spouses or significant others in facilitating a successful succession, supporting research by Parasuraman et al. (1996) and Smyrnios et al. (2003).

6.14.2.7. Non-Family Influence: Personal Variables and Associated Components

- Protocols (Nepotism and Ethnicity) – This study did not support the research by Gallo and Vilaseca (1998) that protocols embrace all family business employees. The data indicated that non-family employees perceived that protocols are not administered without undue family bias (nepotism). These observations confirm Davis et al's (2010) comments that irrespective of family intention, non-family employees see themselves as being outside the family circle of trust (Barnett and Kellermanns, 2006; Cropanzano et al. 2001; Lubatkin et al. 2005).
- Culture (Nepotism and Ethnicity) – Similar to the findings on protocols, non-family employees see the implementation of the family's culture into the family business as having a negative effect on the business (Chua et al. 1999; Corbetta and Montemerlo, 1999; Habbershon et al. 2003; Kepner, 1983; Steier et al. 2004).

6.14.2.8. Non-Family Influence: Professional Variables and Associated Components

- Transparency (Fairness and Justice) – The study does not support the research by Barnett and Kellermanns (2006) that non-family employees see transparency through the family's eyes, but instead are aware that not everything will be disclosed to them (Davis et al. 2010).
- Consistency (Fairness and Justice) - Non-family employees believe that decision-making in a family business is in part based on nepotism, and that "blood will always be thicker than water" (Davis et al. 2010).
- Formalized Structure (Family Business Structure) – The study highlighted the divergent views between the family and non-family members (Davis et al. 2010). The data did not support Fox et al. (1996), Janjuha-Jivraj and Woods (2002a,b) and Vera and Dean's (2005) research that a structured and defined participatory family business structure will create an empowering environment that embraces non-family employees. On the contrary, non-family employees saw nepotistic tendencies underlying these structures.
- Non-Family Involvement (Family Business Structure) – This study did not support Chrisman et al. (2003) and Ensley and Pearson's (2005) research on the contributions of non-family employees. Instead, the study found that non-family employees acknowledge that notwithstanding their abilities, they are not part of the family, and

their contributions will always be seen as secondary to kin (Davis et al. 2010).

- Size (Family Business Structure) – The study supports Janjuha-Jivraj and Woods' (2002a,b) research that the larger, and more complex a family business, the greater the need for established structures. Non-family employees placed value on size, possibly because the size of the family business may be a means of mitigating the influence of family.

6.14.3. Practical Contributions

The economic landscape of many nations is dominated by family businesses (Klein, 2000; Morck and Yeung, 2004; Shanker and Astrachan, 1996). They are represented in every economy in the world, and constitute the most central business structure for commercial activity (Astrachan and Shanker, 2003). Astrachan and Shanker (2003) and Lee (2006) found that US family businesses constitute over 90% of business activity and 49% of the GDP, while employing 59% of the workforce. Family businesses early in the 21st century employed 62% of the workforce, slightly down from the 78% of all jobs in the United States between 1977 and 1990. Presently, more than 80% of U.S. companies are owned or controlled by families, of which about 35% are among the Fortune 500 (Dyck et al. 2002). In Japan, Birley (2001) found that of 554 firms surveyed, 99% considered their businesses to be family firms. The same can be found in Europe (Astrachan et al. 2005), and Australia (Dunemann and Barrett, 2004). Family businesses face their biggest challenge when they have been operating for between 25 to 30 years (Kepner, 1983; Santarelli and Lotti, 2005; Vera and Dean, 2005), with only 15% expected to survive to the third generation, and less than 3% expected to survive to the fourth generation. This time-frame constitutes the generational change experienced during succession.

With the objective of enhancing the survivability of family businesses during and following succession, this study provides the following strategies for family business practitioners:

- Early planning for succession will increase the probability of success. The data indicated that although incumbents acknowledged this situation, only a small minority instituted some form of formalized planning procedures (Santora et al. 2011, 2014; Yochum, 1997).
- Participating in non-family related activities and interests contributed to the

incumbent's identity beyond that of the family business. Expanding the incumbent's identity should increase the willingness of the incumbent to relinquish control of the family business. Doing so will facilitate (a) a timely succession plan, and (b) reduce the incumbent's shadow on the family business, post succession (Davis and Harveston, 1999; Dyer, 1986; Santora et al. 2012; Yochum 1997). By engaging in outside activities, incumbents realize that passing on the family business to the next generation is not the final act in their own mortality (Davis and Harveston; 1999; Vera and Dean, 2005).

- Enhanced support and involvement in the family business by spouses will offer the incumbent the emotional safety net to enable them to relinquish their leadership role in the family business (Parasuraman et al. 1996; Smyrnios et al. 2003).
- This study highlighted that approximately 50% of successors saw consistency and established protocols as positive contributors to their stewardship. These observations indicate that for the succession process to be successful, it is important that the successor is intimately involved in the planning activities, ensuring that they take ownership of the initiatives. Doing so creates an environment where the successor's new leadership culture runs parallel with the incumbent's, facilitating a smooth transition between the generational leaders (Astrachan et al. 2005; Habbershon and Williams, 1999; Parasuraman et al. 1996).
- In line with the previous strategy, to increase the probability of long-term commitment to the succession plan, early involvement by the successor will increase their commitment to the plan (Astrachan et al. 2005; Cabrera-Suárez et al. 2001; Goldberg, 1996; Habbershon and Williams, 1999; Meyer and Herscovitch, 2001). This approach also develops in the successor a good stewardship commitment to the family business ahead of themselves (Davis et al. 2010).
- Early involvement in the succession planning stage will also increase the successor's credibility and acceptance as a future leader, in the eyes of the family and non-family employees (Barach and Ganitsky, 1995; Barnes and Hershon, 1976; Christensen, 1979).
- Non-family employees see themselves as outsiders irrespective of family initiatives to bring them into the "family group" (Aldrich and Waldinger, 1990; Wolff, 2006). Therefore it is important that high levels of trust and value (Davis et al. 2010) and a sense of transparent justice (Barnett and Kellermanns, 2006) are provided to non-family employees.
- The level of trust and commitment to the incumbent by family members is higher

than that of non-family employees (Davis et al. 2010). However, that level of non-family trust is higher than that of employees in non-family businesses. As such, it would be important not to misrepresent non-family employees as being treated like “family members”, because they know they are not. This misrepresentation can alienate non-family employees, and further erode a sense of confidence that they have in the leadership group.

- Pursuing education for its own sake will not guarantee successors acceptance by family business members. Educational qualifications need to be relevant to the family business and its industry, and are subject to the family’s view of the value of education (Barach and Ganitsky, 1995; Handler, 1991; Morris et al. 1997).
- The incumbent (parent)/successor (child) relationship is complex and extends beyond the family business or the family unit (Cole, 2000; Dunemann and Barrett, 2004; Dyer, 2003; Lee, 2006; Vera and Dean, 2005). Potential conflicts that might occur between the generations may have their roots in non-family business environments. Therefore, it is advisable to consider outside expertise to manage this conflict and increase the probability of a successful succession (Dunemann and Barrett, 2004; George and Brief, 1990; Lee, 2006).

6.15. Key Findings

The following is a summary of the major findings in relation to Stewardship Theory, Incumbents, Successors, Family, Non-Family Influence, and Family Business Succession.

6.15.1. Contribution to Stewardship Theory

- The study highlighted the importance of embracing resource-based theory, altruism theory and agency theory under the umbrella of stewardship theory. This overarching framework is required because the dynamics of succession are complex and require additional frameworks to manage and understand the succession process (Batson, 1990; Daily et al. 2003; Karra et al. 2006; Penrose, 1959; Pierce et al. 2001).
- The study also highlighted the potential challenge facing incumbents in determining their primary focal point, and their stewardship focus. For example, do incumbents focus on their own outcomes as a result of relinquishing the leadership role and their identities in the family business (Barnes and Hershon, 1976; Davis and Harveston, 1999; Vera and Dean 2005)? Alternatively, do incumbents perceive their mission as

maintaining family involvement in the family business to the detriment of the business (Bennedsen et al. 2006; Kepner, 1983; McCollom, 1990)? Or finally, do incumbents maintain a traditional business focus, irrespective of the impact on family expectations (Chrisman et al. 2003; Dunemann and Barrett, 2004; Ensley and Pearson, 2005; Fox et al. 1996; Stavrou et al. 2005)?

6.15.2. Incumbents and Succession in Family Business

- Although all the incumbents acknowledged the benefits of having external interests outside that of the family business, few incumbents actually pursued such interests. (McCann et al. 2001). These incumbents also accentuated the fact that their identities were not solely determined by the family business, and that they were willing to relinquish control (Davis and Harveston, 1999; Vera and Dean, 2005). These observations highlight the importance of the incumbents participating in outside interests and experiences to ameliorate the impact of a pending sense of mortality resulting from succession.
- Incumbents emphasized the importance of succession planning (Santora and Sarros, 2008; Yochum, 1997), however only those who pursued outside interests offered succession strategies they intended to implement, or had implemented. These observations support the previous finding that incumbents who do not define themselves solely in terms of the family business, are more likely to prepare for succession (Cabrera-Suárez et al. 2001; McCann et al. 2001).
- The educational level that the incumbent achieved did not materially affect the incumbent's willingness to plan for, or relinquish control of the family business (Cabrera-Suárez et al. 2001; McCann et al. 2001).
- The majority of incumbents supported an open and democratic leadership approach. The minority who did not reflected a more traditional ethnocentric family business culture (Kets de Vries, 1994; Poza, 2004).
- In line with the previous finding, all incumbents placed the interests of their family members above those of non-family employees, irrespective of the skills and expertise of the non-family employees (Barnett and Kellermanns, 2006; Bennedsen et al. 2006; Kepner, 1983; Zahra et al. 2004). This approach is in stark contrast to the proposition offered by incumbents that they base their judgment of performance on merit, not nepotism.
- Incumbents highlighted the importance of maintaining a cohesive and consistent

culture in the family business, where sibling rivalries and extended family involvement needed to be minimized where possible (Barnett and Kellermanns, 2006; Ensley and Pearson, 2005; Olson et al. 1989).

- The nepotistic nature of the incumbent's leadership style was also highlighted in their view of business structures and protocols within the family business (Bennedsen et al. 2006; Handler, 1989; Vera and Dean, 2005).

6.15.3. Successors and Succession in Family Business

- All successors highlighted the benefits of gaining experiences outside the family business (Parasuraman et al. 1996). However, the majority of successors placed greater emphasis on their early experiences in the family business, rather than external to the business (Astrachan et al. 2005; Habbershon and Williams, 1999; Sharma and Irving, 2005). This approach mirrors that of the incumbents, suggesting that when these successors plan for their children's succession, similar issues may arise.
- Successors highlighted their ability to determine their own futures in their family businesses (Astrachan et al. 2005; Habbershon and Williams, 1999; Parasuraman et al. 1996; Sharma and Irving, 2005). This was not the case with Asian-based successors, who emphasized the importance of adhering to their parents' expectations. Asian successors were also more gender conscious than their western counterparts (Keating and Little, 1997; Stavrou et al. 2005).
- All successors highlighted higher education as potentially beneficial to succession, if that education was relevant to the business (Goldberg, 1996; Morris et al. 1997). This view of education was not shared by Jewish and Asian successors, who saw higher education as beneficial in its own right (Belardinelli, 2002).
- All successors highlighted the importance of establishing a positive and nurturing relationship with senior family business members to enable them to absorb the idiosyncratic knowledge of the business (Barach and Ganitsky, 1995; Le Breton-Miller et al. 2004; Morris et al. 1997) Successors indicated that the senior family business member need not be a family member, and saw the transfer of knowledge and experience as critical in gaining credibility in the family business.
- Successors placed family ahead of non-family irrespective of ability or skill level (Barnett and Kellermanns, 2006; Bennedsen et al. 2006; Handler, 1989; Kepner, 1983; Vera and Dean, 2005; Zahra et al. 2004).

- Successors did not place the same value on consistency, or formalized structures in the family business, as did incumbents (Barnett and Kellermanns, 2006; Dunemann and Barrett, 2004; Fox et al. 1996; Stavrou et al. 2005; Vera and Dean, 2005). Instead, successors saw themselves as agents of change and future leaders of the family business, and as such the processes and protocols initiated by their predecessors were not prioritized, as they may need to be adapted or changed to meet the new leader's approach (Bennedsen et al. 2006; Ensley and Pearson, 2005).

6.15.4. **Family and Succession in Family Business**

- Both incumbents and successors acknowledged the importance of gaining their individual spousal support during the succession process (Parasuraman et al. 1996; Smyrnios et al. 2003).
- Incumbents identified extended family involvement, i.e. daughters and sons-in-law, as potential disruptive influences that needed to be managed (Janjuha-Jivraj and Woods, 2002a,b). Successors saw extended family involvement in a more positive light, in line with normal family interactions. These differences can be seen in terms of the incumbent (parent) protecting the inheritance for the successor (progeny) from potential rivals.
- The influence of the family's culture on the family business was greater in Asian-based family businesses, compared with Western family businesses (Barnes and Hershon, 1976; Chrisman et al. 2003; Chua et al. 1999; Corbetta and Montemerlo, 1999; Dierickx and Cool, 1989; Habbershon et al. 2003).
- In line with the previous findings, Asian successors tended to have greater expectations placed on them by the family to commit to the family business than did Western successors (Meyer and Herscovitch, 2001; Habbershon and Williams, 1999; Handler, 1989; Issacharoff, 1998; Stewart, 2003; Sharma and Irving, 2005).
- Incumbents viewed sibling rivalry as an element that could lead to conflict, whereas successors generally saw this as part of normal family relationships (Ensley and Pearson, 2005).

6.15.5. **Non-Family Employees and Succession in Family Business**

- Non-family employees universally saw the family business as an extension of the

family, and that notwithstanding any promise of involvement in the business based on merit, all non-family employees believed both incumbents and successors acted in terms of nepotism rather than meritocracy (Davis et al. 2010; Karra et al. 2006; Peredo, 2003).

- Non-family employees saw overt attempts to convince them of equality between family and non-family members in the family business, either by the leader's narrative or structural initiatives as further alienating them from the "in-group" (Davis et al. 2010; Friedman, 1999; Karra et al. 2006; Ram and Holliday, 1993).
- Asian family businesses were more open and direct in terms of alienating non-family employees from the decision-making process, by explicitly stating that the family business leadership would not countenance the promotion of any non-family or non-ethnic employee to a leadership position, irrespective of their skill set (Cropanzano et al. 2001; Lubatkin et al. 2005).
- Non-family employees did not believe that their skill set and level of experience were valued by the family-based leadership group (Cropanzano et al. 2001; Lubatkin et al. 2005).
- Non-family employees saw the influence of the family's culture and history as having a negative effect on the long-term viability of the business, by inappropriately influencing business-focused decision-making (Cropanzano et al. 2001; Davis et al. 2010; Karra et al. 2006; Lubatkin et al. 2005; Ram and Holliday, 1993).

6.16. Recommendations for Future Research

This study identified a complex and diverse range of variables and components of succession in family business from the perspective of four key protagonists: the incumbent, the successor, the family, and non-family influence. The study has drawn upon the extant literature covering stewardship theory, resource-based management theory, agency theory, altruism theory, leadership, justice and commitment theory, spill-over, family, succession, and the increasing volume of family business research.

This eclectic approach has identified areas in need of future research in family business succession.

6.16.1. Implications for Stewardship and Related Theories

The research undertaken in this study supports Davis et al's. (2010:1110) observation that:

. . . in family businesses where leadership has a dual responsibility to both the family and the business, family member employees perceive good stewardship and low agency, perhaps because of shared values. Nonfamily employees perceive that family firm leadership is concerned about their own, or the family's, specific interests or needs. Thus, differences within family businesses are explained by both stewardship theory and agency theory.

Davis et al. (2010:1095) identified incumbents who understand and drive towards the long-term goals of the family business, exhibit higher levels of personal sacrifice, social sensitivity, employee loyalty and continuity as representing a “good” form of stewardship. This study has augmented this representation of good stewardship by showing its relationship to existing parallel theories, as well as to the dynamics of running a complex family business.

Figure 6.1 represents a potential structure for stewardship theory and its complementary theories. Future research is warranted to explore in more detail these hypothesized relationships in relation to family business succession.

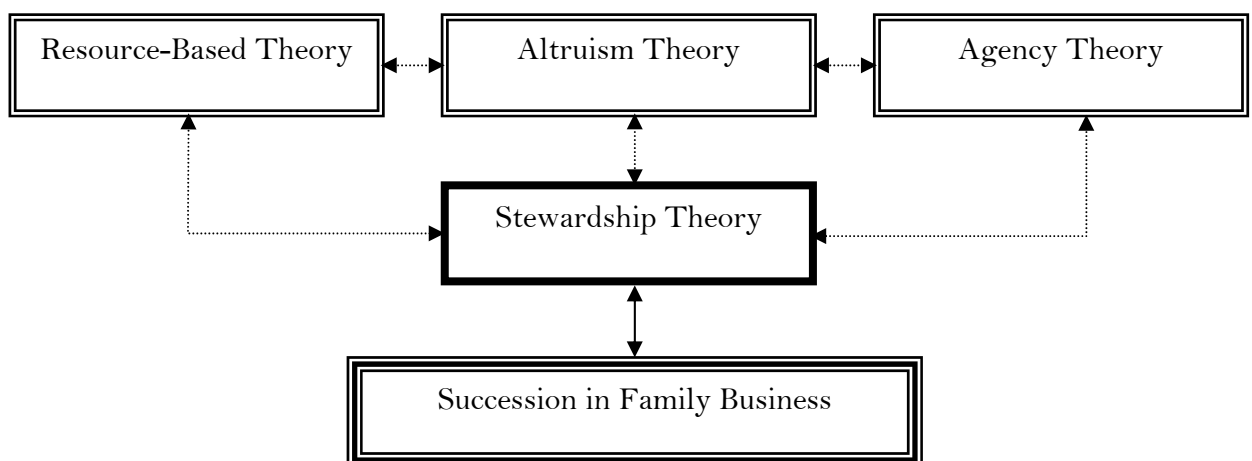


Figure 6.1

Stewardship Theory Framework for Family Business Succession in Relation to Resource-Based, Altruism, and Agency Theory

6.16.1.1. Resource-Based Theory

Resource-based theory considers business outcomes that are the result of business attributes and associated resources identifying four discrete resources encompassing human capital, patient capital, social capital, and survivability capital (Penrose, 1959; Sirmon and Hitt, 2003). This study proposes a number of components that fall within the resources that the family business would be able to draw on. The important consideration is that these components are not always seen by the protagonists as having the same effect on succession.

These components are: education, outside interests, protocols, family business socialization, external influences, familiness, formalized business structures, non-family involvement, and family business knowledge. The study noted that outside interests, external influences, education, and formalized business structures were acknowledged by the protagonists as important, however in the case of the first two, few incumbents and successors actively sought them. The value placed on education was more a function of the family's culture, i.e. Asian or Jewish. The commentary on the formalized business structure component indicated that the successor view of its usefulness was not as pronounced as it was for incumbents, while non-family employees saw these structures as window dressing for the family, and placed no trust in them. Similarly, family protagonists placed a greater value on the family cultural component, while non-family employees saw family culture as reinforcing the nepotistic tendencies of the family. These resources (i.e. family culture, family business structure) are seen differently by each of the protagonists. Accordingly, creating a flexible resource-based model, which would feed into stewardship theory, should provide the incumbent (Steward) the awareness and understanding of the utility of each resource for each protagonist. The application of the resource based theory to stewardship theory would embrace an understanding of the potentially competing resources (i.e. family culture, non-family employees), and how to manage them appropriately to maximize the return to the family business.

6.16.1.2. Altruism Theory

Altruism theory in relation to family businesses is predicated on the fact that family businesses have a longer term view than non-family businesses, and that the interests of the leadership group are directed towards future generations and family considerations, rather than investors or the market (Donnelley, 1964; Le Breton-Miller and Miller, 2006;

Schulze et al. 2001). The bond between the parent and their progeny reflects the bond between the incumbent and successor (Dyer, 2003; Karra et al. 2006; Van den Berghe and Carchon, 2003). This study proposes that specific components may fall in the area of altruism theory: personal adaptability, identity, family support, family expectations, primogeniture, cohesion, spousal support, succession planning and relationships. The assumption that the incumbent and successor, acting in a selfless manner, place others ahead of their own interests was not reflected in the data. Indeed, the majority of the incumbents found it extremely difficult to plan and prepare for their own retirement. These incumbents defined their identities in terms of their role in the family business, and resigning for them was something they were extremely hesitant to do. This attitude was reflected in the lack of succession planning that went on in the family businesses. It also manifested itself in the fact that only very few incumbents sought activities outside the family business, irrespective of their intentions to do so. The inherent conflict that existed between family and non-family employees was not adequately addressed by the family businesses. For instance, the incumbent acknowledged the value of non-family employees, however this acknowledgment was shallow, and was not supported by either direct action, or empathetic, altruistic awareness of the “out-group” mentality of non-family employees. The challenge of incumbent altruism, to be inclusive rather than exclusive, was also reflected in Asian-based family businesses regarding primogeniture. Understanding and appreciating potential female successors took second place to family expectations and cultural norms. Accordingly, a revised model of altruism addressing the incumbent’s (Steward) personal challenges could enhance an understanding of the incumbent’s motivations during the succession process. The application of altruism theory to stewardship theory acknowledges that the steward’s altruistic intent may be compromised if business-orientated decisions need to be made, such as when managing non-family expectations as opposed to the family’s expectations.

6.16.1.3. Agency Theory

Agency theory assumes that individuals are opportunistic and self-serving and will maximize their own self-interests, possibly at the expense of the business (Bjuggren and Sund, 2002; Jensen and Meckling, 1976). As family businesses grow and become more complex, the potential for agency issues increases (Karra et al. 2006; Habbershon, 2006). In addition to succession, incumbents must deal with unique agency costs such as nepotism and adverse selection (Chrisman et al. 2007; Gomez-Mejia et al. 2001; Lim et al.

2010; Schulze et al. 2001). The challenge for the incumbent (Steward) is determining which entity has priority, the family or the family business, especially when their priorities are in conflict. This study identifies the following components in the area of agency theory: personal adaptability, identity, sibling rivalry, kinship logic, transparency and consistency. The findings highlight the challenge that the incumbent has in separating their identity from their role in the family business. This misalignment between what is appropriate for the family business, as opposed to what is in the interests of the incumbent, creates a unique agency cost, particularly during succession. A means of mitigating this agency cost is for incumbents to expand their interests, and redefine their identity beyond that of the family business. Another potential family business agency cost relates to the involvement of extended family members, and the management of internal family conflicts. In these situations, incumbents find themselves in the unenviable situation of having to balance competing interests of the family, and the family business. Whichever decision is made will involve an agency cost for the other entity. Additionally, determining the level of transparency and consistency in dealing with non-family employees creates its own agency issues, especially when non-family employees have specific and unique skills. As Davis et al. (2010:1110) observed, “family employees perceive a significantly lower, self-serving agency behavior than do nonfamily members . . . when it comes to the collective, they are not family, and, therefore, when it comes to stewardship, their interests are not as protected as those of family member employees”. Re-examining agency theory through the lens of stewardship and related theories addresses these unique family business challenges, and highlights the unique agency issues of the incumbent; that is, are incumbents representing themselves, the family business, or the family?

6.16.2. **Role of the Incumbent in the Family Post Succession**

Kepner (1983) identified three key relationships that delineate the spousal family structure in a family unit. These are the symmetrical relationship, the complementary relationship, and the reciprocal relationship. These interdependencies between family and family business were impossible to separate (Kepner, 1983; McCollom, 1990; Lee, 2006). Acknowledging this symmetry, Bennedsen et al. (2006) argued that it was essential that both social structures maintain a degree of equilibrium, otherwise the probability of dysfunctionality in either, or both of the entities was possible. These challenges are pertinent to incumbents, who have to come to terms with loss of identity (Davis and

Harveston, 1999; Vera and Dean, 2005) as they manage their changing role in the family unit (George and Brief, 1990; Dunemann and Barrett, 2004) following succession. Further research on the effect of post succession on the incumbent is warranted, in terms of family and non-family business relationships, and how these relationships might change as a result of the incumbent having to realign their identity and life style. In addition, studies could examine the most effective post succession planning for the incumbent, identifying strategies that might mitigate the incumbent's sense of their mortality, while at the same time empowering them to look forward to the next stage of their lives.

6.16.3. Successor Commitment Post Succession

Mayer and Schoorman (1992, 1998) identified two forms of commitment, value commitment and continuance commitment. Value commitment represents the identification and alignment by the individual with business beliefs and values, while continuance commitment represents the cost of leaving the organization. Additionally, Habbershon and Williams (1999), Handler (1989), Issacharoff (1998), Stewart (2003) and Sharma and Irving (2005) identified four other forms of commitment: affective, normative, calculative, and imperative commitment. The research in this study identified components (e.g. family business socialization, external experiences) that helped determine the extent of the commitment of the successor, and how a successor's commitment changed once they assumed the leadership position. Accordingly, further exploration of the effect of time and experience on successor commitment is warranted, particularly prior and post succession. Future studies could also consider which variables are associated with successor commitment, and include spousal support, educational and experience levels, family cultural expectations and the size, complexity and growth of the family business.

6.17. Concluding Comment

This multi-source study of the nature of family business succession is the first of its kind in Australia, and addresses Davis et al's. (2010:1094) observation that “. . . few studies have empirically investigated the mechanisms associated with stewardship behaviors in the family business context, including differences between family members and nonfamily members. In order to better understand . . . the competitive advantage of family

businesses, researchers must better understand these situational mechanisms. This lack of understanding represents a significant gap in our understanding.” Succession was examined from the perspectives of four key protagonists: incumbents, successors, family, and non-family employees. A total of 16 Australian-based family business members were interviewed, in addition to 41 prospective case study interviews of family businesses. The prospective case studies represented both Australian and Asian family businesses. Accordingly, this study has established a foundation for future research into the interdependencies of competing priorities in the succession process. A more comprehensive understanding of family business succession is essential as family businesses contribute significantly to economies world-wide. Further, the research expands on stewardship theory through a new construct that embraces the dynamic nature of succession, and which provides incumbents and successors with the intellectual and business tools necessary for effective succession in family business. As such, this study adds to the growing data on intergenerational succession generally, and succession in family business specifically.

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Appendix One

Explanatory Statement: Invitation to Participate

Department of Management

Melbourne,
Australia

INVITATION TO PARTICIPATE IN A RESEARCH PROJECT
PROJECT INFORMATION EXPLANATORY STATEMENT

Project Title: Generational Succession in Family Business

Investigators:

Professor James Sarros, Department of Management, Monash University – Supervisor -

Mr Leon Levin, Department of Management

Dear Participants,

You are invited to participate as part of doctoral research (Monash University) into Generational Succession in Family Business undertaken by Mr. Leon Levin. Please read this explanatory statement carefully and be confident that you understand its contents before deciding whether to participate. If you have any questions about the project, please ask one of the investigators.

Who is involved in the research project?

My name is Leon Levin and I am undertaking a Doctor of Business Administration higher degree at Monash University on the topic, “Generational Succession in Family Business.” My doctoral supervisor is Professor James Sarros.

What the project is about?

The aim of this project is to gain an understanding of personal and professional variables of key protagonists involved in family business succession. Few family businesses survive to second generation, and fewer survive beyond the third generation. Considering that family businesses constitute over 70% of business activity in many economies, it is imperative to gain a more comprehensive and current understanding of the nature of family business in relation to emerging research issues regarding succession and the role of key players in the process.

What is required of me if I choose to participate?

If you choose to participate, you will be required to sign an informed consent form giving the researchers permission to use your report as part of the data collection for the DBA. It should be recognised that your report will only be used if no reference is made to the family business in question; that is, the family business under review remains anonymous. While respondents are encouraged to respond, participation is voluntary, and you are not under any obligation to contribute to the research and in no way will commitment or otherwise affect your family business evaluations.

Risks involved

There is no perceived or reasonable risk in participating in this project.

Security of data

Once we have completed our data collection, the data collected will be kept securely for a period of five years. All information collected is strictly confidential and can only be accessed by myself, you, and my supervisors.

If you are concerned about anything please feel free to contact myself as soon as convenient.

Contact details are as follows:

Leon Levin, [REDACTED]

Professor James Sarros [REDACTED]

Yours Sincerely,

Leon Levin

Department of Management

Appendix Two

Interview Guidelines

Question Guideline

Introductory – General

Could you outline briefly the history of the company and your role in that history?

What were some of the critical issues you had to face during the family businesses' growth phases?

How do you see your role in the business today? Has it changed from when you began the business?

Specific – Targeted

How do you define succession? And when should it begin?

What value do you place on the succession?

What are the main influences (variables) you consider important in succession, e.g. education, family culture, and so on as shown on the Interview Proforma.

What were the key components, if any, that affected the influences identified in the previous question?

Does the family business have a clearly defined succession plan? Or in your opinion is the process informal?

Are there any formalized processes implemented in your family business, e.g. family councils, family retreats etc.

Who, if anyone, outside the immediate family should be involved in the succession process?

Do you feel that non-family employees add value to your family business? Are there any areas that are off limits to non-family employees?

Do you feel that generational succession in your family business impacts on non-business family matters?

Conclusion – Reflection

Do you feel that the family business will be able to manage, or has managed, succession effectively? What could have been done better? What did you do well?

Where do you see your family business in 10 years time?

Where do you see yourself in 10 years time?

Interview Proforma

Variables	Protagonists			
	Incumbent	Successor	Family	Non-Family Influence
Personal				
Incumbent				
Attitude				
Cultural Shadow				
Mortality				
Nepotism and Ethnicity				
Successor				
Commitment				
Gender				
Age				
Nepotism and Ethnicity				
Family				
Family Culture				
Family History				
WFC/FWC				
Non-Family Influence				
Nepotism and Ethnicity				
Professional				
Incumbent				
Leadership				
Fairness and Justice				
Family Business				
Successor				
Education/Experience				
Nurturing				
Credibility				
Fairness and Justice				
Family Business				
Non-Family Influence				
Fairness and Justice				
Family Business				

Appendix Three

Consent Form

Consent Form – Reference CF12/2685 – 2012001446

Title: Generational Succession in Family Business

NOTE: This consent form will remain with the Monash University researcher for their records

I agree to take part in the Monash University research project specified above. I have had the project explained to me, and I have read the Explanatory Statement, which I keep for my records. I understand that agreeing to take part means that:

List all procedures relevant to your data collection – delete those not applicable

I agree to be interviewed by the researcher ☐ Yes ☐ No

I agree to allow the interview to be audio-taped ☐ Yes ☐ No

I agree to make myself available for a further interview if required ☐ Yes ☐ No

and

I understand that my participation is voluntary, that I can choose not to participate in part or all of the project, and that I can withdraw at any stage of the project without being penalised or disadvantaged in any way.

and

I understand that any data that the researcher extracts from the interviews for use in reports or published findings will not, under any circumstances, contain names or identifying characteristics.

and

I understand that I will be given a transcript of data concerning me for my approval before it is included in the write up of the research.

and

I understand that any information I provide is confidential, and that no information that could lead to the identification of any individual will be disclosed in any reports on the project, or to any other party.

and

I understand that data from the interview transcripts and audio-tapes will be kept in a secure storage and accessible to the research team. I also understand that the data will be destroyed after a 5 year period unless I consent to it being used in future research.

Participant's name

Interviewer's Name

Signature

Signature

Date

Date

Appendix Four Ethics Approval



MONASH University

Monash University Human Research Ethics Committee (MUHREC)
Research Office

Human Ethics Certificate of Approval

Date: 21 November 2012
Project Number: CF12/2685 – 2012001446
Project Title: Generational succession in family business
Chief Investigator: Prof James Sarros
Approved: From: 21 November 2012 To: 21 November 2017

Terms of approval


1. The Chief investigator is responsible for ensuring that permission letters are obtained, if relevant, and a copy forwarded to MUHREC before any data collection can occur at the specified organisation. **Failure to provide permission letters to MUHREC before data collection commences is in breach of the National Statement on Ethical Conduct in Human Research and the Australian Code for the Responsible Conduct of Research.**
2. Approval is only valid whilst you hold a position at Monash University.
3. It is the responsibility of the Chief Investigator to ensure that all investigators are aware of the terms of approval and to ensure the project is conducted as approved by MUHREC.
4. You should notify MUHREC immediately of any serious or unexpected adverse effects on participants or unforeseen events affecting the ethical acceptability of the project.
5. The Explanatory Statement must be on Monash University letterhead and the Monash University complaints clause must contain your project number.
6. **Amendments to the approved project (including changes in personnel):** Requires the submission of a Request for Amendment form to MUHREC and must not begin without written approval from MUHREC. Substantial variations may require a new application.
7. **Future correspondence:** Please quote the project number and project title above in any further correspondence.
8. **Annual reports:** Continued approval of this project is dependent on the submission of an Annual Report. This is determined by the date of your letter of approval.
9. **Final report:** A Final Report should be provided at the conclusion of the project. MUHREC should be notified if the project is discontinued before the expected date of completion.
10. **Monitoring:** Projects may be subject to an audit or any other form of monitoring by MUHREC at any time.
11. **Retention and storage of data:** The Chief Investigator is responsible for the storage and retention of original data pertaining to a project for a minimum period of five years.



Professor Ben Canny
Chair, MUHREC

cc: Mr Leon Levin

Postal – Monash University, Vic 3800, Australia
Building 3E, Room 111, Clayton Campus, Wellington Road, Clayton

 www.monash.edu/research/ethics/human/index/html
ABN 12 377 614 012 CRICOS Provider #00008C

Appendix Five

Student Invitation to Participate

MONASH University



INVITATION TO PARTICIPATE IN A RESEARCH PROJECT

PARTICIPANT INFORMATION

Project Title: Generation succession in a family business

Investigators: Professor James Sarros, Mr. Leon Levin

Dear,

You are invited to participate in a research project being conducted by Monash University. Please read this sheet carefully and be confident that you understand its contents before deciding whether to participate. If you have any questions about the project, please ask one of the investigators.

Who is involved in this research project? Why is it being conducted?

The researcher is Leon Levin, lecturer and tutor in the Department of Management at RMIT in the fields of entrepreneurship and family business. Professor James Sarros, Department of Management at Monash University, is Leon Levin's doctoral supervisor.

This research is being conducted as part of the Doctor of Business Administration (DBA) degree undertaken by Leon Levin. The data collection undertaken by the students by way of individual family business case studies will support/refute current data collected by Leon Levin undertaken previously through a series of one-on-one interviews.

Why have you been approached?

The opportunity to approach you arose as a result of the requirements to prepare and present a family business-based case study on succession for your unit. These case studies were similar in nature to the research being undertaken for the DBA.

What is the project about? What are the questions being addressed?

The project considers the personal and professional variables that affect generational succession in a family business from the perspectives of the four protagonists, the incumbent, the successor, the family, and the non-family employee.

If I agree to participate, what will I be required to do?

All that is required for the student to participate is to:

- 1) Consent to use their case study as part of the data collection,

- 2) Ensure that no direct reference by name is made to the family business or any individual within the family business,
- 3) Obtain permission from the family business to participate in this study.

What are the possible risks or disadvantages?

There is no perceived risk to either the student or the family business under review.
What are the benefits associated with participation?

There is no perceived benefit to either the student or the family business under review.

What will happen to the information I provide?

All data will be anonymous in nature, in that the participant cannot be identified at any stage of the research.

The data collected will form part of the DBA. The thesis will be publically available.

The case studies will be given back to the students on request; the remainder will be kept in a secure location.

What are my rights as a participant?

The student at any stage can refuse to allow the case study to be used in the data collection, irrespective of initial acceptance.

Whom should I contact if I have any questions?

Leon Levin: [REDACTED]

Professor James Sarros: [REDACTED]

Signature (Student)

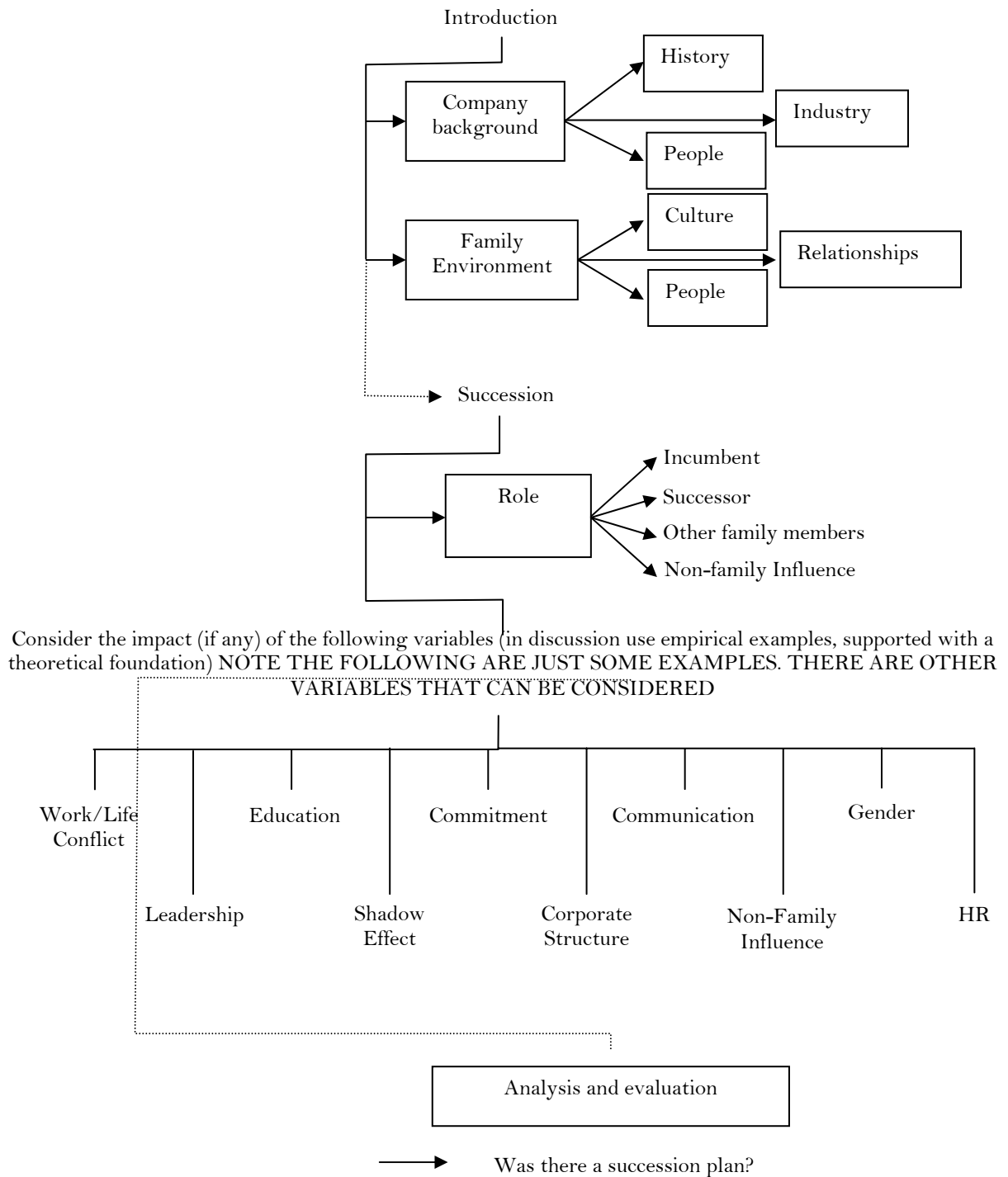
Date

If you would like to contact the researchers about any aspect of this study, please contact the Chief Investigator:	If you have a complaint concerning the manner in which this research CF09/0600 - 2009000241 is being conducted, please contact:
<p>Professor James Sarros [REDACTED] [REDACTED]</p> <p>Leon Levin [REDACTED] [REDACTED]</p>	<p>Executive Officer Monash University Human Research Ethics Committee (MUHREC) Building 3e Room 111 Research Office Monash University VIC 3800</p> <p>[REDACTED] [REDACTED]</p>

Appendix Six

Student Interview Structure

The following is a suggestion as to how you can handle the interviews.



Appendix Seven

NVivo10 - Tree Nodes

(Illustrative Example)

Tree Nodes

Name	Sources	References	Created On	Created By	Modified On	Modified By
Transition Process	18	199	12/10/2009 8:20	L	10/28/2010 6:23	L
Timing	10	29	12/10/2009 9:11 A	L	2/24/2010 6:03 P	L
Stressful Phase	12	19	12/10/2009 9:11 A	L	10/26/2010 12:52	L
Expansion Phase	8	26	12/10/2009 9:11 A	L	1/28/2010 5:05 P	L
Consistency	11	33	12/10/2009 9:11 A	L	10/27/2010 10:23	L
Business life Cycle	9	28	12/10/2009 9:11 A	L	1/30/2010 6:22 P	L
Successor	9	17	12/5/2009 11:54	L	10/28/2010 12:59	L
Work Home Life	8	50	12/10/2009 8:15 A	L	10/26/2010 11:34	L
Work Family Confl	11	49	12/10/2009 8:14 A	L	10/27/2010 10:22	L
Trust	9	54	12/10/2009 8:19 A	L	10/26/2010 6:16 P	L
Spillover	10	57	12/10/2009 8:14 A	L	10/26/2010 11:29	L
Social Expectation	8	23	12/10/2009 8:15 A	L	3/14/2010 3:36 P	L
Social Environmen	7	21	12/10/2009 8:19 A	L	3/14/2010 11:54 A	L
Life Experience	10	56	12/10/2009 8:16 A	L	10/26/2010 11:52	L
Life Expectations	5	8	12/10/2009 8:16 A	L	3/14/2010 4:12 P	L
Life Cycle	3	4	12/10/2009 8:15 A	L	10/26/2010 11:50	L
Generation	7	7	12/19/2009 12:55	L	8/4/2010 12:13 P	L
Gender Change	6	18	12/10/2009 8:19 A	L	2/18/2010 5:15 P	L
Gender	7	20	12/10/2009 8:15 A	L	8/4/2010 10:49 A	L
Expectations	4	7	12/10/2009 8:18 A	L	3/13/2010 5:10 P	L
Successor	1	1	12/10/2009 8:18	L	3/13/2010 3:29 P	L
Incumbents	2	3	12/10/2009 8:19	L	3/13/2010 3:31 P	L
Education	14	75	12/10/2009 8:17 A	L	10/26/2010 12:49	L
Consistency	6	10	12/10/2009 8:17 A	L	10/27/2010 10:13	L
Commitment	14	42	12/10/2009 8:14 A	L	10/26/2010 11:51	L
Want to	6	12	12/10/2009 8:16	L	10/26/2010 11:51	L
Ought to	1	2	12/10/2009 8:16	L	12/24/2009 3:16	L
Need to	2	5	12/10/2009 8:15	L	1/15/2010 5:28 P	L
Have to	5	15	12/10/2009 8:15	L	3/14/2010 3:36 P	L
Business Socializa	7	25	12/19/2009 12:53	L	10/26/2010 11:29	L
Non family influence	8	42	1/27/2010 11:29	L	10/28/2010 1:03	L
Timing	4	20	1/27/2010 12:54 P	L	6/11/2010 9:26 A	L
Longevity	2	10	1/27/2010 12:56 P	L	1/31/2010 11:54 A	L
Leadership	5	75	1/27/2010 12:55 P	L	6/11/2010 12:21 P	L
Justice	5	39	1/27/2010 12:54 P	L	3/6/2010 1:54 PM	L
hierachhical	4	29	1/27/2010 12:58 P	L	3/6/2010 1:48 PM	L
Family culture	7	83	1/27/2010 12:58 P	L	8/4/2010 11:09 A	L
Familiness	7	75	1/27/2010 12:54 P	L	8/4/2010 10:51 A	L
Nepotism	4	20	1/27/2010 12:55	L	2/16/2010 5:19 P	L
Equality	2	2	1/27/2010 12:55	L	2/9/2010 5:27 PM	L
experience	6	38	1/27/2010 11:30 A	L	7/24/2010 1:00 P	L
Education	6	26	1/27/2010 11:30 A	L	7/24/2010 1:00 P	L
Communications	6	40	1/27/2010 12:55 P	L	6/11/2010 9:28 A	L
Business culture	6	92	1/27/2010 12:58 P	L	6/11/2010 12:19 P	L
alignment	6	42	1/27/2010 1:37 P	L	7/24/2010 11:44 A	L
Internal Business Culture	6	10	12/5/2009 11:54	L	10/28/2010 1:00	L
Renumeration	7	29	12/5/2009 12:10 P	L	6/9/2010 11:54 A	L
Protocols	15	164	12/5/2009 12:09 P	L	10/28/2010 1:00 P	L
Life-cycle	11	31	12/5/2009 12:37 P	L	6/11/2010 12:36 P	L
Leadership	15	207	12/5/2009 12:40 P	L	10/28/2010 1:05 P	L
Internal Procedure	17	256	12/5/2009 12:09 P	L	10/28/2010 1:05 P	L
Inderpendance	12	32	12/5/2009 12:39 P	L	10/28/2010 1:05 P	L
Incumbent	8	20	12/5/2009 12:30 P	L	3/2/2010 5:34 PM	L