



JÖNKÖPING INTERNATIONAL BUSINESS SCHOOL

JÖNKÖPING UNIVERSITY

Successful Succession in Family Businesses: Individual Level Factors and Succession Planning Models.

Paper: Masters Thesis in Business Administration

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Jönköping May, 2009

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Acknowledgement

We would like to acknowledge our tutor Friederike Welter for her beneficial guidance and support during the process of conducting this research and writing the thesis. In addition we would like to thank our fellow students for their valuable feedback and comments during the process and our families for all the support. Last we would like to thank the participants of family businesses, Snowwhite Dry Cleaners from Pakistan and Students' Shoe Store from Bangladesh, for their willingness to be part of this research process.

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Jönköping, May 2009

Abstract

Master Thesis within Business Administration

Title:	Successful Succession in Family Businesses: Individual Level Factors and Succession Planning Models
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Tutor:	Friederike Welter
Date:	2009-05-25
Subject terms:	Family business, Individual Factors, Succession Planning Models, Predecessor's Role

Introduction: Succession process in family firms is a complex phenomenon. One of the major factors which affect this succession process is the predecessor related individual factors. These factors act as enablers or otherwise for the successful succession process. Different succession planning models present a pathway for the successful succession of the family business. However these models are based on not only individual factors but take into consideration many other factors surrounding the organization. There is little research available only studying the individual factors in relation to the succession planning models.

Purpose: The issue under investigation during this research will be that how central is the role of predecessor at the individual level to the succession process. Also this thesis will analyze why family firms succeed or fail in passing the business to following generations on the basis of different succession planning models in relation to the individual level factors.

Method: A qualitative approach was used to fulfill the purpose of this thesis. Interviews with seven individuals were made to gather information regarding the role of predecessor during succession and succession planning process. All the interviews were conducted via telephone.

Conclusion: Individual level factors related to the successor have a central role to play in the succession process of the business. When these factors are viewed in relation to succession planning models, the study shows that these factors have a direct relation to these models in terms of success or failure of the succession process. The major contributing factor to the success or failure of the succession process is that of the leadership provided to the organization by the predecessor. These leadership qualities change from one form to another during different phases of the succession planning models.

1 Introduction

1.1. Background

In the new global economy family firms play significantly important role (Ibrahim, Soufani & Lam, 2001). Studies in different countries suggest that family firms account for the majority of the whole businesses and contribute strongly in the growth of the national economies (Nordqvist, 2005; Chrisman, Chua & Steier, 2005; Poutziouris, O'Sullivan, & Nicolescu, 1997; Gallo, 1995; Poza, 1995; Ibrahim & Ellis, 1994; Lank, Owens, Martinez, Reidel, deVisscher, & Bruel, 1994). Family business has started receiving a lot of attention starting from late 90's to date. Prior research has focused on different issues related to the family firms like tax implications on family firms (Bjuggren & Sund, 2005) and the differences between family and non-family firms (Naldi, Nordqvist, Sjöberg & Wiklund, 2007).

In every small and medium sized family firm succession is a common phenomenon and it is considered as the most critical issue that is commonly faced by the family firms (Ibrahim, Soufani & Lam, 2001). Therefore, a proper succession process is important in the sense that it affords the family firms to select the most appropriate leaders to carry on the business successfully (Ibrahim, McGuire, Ismail, & Dumas, 1999; Ward, 1987).

Succession issue is very complex in family business (Miller, Steier, & Le Breton-Miller, 2003; Lansberg, 1999; Dyer, 1986). Studies in the area of family business also show that such family firms strive for continuity in ensuring competent leadership across generations for the continuity of the business itself (Le Breton-Miller, Miller, & Steier, 2004). Family business literatures also emphasize the importance of formal and well-designed training plans after the joining of the successor in the firm (Dyer, 1986; Ward, 1987). For successful succession in family business it is important to adjust role of the successor and the predecessors (Handler, 1990). The role of predecessor is of greater importance during the transition of succession in the firm. Some firms just fail to exist anymore only due to the reason that these firms seem to suffer from 'corporeuthanasia'. This is the term used by Handler and Karm (1988) to describe the owners' act of willfully killing of the business they love by failing to provide in their own life for a viable organization with clear continuity.

1.2. Problem Discussion

Though the family firms owners consider longevity of the business as the most important concern (Nutek, 2004), evidence from previous studies suggest that 30% of family businesses survive into the second generation and only 10% or 15% make it to the third generation (Aronoff, 1999; Kets de Vries 1993; Ward 1987). This higher rate of failure of the family firms has become a concern of the researchers (Aronoff, 1999; Lansberg, 1999; Handler 1990; Kepner, 1983). Most of the researchers commonly believe that there is need for formal succession plans in the family firms and the plan should be long term (Kets de Vries, 1993; Ward & Aronoff, 1992; Williams, 1992; Ward, 1987; Danco, 1982).

The focus of the researchers on the succession plan is derived from the fact that resistance of the predecessor could be responsible for the lack of succession planning in the family firms. Grote (2003) argues that, this family business failure is caused by human behavior. He also argues that the human behavior is culturally universal. Lansberg (1999) shows that many predecessors are reluctant to empower their offspring in the family business in fear of losing control over the business that ultimately makes the succession planning difficult.

One perspective related to succession planning is based on level analysis, where factors like leadership style, delegation of authority, organizational culture, the organizational hierarchy, founder's health and effect of training and development is taken into consideration for succession planning (Handler, 1990). In this analysis, the factors are categorized into different categories, known as individual level, interpersonal group level, organizational level and environmental level. The analysis focuses on resistance to succession planning at these different levels (Handler & Kram, 1988). The factors at all different levels play a major role in the successful (or otherwise) succession in the family business.

Other perspective in succession planning is related to the life cycle approach (Handler 1989). In life cycle approach the role of the predecessor and successor changes with the succession planning process. The predecessors act as a monarch in the start and in the later stages of succession, they act as a consultant to the successors (Handler, 1989). The successful succession is dependent on the timely adjustment of alternative roles at the end of predecessors and successors. Consequently the timely and successful role ad-

justment is dependent on the capabilities and individual factors of the predecessors and successors.

Different succession planning models (Cadieux, 2007; Lambrecht, 2005; Brockhaus, 2004) have been developed over a period of time. However, these are the general models discussing the succession problems and do not focus solely on the individual factors. Our study will focus on the relation of these models in relation to the predecessor related individual factors.

The individual factors are of central importance in the succession process when following either of the approaches (Level analysis or life cycle analysis). The level analysis shows that the individual factors related to the predecessors are of utmost importance; if the predecessor has developed a succession plan it will result in the encouraging environment in terms of organizational culture and structure for the successor and ultimately it will support the succession process (Handler and Karm 1988). If the predecessors due to the individual factors, related to desire of control and authority, have been unable to provide such environmental variables it would be difficult for the predecessors to work on the succession process in a timely manner which will result in the failure of the succession. Similarly the life cycle approach also needs the predecessors to adjust to their new roles in a timely fashion (Ibrahim, Soufani & Lam, 2001). When moving from one stage to the next stage, if the successors are highly motivated and demonstrating the capabilities needed for the success of the business, the role of the predecessors requires them to adjust accordingly (Handler, 1990). In this case the failure of succession occurs due to the actions of the predecessors. Along with environmental factors, this failure is highly attributed to the individual factors related to the predecessor.

The planning process is necessary for the transfer of ownership and leadership in any business. However, its importance is enhanced in the case of family firms because, as mentioned above, resistance by the predecessors creates problem during this process due to their inability to let go their brain child. At the same time, family owning the business does not want to transfer the management to the people outside the family circle (Chrisman, Chua & Steier, 2005). We will analyze the role played in the successful (or otherwise) succession by different factors at individual level in relation to different succession planning models. This study is specific to the South Asian countries of Pakistan and Bangladesh.

1.3. Purpose

The issue under investigation during this research will be that how central is the role of predecessor at the individual level to the succession process. Also this thesis will analyze why family firms succeed or fail in passing the business to following generations on the basis of different succession planning models in relation to the individual level factors.

2. Frame of Reference

Pertinent theories regarding family business and succession of family business in relation to the predecessor and the successor have been discussed in this chapter. It provides the description of succession process and different factors affecting this process. Also the individual level factors related to the roles of both predecessor and successors have been compared with the relevant succession planning models. In the end, summary of most important criteria is presented leading to the interview questions in this study. For conducting this thesis, information has been gathered from multiple sources. It includes scientific articles from different journals. The Library at Jönköping University, and different databases provided by the university have been utilized as the primary source of information. The dominating terms used during the search process included ownership, succession, succession planning models, factors affecting succession process and family business.

2.1. Succession in the Family Business

Succession is arguably the most important and critical issue in the family business. A proper succession planning process provides the family business with the opportunity to select the effective leaders who are able to take the business to a new level (Ibrahim, McGuire, Ismail, & Dumas, 1999).

A study (Ibrahim *et al.*, 2001) shows that the tension and conflict typically plague family firms due to the absence of proper succession planning. Such kind of conflicts can be managed effectively in various ways. Ibrahim *et al.* (2001) describe the solution to such issues in a way where family firms can establish clear guidelines and policies concerning family members' involvement in the business, which helps to minimize tension and conflict situations among family members. Also family councils and family meetings are another way to communicate among the predecessor and successor on the issue of succession (Suare & Santana-Martin, 2004).

2.1.1. Predecessor and Level Analysis

The family succession process is greatly affected by different factors at the individual level, group level and organizational level. These factors at different levels define the succession pattern in any firm as described by Handler and Karm (1988). At organizational level, factors such as the cultural support to the organizational continuity, the delegating structure of the organization and the requirement and involvement of the pro-

professional staff are the deciding factors for the successful succession of the business (Handler & Karm, 1988). The development of these factors is dependent on the predecessor over the life of the organization and hence we focus on the predecessor related factors in this thesis. Similarly, the role of predecessor is of critical importance during the development of group level factors. These factors include factors such as power balance among the family members involved in the business, the process of communication among these members and training and development facilities of the organization (Ibrahim & Ellis, 1994). The individual level factors are solely associated to the predecessor. In the following study, we will focus on the study of these individual factors because 1) they are only concerned to the predecessors and 2) these factors later on will lead to the development of the group level and organizational level factors. These individual level factors include leadership qualities of the predecessor, the ability to let go the business, find other opportunities for life and health of the predecessor as well.

2.2. Individual Level Factors Affecting Succession

There is an agreement found among most researchers (both presenting lifecycle models and role adjustment models) that succession is more of a process than an event (Churchill & Hatten, 1987; Handler, 1990). Succession is not simply a single step in time and space which takes place at once; it is a multistage process that exists over time, beginning before heirs even enter the business. Furthermore, the effectiveness of succession is not limited to whether a successor has been chosen; but the entire process of succession also depends on the individual nature of the predecessor and successor as well.

The role of predecessor is of utmost importance during the succession process. The predecessor is the one who is the centre of power and authority in the organization during the succession process. Hence the study of individual level factors related to the predecessor will reveal the reasons for the success or failure of the succession process.

Individual level factors which affect the succession process either positively or negatively can be categorized into two different categories; 1) Successor related factors 2) Predecessor related factors.

2.2.1. Successor Related Factors

Successor related factors which may lead to a successful or otherwise succession in the family business, as described by Chrisman, Chua and Massis (2008) include i) Ability or potential of the successor ii) Motivation level of the successor and iii) Unexpected loss of successor. Above three factors are critical for succession of a family business. They either compliment or work against the successful succession of the business. Unexpected loss of successor is always going to affect negatively to succession process. However if the motivation level of the successor is high and also he/she is high on the ability to handle the situations it is going to help the smooth transition of the business.

2.2.2. Predecessor Related Factors

As succession is very important and crucial for the life and survival of a family firm, it must be completed effectively (Barnes & Hershon, 1991). A number of studies highlight what family-firm leaders should or should not do to ensure an effective succession (Seymour, 1993; Handler, 1989). The type of leadership leading the family firm is a decisive factor during the succession process. In this section we have discussed the factors both from the trait approach and the behavior approach. The major reason for this kind of consideration is that we are focusing on predecessor related factors which lead to successful succession and hence we take into consideration both types of factors.

2.2.2.1. Leadership and Succession

Predecessor's behavior in terms of succession, as a leader, is not only multifaceted, but also dependent upon the overall system in which leaders operate. A good way to study the underlying dynamics of leader behavior is by focusing on leader personality (Church, Waclawski & Burke, 1996). Further, in succession planning, the personality characteristics of predecessor, as well as those of successors, are of critical importance. For individual characteristic necessary for the successful succession, we have used the Jung (1981) theory of psychological types.

a) Jung's theory of psychological types

Jung (1981) attributed personality differences to two processes, namely the way a person typically perceives various situations and the way one employ his or her energy.

The first process consists of four functions known as thinking, feeling, sensing and intuition. The second process consists of functions, namely extraversion and introversion.

Thinking is the function which helps one to assess information through logic. According to Campbell (1971) feeling is the function responsible for one's use of personal and group values in analyzing information. Sensing is the function through which one collects information by using primarily one's five senses. Finally, intuition provides for perception beyond the five senses (Myers & McCaulley, 1990).

Extraversion is an outward turning of psychic energy (Jung, 1981). Extrovert leaders look towards the outside world for appreciation and approval of their actions. They are aware of the external environmental factors and mostly rely on these factors. Introverted people look toward their inner world for understanding, have an interest for clarity of concepts and ideas, rely on enduring concepts, and enjoy solitude and privacy (Myers & McCaulley, 1990).

The above functions can be combined with two other functions defined by Myers and McCaulley (1990) for a better understanding of Jung's (1981) theory of personality. These two functions are known as perception and judgment. Through perception an attitude of exploration and analysis of the various stimuli triumphs, while through judgment an emphasis on organizing and reaching conclusions regarding stimuli predominates.

The dynamics of the theory come from the combination of these sets of eight functions. For each individual, one of the functions in each set is the dominant one, which determines the way a particular person behaves. The other functions are of equal importance but are dominated by that particular function (Myers & McCaulley, 1990).

People who prefer perception through sensing are interested in the actuality of the things, which means that they believe in what they can see, hear, smell or touch. People who prefer perception through intuition are interested in what is implied by the things which they see. A sensing individual and an intuitive person have the same experience, but they have different perceptions of that experience (Myers, 1987).

Similarly, people who prefer to judge by thinking make decisions on the basis of different situations presented by the environment and their effect on the business, i.e., they

believe on cause and effect decision making, while people who prefer to judge by feeling, their decisions are based on the conformity to personal and group norms.. Both types can overcome a problem they may face, but they use a different approach to solve it (Myers, 1987).

Jung's (1981) theory of personality has been applied by Myers and McCaulley (1990), through the Myers-Briggs Type Indicator (MBTI), an assessment tool that has been widely researched and highly validated internationally (Volkema & Gorman, 1998). Furthermore, this tool has been used extensively in organizational settings, particularly in conjunction with managerial performance and leadership (Volkema & Gorman, 1998).

In fact, many researchers have attempted to link leadership behavior with various measures of personality (Church *et al.*, 1996) and specifically with the MBTI (Myers & McCaulley, 1990). For example, Church and Waclawski (1998) have studied the relationship between individual orientation, measured through the MBTI and executive leadership.

Successful leaders have been categorized on the basis of the above functions. Extraversion and introversion is of almost equal importance among leaders even though extraversion seems to slightly predominate over introversion (McCaulley, 1994). Also, different studies show that leaders have consistently a judging rather than a perceiving orientation (McCaulley, 1994). In terms of thinking and feeling personality types, thinking types are in majority over feeling types in leadership positions (Porter, Peacock & Rabinowitz, 1994). Finally, even though a great number of top managers are intuitive in orientation, the majority are sensing types (McCaulley, 1994).

The above discussion shows that individual factor of leadership requires the predecessors to develop such qualities for succession planning which will lead to the success of this plan. These qualities demand the leaders to be more proactive in nature and they should be able to delegate in the organization to other employees so that when it's time for the succession, they do not have to hesitate for the authority to let go. Such personality development later on helps the predecessors to disassociate from the current business and develop new opportunities for themselves.

b) Leadership Factor in relation to Predecessor

The effectiveness of leadership in a business is crucial, especially during the succession process. Therefore, the top leadership position in a business needs to be filled with the future of the business in mind and after proper planning (Handler, 1994). Predecessor must judge the successor on the basis of appropriate values, skills and motivations to join and take over the business.

Upon joining the business, predecessor is helpful in developing the effectiveness of the successor for the business. The role of the predecessor is more of a mentor role (Bowes, 1991). During this period of mentoring, it is very important to have open communication about the current operations and future state of the business among both the parties so as to increase the effectiveness of the process (Lansberg, 1999). Furthermore, succession can be more effective when the two generations have respect and understanding for each other. According to Seymour (1993), high trust and mutual support characterize a high quality work relationship between owner-manager and successor. Such a relationship is based on open communication and the willingness to acknowledge each other's achievements (Seymour, 1993).

2.2.2.2. Predecessors' Link to Reality

The factor which may hinder the successful succession of the family business is that the business may become the founder's link to reality as well as his way of dealing with conflicts of identification developed during childhood. 'In a symbolic way, he unites with the enterprise' (Zaleznik & Kets de Vries, 1985) to boost his superego by reaping the sense of authority, self-esteem and power that was denied in past.

According to Levinson (1971), the firm gives the founders meaning in three important ways. First, in some cases they do have unresolved issues with their predecessors, so they start their own business to escape from the authority of figures heading them (Collins, Moore & Unwalla, 1964). Second, because the new business is their brain child and it represents the "baby" to the founders, those working for that business are considered as tools for shaping the company and nothing more than that. Third, the business represents an extension of them, so that succession issues get mixed up with the founders' own personal concern about their position after succession (Levinson, 1971). If this

problem is realized by the predecessors and they are able to overcome it, the succession process can be a success.

2.2.2.3. Authority, Trust and Desire for Applause

Kets de Vries' (1985) study show a different characteristics driving the entrepreneur. According to him, these people are used to run their own businesses as a desire to have control, along with their natural tendencies of dominance. Due to these factors they require submission from the other people working in the organization and hence they develop suspicion about "authority". Entrepreneurs also have a strong distrust for the world around them, hence the organization forms a structure of a spider web where all the authority lies with them. Thus, through the business, they seek to confirm their "paranoia" (Kets de Vries & Miller, 1984) by protecting their little world from the outside forces that dominate the environment and may want to harm their business. Finally, the entrepreneur's overwhelming "desire for applause" (Kets de Vries, 1985) in part explains the inability to consider succession in dynamic terms and provide for the future of the firm.

Sonnenfeld (1990) found that there are various types of retirement styles of founders. 'Monarchs' do not leave until they are forced out or die. 'Generals' also leave office only when forced out, but plan a return to power often to rescue the company from an inadequate successor. 'Ambassadors' plan a succession and they leave the firm willingly and act as advisors to the firm. 'Governors' rules for a term and then they move on to pursue other ventures. Furthermore, many founders select successors who are bound for failure (Levinson, 1974).

Levinson (1974) uses the terms loyal servant, watchful waiter, and false prophet to describe three types of inadequate successors chosen by a founder when he or she is given the chance to choose. The first type is a reliable helper but lacks the leadership abilities so is always in a need of a leader. The second is a star performer from outside the firm, who has to wait for a longer period of time and sometimes indefinitely, for the top position and power to be granted. The false prophet, on the other hand, is a person whose area of competence is not related to the role required and, therefore, is an unrealistic choice for successor.

2.2.2.4. Homo-social Reproduction

Another type of failed or problem succession (Hall, 1986) occurs as a result of homosocial reproduction (Kanter, 1977). This is when the owner tries to bring about the organization's future leader in his or her own image and wants him/her to run the organization in his/her fashion. Different approaches have been discussed in literature for the predecessor to overcome such a problem and lead to successful succession. One is helping the entrepreneur to become more self-aware (Zaleznik & Kets de Vries, 1985). Another approach is encouraging the predecessor to let go the current business and start a new venture. "Instead of trying to change himself, he can continue to be a pioneer, but on new frontiers" (Zaleznik & Kets de Vries, 1985). However, if the business is to continue without him, a successor may be necessary, and the quality of the relationship between the leader and the successor will be a critical determinant of the succession process.

The findings from these studies of owner-entrepreneurs show that the leaders' thinking about themselves of being there for the business forever leads to problematic successions (Sonnenfeld, 1991), particularly at later stages of psychosocial development, as time and retirement pressures are felt. For the predecessor, barriers to retirement and succession include the loss of their status, power and absence of future mission (Sonnenfeld, 1991).

2.2.3. Individual Factors included in the Scope of Study

The above discussion revolves around the factors mentioned below. These factors in a way hinder or support the process of succession in the family firms. These factors can be summarized as follows.

- Leadership qualities of the predecessor for succession planning and maintaining organizational culture
- Delegating abilities of the Predecessor
- Ability of the predecessor to disassociate from the business
- Opportunities for new life
- Capacity of self reflection

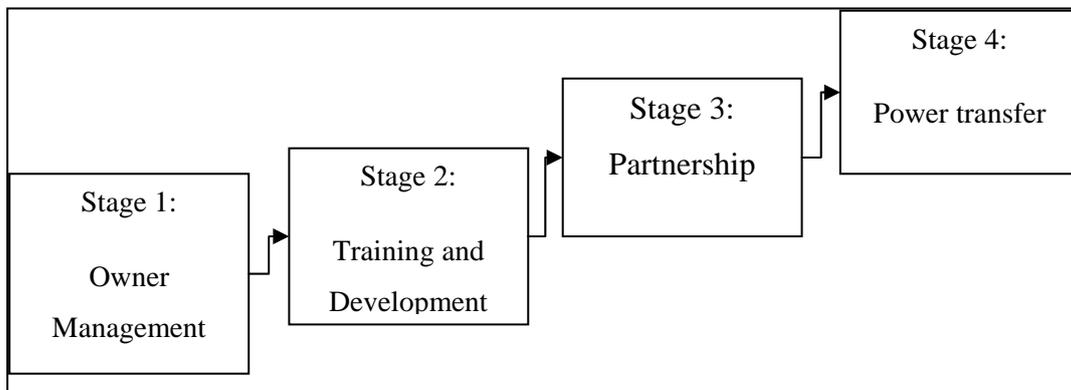
2.3. Succession Models and Individual Factors

The individual factors related to predecessors have a major influence on the overall succession process. In the following section, we will look at the influence of these individual factors on different succession planning models.

2.3.1. Life Cycle Model

Churchill and Hatten (1987) have developed a life cycle approach to describe the succession process between father and son in a family firm. They distinguish four stages: (1) a stage of owner-management, (2) a stage of training and development, (3) a partnership stage between father and son; and (4) a stage of power transfer.

First stage of owner management is the stage where the owner is the only member of the family directly involved in the business and successor is not directly involved in the business, Second stage is known as training and development stage and it is the stage where the offspring learns the business. In the third stage the partnership develops among the predecessor and successor. In the last stage actual power transfer takes place where responsibilities shift to the successor.



Source: Churchill and Hatten (1987)

Figure 1: Life Cycle Model

Looking at these stages in relation to the individual factors (described in section 2.3), owner management is the stage where founder is the person running the complete business and using his/her leadership capabilities is trying to build the organizational culture which on the one hand is necessary to run the day to day working of the business and in the long run it is useful for the successful succession of the company leadership. During this stage the founder learns to delegate.

In the second stage, the successor is brought into the organization and starts taking part in day to day activities of the business. Successor learns and develops the ability to run

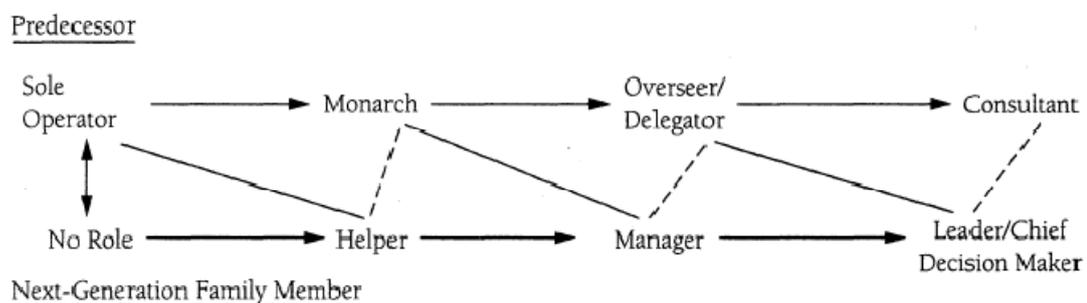
the business while it is the stage for the predecessor where his/her ability to delegate power comes into play.

The third stage is the extension of the second stage where more authority rests with the successor and more strengthened relationship between the two develops. Through all the above three stages the ability to dis-associate from the business for the predecessor comes into play however this ability is dominated in the last stage when power is being transferred to the successor. Here also the ability to look for new opportunities for predecessor's own life is really helpful to smooth the process of succession.

These individual factors are focused here due to the scope of the study, however it should be taken into consideration that these are not the only factors which ensure the successful succession of the family business but other group related factors and organizational related factors are of equal importance.

2.3.2. Mutual Role Adjustment Model

The mutual role adjustment model was presented by Handler (1989). The fundamental conjecture of this model is that the predecessor and successor both should have the ability to adjust to the changing nature of their role in the business. The longer the time they



Source: Handler, 1989, p. 194.

Figure 2: Mutual Role Adjustment Model

will take to adjust to the newer role the delayed would be succession process. In relation to the individual factors related to the predecessors, if they have got better leadership qualities, are used to delegate the responsibility in the organization and have developed a culture of independence they will be able to make the succession process a success.

The other factor in relation to role adjustment model presented by Handler (1989), is that if the leaders are able to dis-associate themselves from the business or finds new

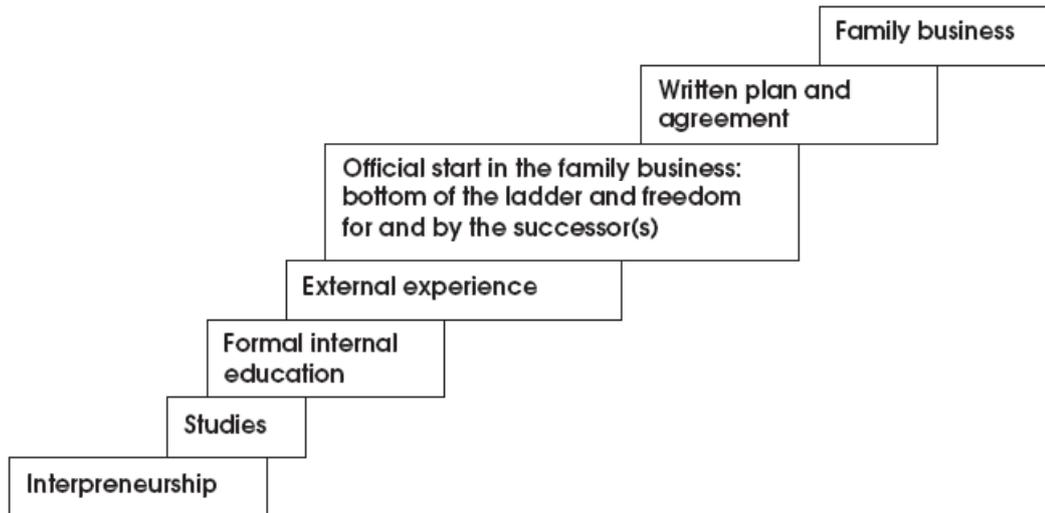
opportunities to reflect themselves then the succession process would be a success otherwise the predecessor will be able to move the succession to the level of monarch from the stage of sole operator and the successor will be only able to work as a helper. In this case the individual factor of health conditions of the founder will decide for the next move of the successor. If founder is not in good health then successor will be able to take over the position of the predecessor.

The individual factors can influence the role adjustment model both in negative or positive lines. Along with group level factors and organizational level factors these individual level factors play a central role in the successful succession in the family business.

Organizational life cycle models are based on the assumption that the organization develops the managerial capabilities of the predecessor, and organization develops in such a manner that ownership and management become separated (Morris, Williams, Allen & Avila, 1997). These models typically ignore issues of succession and fail to consider the distinct nuances inherent in family-owned and managed firms. Dyer and Handler (1994) suggest that if a family business is approached from a “total system” perspective which consists of number of other subsystems which include the predecessor and entrepreneur as an entity, the business as an entity and the family as an entity.

2.3.3. Six Stepping Stones of to the Transfer of Family Business

This model was developed by Lambrecht (2005) on the basis of empirical research where different family businesses were taken into consideration. The first stepping-stone is entrepreneurship. During this step, the transfer of professional knowledge, management values, leadership characteristics, and the soul of the family business are passed to the following generations. Lambrecht (2005) distinguished three life stages of the child that influenced the transfer of professional knowledge. The business is like a playground for the child. In the second stage, possible successors perform light activities in the family business and in the third stage perform work that was more serious in the family business. In this way, potential successors at a young age learn the secrets of the product and the tricks of the trade.



Source: Lambrecht (2005) Figure 3: Stepping Stone Model for Family Business Transfer

Second stepping stone for the successful transfer of the business consists of the Studies. Most successors are encouraged to earn an advanced degree before full-time entry into the family business. In a number of cases, the studies are oriented toward the sector of the family business. In other cases, potential successors are free to choose a discipline.

Larger family businesses sometimes provide formal internal education for family members at a young age (Tiff & Jones, 1999; Bibko, 2003). This formed the third stepping-stone. During this stage the successor learn about the major contacts of the business and are indulged in the meeting to have the proper understanding of the business. During this stage the capabilities of potential successors are judged by the predecessor.

The fourth stepping-stone defined by Lambrecht (2005) is the acquisition of outside work experience in other companies. This provides the potential successors with knowledge and worldly wisdom and the successor gains self-confidence.

The fifth stepping-stone is the official start of the successor in the business. Lambrecht (2005) distinguishes between beginning at the bottom of the ladder and freedom for and by the successor. Before the succeeding generation gets to a management position, it generally passes through the various departments in the business. In this way, the successors prove themselves, try to win the confidence of employees, and discover the business, the sector, and the customers. Freedom for the successor means taking responsibility, respecting the previous generations, asking for advice from the transferor, and understanding that the past denotes the foundations and provides a lead to the future.

The sixth stepping-stone relates to the written planning and agreements. There must be a consideration given to measures needed in the bad days of the business, such as the death or resignation of a family member. However, written plans are not an absolute guarantee for a successful transfer and poor planning could prove costly for the business and the family.

For a predecessor, leadership means the ability to let go. Transferors who are masters in the art of letting go significantly increase the chance of a successful transfer. Also during these six steps, it is necessary for the predecessor to know from the very start although he/she has to run the business on day to day basis but also have to prepare it as a playing field for the successor in the coming days.

2.3.4. Discussion: Succession Models

On the basis of above discussion, the generalized succession process can be categorized into following general steps in relation to the individual factors related to predecessor.

2.3.4.1. Pre-Business Involvement Phase for Successor

During this phase, the predecessors are with all the decision making powers and act as a monarch. At this stage the unconscious leadership development of the potential successors starts. The business place is like home to them. They observe the predecessors acting in the business environment as a leader and learn to act and behave as a leader for the business. This is the phase when the potential successors are completing their basic education. The role of leadership from the predecessors' point of view continues throughout the succession process. However the nature of this leadership changes with the different phases in the succession. The leadership is an over arching factor on all the other factors so role of leadership starts with the very first phase and continues till the last factor.

2.3.4.2. Development phase for the successor

During this second phase, the successor has completed the higher education and is provided with a responsible role and position in the family firm. Here the role of the predecessors changes. The leadership takes the form where it has to delegate the authority so that the decision making capabilities of the successor can be developed. Successors are trained through different departments and they learn to conduct the business and get to

know the culture of their own organization. Also during this phase, they are encouraged to develop the experience by working on different managerial positions either within the organization or outside the organization.

2.3.4.3. Transfer of Power and Authority Phase

This is the last phase of the succession process. During this phase the decision making power is delegated to the successors to a larger extent after them gaining managerial experience, internally or externally. This is the most crucial phase of the business succession, because this is the phase where predecessors have to decide about their future role for the organization. The leadership quality here changes to a role where they are able to let go the organization they once created. If they are able to find new opportunities for themselves through new venture creation or simply by retirement the succession process will be a success. If not, they can reflect and find a role for themselves in the organization by acting for the organization in different ways. They can become the member of board of directors or they can act an advisor for the firm.

2.4. Research Framework

On the basis of the frame of reference, discussed above, we have developed a model (Figure 4) for the succession process in relation to the predecessor related individual factors. We will explore this model against the empirical study and observations.

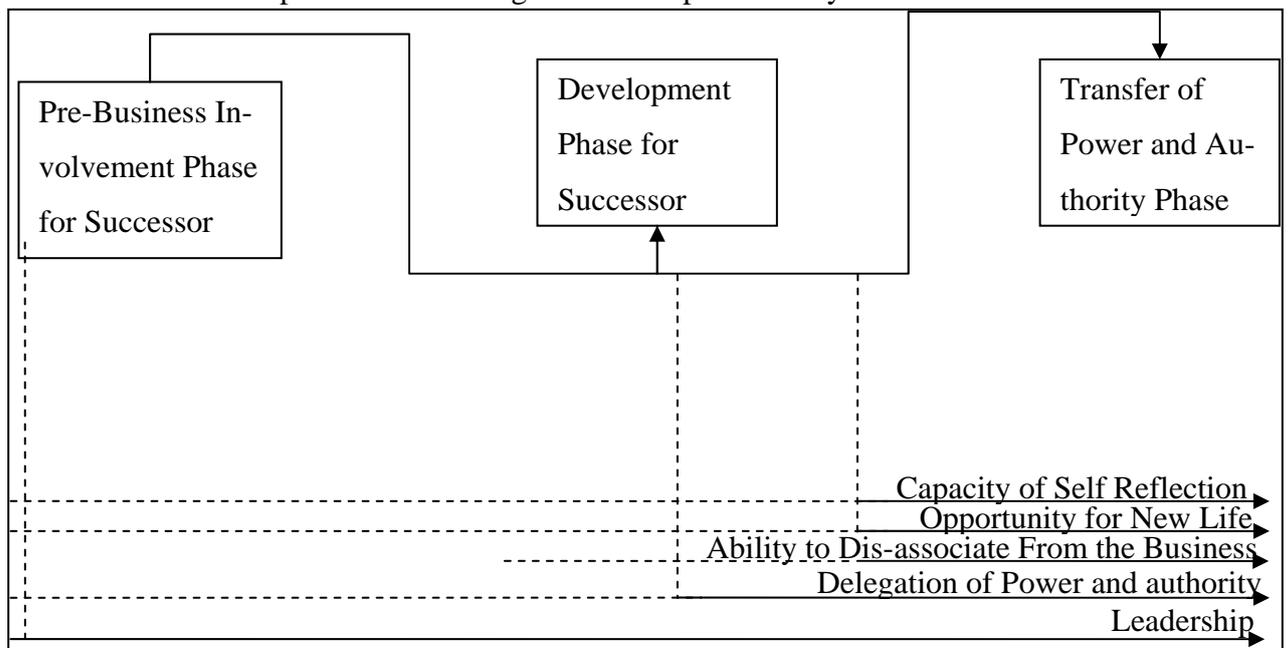


Figure 4: Succession Process and Individual Level Factors

The general phases of the succession plan have been discussed in the previous chapter. This model is a combination of the individual level factors and the succession planning model. It shows the impact of different individual level factors on the succession planning process itself.

The individual level factors have been represented in the model through solid and dotted lines. The dotted lines represent the weak influence on the particular stage of the succession process and the solid lines represent the major influence of the particular individual factor on the succession planning phase.

The individual factor of leadership is an overarching factor which influences the succession process at each phase in a different way. The factor related to the delegation of power and authority is of lesser importance for the succession process. Overall the delegating ability of the owner to its employees should not be mixed with the delegation ability in terms of succession. The weak link in the initial stage shows that the predecessor learns delegating by delegating to the employees and then that experience is utilized for delegating to successors.

When the second phase of the succession starts, the ability to dis-associate comes into the play. This ability is dependent on finding the new opportunity and ability to reflect through other means outside the sphere of the business. These three factors are most dominant in the second and third stage of the succession of the business.

3. Method

This chapter describes and analyzes the methods applied to achieve the purpose of the research. Moreover, the methods of data collection and analysis that have been used to achieve the same goal have been discussed in this chapter. The last section of this chapter states the measures taken to ensure the credibility of the study.

3.1 Method of Research: Quantitative Vs Qualitative

Quantitative research results into standardized data while qualitative research generates non-standardized data (Saunders, Lewis & Thornhill, 2007). While, quantitative research produces thin abstraction or description, thick or thorough abstraction or description results from qualitative research (Ponterotto, 2006). Qualitative research seeks to discover and describe the complex nature of human experience. In addition to this, qualitative data that are collected ideally are exhaustive and rich and at the same time are analyzed and understood holistically (Walker, Cooke & McAllister, 2008).

Researchers in the area of family business largely use qualitative method. They argue that qualitative approaches can be used as tool to have deeper understanding of the problem in family business because the human dynamics involved in family business could be adequately studied only with qualitative methodologies (Haberman & Danes, 2007). Therefore, qualitative method of research is the most appropriate method for our study and that has been used because the present study aims to explore the role of the predecessors at family firms in the succession process and to analyze the reasons of success or failure in passing the business to the following generations.

3.2 Research Strategy: *Case study*

Case study is considered as the best strategy of research when ‘how?’ and ‘why?’ questions are asked about the set of events (Chetty, 1996). Saunders *et al.* (2007) argues that ‘the case study strategy also has considerable ability to generate answers to the question ‘why?’ as well as the ‘what?’ and ‘how?’ questions, although ‘what?’ and ‘how?’ questions tend to be more the concern of the survey strategy. For this reason the case study strategy is most often used in explanatory and exploratory research’ (*Ibid*, P.139). The

present study is also exploratory in nature and deals with ‘how?’ and ‘why?’ questions. Therefore, case study is the most suitable strategy for finding the answer of the questions of the present study.

Yin (2003_a) differentiates between ‘single case’ study and ‘multiple case’ study. A single case study is that where only one case is studied while, in a multiple case study more than one case are used for the study. Yin (2003_a) argues that multiple case study is preferable over single case study. The justification for using the multiple case studies is to check whether the findings in the first case replicate in the second or other cases (Saunders *et al.*, 2007). The present study applies multiple case study where two cases have been selected, one from Bangladesh and another from Pakistan. The outcome of the two cases have compared to test whether the findings from the one replicate in the other or not.

3.3 Case Design

Yin (2003_b) suggests selecting cases that ensure exemplary outcomes. Exemplary cases are those which ‘reflect strong, positive examples of the phenomenon of interest.’ (Yin, 2003_b, P. 13). Therefore, for the use of exemplary case design the researchers have to determine before whether or not the cases that are going to be selected produce exemplary outcomes. The two cases that have been used in this study, one from Bangladesh and the other from Pakistan, have been selected in such way that they ensure exemplary outcomes. Both of the cases have had succession from their founders to next generation. We selected one case that experienced substantial growth and maintains the growth even after the succession while in another case succession resulted into crisis and lacks growth. We used two cases with different outcomes to test the effect of succession plan and the role of the predecessors in the same.

3.4 Data Collection Method: *Interview and Observation*

Data for the purpose of a research may be qualitative or quantitative or both (Chetty, 1996). But qualitative data may take the form of either interviews, observations or documents (Patton, 2002; Polkinghorne, 2005). While, Chetty (1996) argues that in case study data can be collected by using a variety of methods and added that ‘these include documentation, archival records, interviews, direct observation, participant-observation and physical artifacts’ (*Ibid*, P. 74). Though there are a wide variety of sources of data

collection for qualitative case study research, interviews are considered as the main source in this format of research (Yin, 1994). Therefore, in the present study interviews have been used as primary means of data collection.

Though in a case study research interviews are considered as the main source of data collection, Saunders *et al* (2007) suggest use of ‘triangulation’ in that format of research. The same author defines triangulation as ‘the use of different data collection techniques within one study’ (P. 139). The use of different data collection methods or techniques facilitates the researchers to conduct a more thorough examination of the subject being studied. Thus triangulation enhances the replicability of the findings of the research making the findings or conclusions more convincing and accurate (Frost, 2009; Chetty, 1996). As observation is considered as the best method to be used as supportive or supplementary to another method (Bøllingtoft, 2007), participant observation has been used in this study as a second method of data collection.

Gold (1958) mentions four categories of participant observations on a continuum of roles that an observer may play such as, complete participant, complete observer, observer as participant and participant as observer. Saunders *et al.*, (2007) define ‘complete participant’ as the researcher who attempts to become a member of the group which is being studied while he/she does not reveal his or her true identity to the group. ‘Complete observer’ is one who also conceals the identity to the group but does not take part in the activities of the group. In the rest two categories researcher doesn’t conceal his/her identity to the group but in case of ‘observer as participant’ the researcher observes without taking part in the activities of the group while the researcher takes part in the activities of the group when his or her role is ‘participant as observer’. Because of the suitability of the ‘participant observation’ as a method of data collection in qualitative research we accepted it as a supplemental method with interview for the present study. We observed the subjects of our cases for a long period of time where we did not take part in the activities of the firms. On the other hand while we were observing the cases, our identity was not as researchers to the subjects but as a member or friend of the family. Therefore, we observed the cases as complete observer and the data that we collected from the observation as complete observer have been used for the study.

3.5 Sampling

One of the areas where the qualitative research differs from quantitative research is the process of sampling. Marshall (1996) argues that the most commonly used sampling method in quantitative research is random sampling or probability sampling. The purpose of quantitative sampling is to draw a representative sample for the population. Though the optimum sample size depends on the parameter of the phenomenon under the study, however in case of quantitative sampling it is better to have a larger sample size because it increases the chance that the sample will represent the population.

While in case of qualitative research random sampling is not appropriate because ‘random sample provides the best opportunity to generalize the results to the population but is not the most effective way of developing an understanding of complex issues relating to human behavior’ (Marshall, 1996, P. 523). Polkinghorne (2005) argues that the experience of people is the area of study that qualitative methods aim to deal with. Qualitative inquiries focus on describing, understanding and clarifying human experience. For this unique nature of qualitative research the samples are not selected with an objective of fulfilling the representativeness of the population but with an objective of collecting a series of intense and full description of experience of the participant on the phenomenon studied.

Though in a study Neergaard (2007) reveals that qualitative researchers use convenience sampling in more instances compared to purposeful or judgmental sampling, it is suggested to use purposeful sampling because the qualitative researchers’ concern is not how much data have been collected from how many sources but how rich description have been collected about the experience (Polkinghorne, 2005). Patton (1990) suggests selection of ‘information rich’ cases for conducting in depth study of a particular phenomenon and defines ‘information rich’ cases as those ‘from which one can learn a great deal about issues of central importance to the purpose of the research’ (p. 169). Purposeful sampling can serve the objective of collecting adequate reflection of the experience of the phenomenon.

Therefore, for the study we have selected the participants purposefully. We selected those as participants who have adequate knowledge about the business, the predecessor and the successor and have long term involvement in the same. Those who know the history of the business and/or are involved in the business or the respective family for

the period from the start of the business to till date were selected for the interview. Polkinghorne (2005) suggests that the researchers should select those as participants who have willingness to describe their experience to researcher. Since we have involvement in the family of the business for long, the participants who have adequate knowledge about the business and the predecessor and the successor of the business were known to us and were ready to participate in the interview for the study.

3.6 Analysis of Data

Walker *et al.* (2008) draws the importance of extra care during qualitative data analysis because of the non-standardized nature of data collection. Qualitative research lacks rules regarding the volume or kind of data to be collected and the specific mathematical formula to tell the researchers and readers what the data mean. As a solution to this problem Walker *et al.* (2008) suggest the model presented in Table 1.

Level	Step	Processes
1. Description	1	Read and reread the transcripts of each interview while referring to field notes taken during that interview. Identify relevant discourse from each participant's transcribed interview.
	2	Summarize identified relevant discourse from each transcript to produce the core information of each interview. Present summary to participants at a second interview to confirm that the essence of their experience has been captured.
2. Analysis between participants to generate themes	3	Generate common themes via microanalysis 1. Broad extraction of core information. 2. From broad extraction, generation of themes. 3. Summary of themes generated.

	4	Points of tension indentified from common themes.
3. Findings- Critical and cultural analysis	5	Label standard and divergent meanings.
	6	Explore the explicit and implicit meaning looking for connection to broader cultural, historical and political influences.

Table 1: A Model of Qualitative Analysis

The first and second descriptive step involves eliciting the core information from the participants' interviews. Useless contents such as interviewer's questions and comments are deleted. This process is continued unless the core information from the participants' interviews is created (Walker *et al.*, 2008). Step 3 is used for extracting themes from the interviews of each participant and summarizing the themes extracted. Step 4 involves meaning making from the abstract generated from the tasks performed through step 1 to 3 and according to Walker *et al.* (2008) this step produces the greatest challenge for the researchers. In step 5 the standardized and non-standardized meaning of themes are identified and labeled. In addition to this, the researchers try to understand the meaning of the issues such as gaps or silence of the participants. That is the experience of the interviewers is considered for analysis in this step of analysis. Therefore, in this step the researchers use their observation to analyze the phenomenon. In the final step of level 3 the cultural, historical and political dynamics are considered to have a better understanding on the responses of the participants.

Therefore, the model covers analysis of data collected from both interviews and observations. The first four steps cover analysis of data collected from interviews while step 5 provides guidelines for analysis of data collected from observation of the researchers. Since the present study uses data collected from interviews and observation, this model is useful for analysis of the data for the purpose of the study. Again, since the present study is based on two cases from two different countries, the final step of the model is still relevant for the purpose of the study.

An important issue is that as a cross-national study the language of the people involved in cases of the study are different. Participants of the case from Bangladesh speak Bangla, while the participants of the case from Pakistan speak Urdu language. Caranios, (2008) notes that language and translation is one of the biggest obstacles in cross-national research. Therefore, it is essential to ensure language equivalence in cross-national study. Though the two firms are from two countries, Bangladesh and Pakistan, the two co-authors are also from these two countries. Hence, the analysis is designed in such way that the researchers initially translate the interviews of the participants of the firm of their respective country into common English language. Then the data collected by interviews have been analyzed by swapping the cases, i.e., the data of the Bangladeshi firm have been analyzed by the researcher who is from Pakistan and vice-versa. Afterwards the outputs of the analysis have been swapped back among the researchers to check that the data have been interpreted correctly by the analysts in line of the culture or historical and political background.

3.7 Credibility of Data

Qualitative research is affected by subjectivity (Walker *et al.*, 2008). Therefore, credibility of data should be emphasized in qualitative research. Saunders *et al.* (2007) emphasizes attempts to reduce wrong answers for enhancing credibility and says that ‘reducing the possibility of getting the answer wrong means that attention has to be paid to two particular emphases on research design: reliability and validity’ (P. 149).

Carmines and Zeller (1982) argues that ‘...consistency found in repeated measurements of the same phenomenon is referred to as reliability. The more consistent the results given by repeated measurements are, the higher the reliability of the measuring procedure; conversely the less consistent the results, the lower the reliability’ (P. 12). On the other hand the same author defines validity as ‘evidenced by the degree that a particular indicator measures what it is supposed to measure rather than reflecting some of other phenomenon’ (p.16). For the sake of validity and reliability Ghauri and Grønhaug (2005) suggest the researchers to present both questions and responses used in data collection process. Therefore, for ensuring reliability and validity the questions have been presented in the appendix and answers have been presented in the result section.

Again, Patton (2002) emphasizes the importance of credibility of research and suggests that triangulation should be used for increasing the credibility. The author also provides different types of triangulation that should be used by the researchers which includes methods triangulation, sources triangulation, analyst triangulation and theory or perspective triangulation (Table: 2).

Types of Triangulation	Explanation
Methods triangulation	Consistency of findings generated by different data collection methods.
Triangulation of sources	Consistency of different data sources within the same method. For example: <ul style="list-style-type: none"> • Observations with interviews, • Interviews with written material, • What people say in public and in private, • If people are consistent and say the same thing over time.
Analyst triangulation	Using multiple analysts to review findings.
Theory/Perspective triangulation	Using multiple perspectives or theories to interpret data.

Source: Patton (2002)

Table 2: Different types of triangulation

As mentioned in section 3.4, two data collection methods such as interview and observation have been used to ensure methods triangulation. In addition to method triangulation, it is important to triangulate the sources of data under individual method. Triangulation of sources can be achieved by using different participants because this helps in locating the core meaning of a phenomenon by approaching it through different accounts (Polkinghorne, 2005). In the present study data have been collected from different participants from different levels. We interviewed the predecessor, successors, and

members of the respective families who have valuable and relevant information on the respective cases or firms.

As the researchers have high involvement in the firms studied in this research, analyst triangulation have been considered as very important because there were chances of observer bias as the researchers could interpret the interviews in the line of their previous perceptions or observations about the fact. Therefore, analyst triangulation has been used by swapping the cases or firms among the researchers for analyzing the data collected from interview and then swapping back the analyzed data among the researchers for checking that the data have been analyzed correctly in the context of the cultural or historical and political perspective.

4. Results and Analysis

This chapter presents the results that were generated during this research. We have divided this chapter into three parts. Each of the first two parts is focused on one firm from Bangladesh and Pakistan. These parts focus on the introduction to the business, the opinion of the family members involved in the business regarding the state of the business and succession issues involved. The last part of the chapter presents the cross case analysis of both the firms.

4.1. Introduction to the Family Business – Snowwhite Dry Cleaners Pakistan

The family firm from Pakistan, which we have chosen for our study, is in the business of dry cleaning. This family business is known as Snowwhite Dry Cleaners (henceforth as FB-SDC). The current CEO of the business is Mr. Zahid and the firm is in the final stages of second generation succession. Snowwhite Dry Cleaners started its operations in year 1949 after the split between the partners of New Era Dry cleaners in Karachi by (Late) Shaikh Fazal ur Rahman (1920-2006). The operations were based in the city of Karachi, the then capital of East and West Pakistan. It is the largest city and this was the first of its kind service being provided after the partition of India.

Shaikh Fazal ur Rahman was working in the same field before the partition of India. However the previous business was more conventional in nature. This service all over the India was known as “Dohbi Gathh” (Clothe Cleaning Shop). After partition, when the operations of Snowwhite Dry Cleaners started, the new chemical processes were introduced and the business started expanding.

Interviewees at Snowwhite Dry Cleaners Islamabad

Mr. Zahid: Current owner and CEO of the business.

Mr. Usman Zahid: Operations Director and Son of the current owner.

Mr. Omer Zahid: Son of the current owner. Non active participant in the business

4.1.1. Structure of Family Business

We will be focusing on the succession process currently underway at the Snowwhite Dry Cleaners, Islamabad. In order to understand the nature of succession planning at Snow-

hite Dry Cleaners; it is important to have a clear understanding of the structure of the firm. The company started as sole-proprietorship and remained sole proprietor firm in the second generation of the company when son of Mr. Shakeel-Ur-Rehman took over the firm (Fig 5). Later on, this firm was transferred to the third generation and became a partnership between the two sons of Mr. Shakeel-Ur-Rehman.

After the formation of company in Karachi it later expanded to the capital city Islamabad of the country, but this time the firm stepped in using Franchise mode of entry. In 1985 the franchise was taken by Mr. Zahid who was holding the entire shares of the Islamabad's operations (Fig 5).

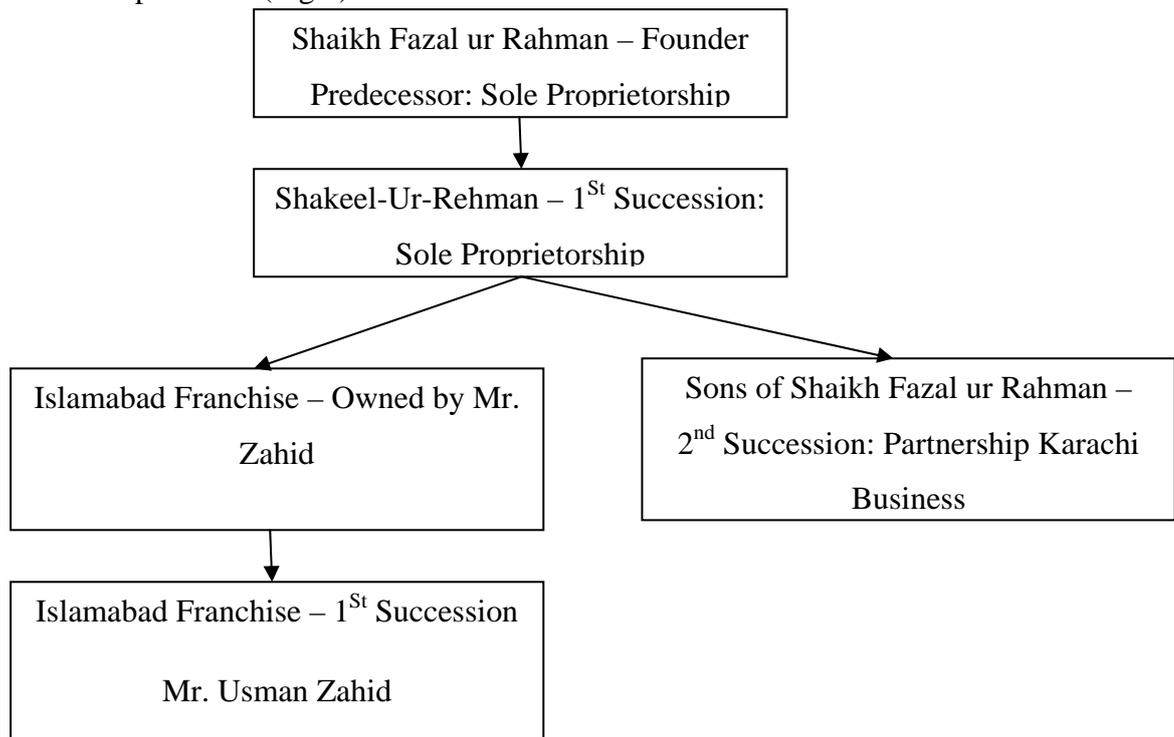


Figure 5: Structure and Succession Process at FB-SDC

The current structure of Snowwhite dry cleaners is very different from any other firm; as the Karachi Snowwhite are the only operations overseen by Mr. Shakeel and now by his sons whereas Islamabad's operations are overseen by Mr. Zahid and now his son. Although both the Karachi and Islamabad business are operating under the same name but the Islamabad business is completely controlled by Mr. Zahid and his son and firm operating in Karachi has no control over the Islamabad operations. However, Islamabad business pays an annual fee to the Karachi business for using their brand name.

4.1.2. Role of Predecessor in the Succession Process

Initially at the start of the Snowwhite Dry Cleaners Islamabad, the operations were very limited. The service was available to a very small market located near the only outlet of the company. However the business started expanding its operations. After 10 years of the start of operations, in year 1995, the business had four outlets in the twin cities of Islamabad and Rawalpindi. This was the time when Mr. Zahid started thinking about the formal process for the succession of the business. Interviewees agreed on the fact that there was a proper succession plan for this succession process. A document was prepared for the smooth succession process. According to Mr. Zahid:

“In 1995, when the business has expanded to the twin cities and had four outlets operating it became difficult for me to manage all the operations myself. This was when I started to formalize the process of succession for the business. I am a graduate with a degree in politics so formal business education was lacking at my part. According to my plan, I urged my eldest son to have formal education in the field of business at high school level. Later on, my son earned his undergraduate degree in marketing in year 2007 and started working full-time as General Manager Operations. Later on he was promoted to the post of director operations of the firm”.

During this period the operations of the firm remained confined to the four outlets and the factory area. For helping in the operations Mr. Zahid hired one of his friend’s son, Mr. jawad Ahmad, as operations manager to look at the operations and handled financial matters by himself.

Mr. Usman Zahid, The current Operations Director and son of Mr. Zahid, was not aware of the presence of any succession plan (formal or informal) till the year 2003. According to Mr Usman Zahid:

“I used to go to office with my father right from my childhood and used to help him out in office work. From year 2000 till year 2007, I used to work full time during my summer breaks for the business. I never knew about the presence of any succession plan till 2003. It was the time when after completing my high school; I had to decide for my undergraduate degree. After discussion with the family, I decided to choose business administration as my field of study. Again

in year 2006, it was time to decide for my specialization field in the business administration. At this point, I chose International Business and marketing as my specialization due to many reasons. The prime reason was that during my studies, I found myself good at the marketing skills. Also for the last many years the business was not expanding and I knew it could be done through marketing. The other reason was that my father was looking at the financial part of the firm and my younger brother was at high school studying financial management. In such a situation, I thought it would be better for me and the business to specialize in marketing.”

The current owner had a plan for himself as well. He tried to establish a new business for himself. He started importing sports goods from china in year 1998. He established outlets of this firm in the city of Lahore and Islamabad. Then operations manager of Snowwhite Dry Cleaners Islamabad, Mr. Jawad Ahmad, was the transferred to this new firm to handle the operations. However this venture failed due to several reasons. According to Mr. Zahid, this failure was also a contributing factor for not expanding the dry cleaning operations.

In year 2007, Mr. Zahid bought the franchise of a medical and cosmetics business known as Shaheen Pharmaceuticals in the city of Rawalpindi and Peshawar. He is now working full time for this new business. Also he has developed an interest to join the mainstream politics of the country and is currently the elected member of Chamber of Commerce, Rawalpindi.

According to Mr. Zahid:

“I had planned on my role after the completion of succession process at a very early stage while planning for this succession process. I will work as the chairman to the Dry Cleaning and Cosmetics Business in the future. My interest lies in politics filed so I have urged my younger son to complete his education and take over the cosmetics business and I will move to the mainstream politics.”

Unlike Mr. Usman Zahid, his younger brother is aware of the current change taking place in the family business. He is more inclined towards the field of financial management. There is no family pressure to take up this field. According to Omer Zahid:

“I used to go to the Snowwhite office with my brother. When my brother was formally being indulged into the business in year 2003; I came to know about the succession plan. At that time I had just started my high school. I was interested in the financial part of the family business so I took subjects related to finance and accounting during my high school till 2006. Currently, I am in my undergraduate degree. My specialization would start after one year and I plan to take Finance as my field of specialization.”

The succession process is very successful till this point. Mr. Zahid hopes that the first part of the succession would be completed at the end of year 2009, when Mr. Usman Zahid will take over as a CEO of Snowwhite. According to Mr. Zahid:

“After the completion of succession for Snowwhite Dry Cleaners, my elder son will look at all the operations of the firm. Once my younger son completes his education, he will work for the cosmetics business and I will look after both the businesses as chairman. Also, till the time my younger son completes his education, I will handle the finances of the Snowwhite Dry Cleaners. Later on, Usman (elder son) will look after the marketing side of the cosmetics business while heading the Snowwhite and Omer (Younger son) will look after the financial side of the Snowwhite while heading the cosmetics business.”

4.1.4. Impact of Succession Plan

The above discussion shows that there was a formal succession plan present in the firm which is in the final stages of completion. So far, this succession plan has been executed successfully as it was planned. However it impacted the overall business. The business became stagnant in terms of its operations after 1995. Also business had to suffer financially, when the owner of the business started the business of importing sports goods and it failed later on. However these were considered short term disadvantages of the plan. In the later stages of succession, when MR. Usman Zahid became part of the family business formally, the business expanded a lot. He was able to expand the business to the third city of Peshawar. He was able to open two outlets of the dry cleaning business in the new city. Mr. Zahid puts this process in following words:

“While pursuing to my succession plan, I started the new venture, I had to bring in the capital from the then existing business of dry cleaning. However,

later on, due to the failure of the new venture, it was not possible for me to expand the dry cleaning business. I had to consolidate the business and also had to focus on the succession process. However looking at the current business, I am happy with the succession plan as it later on proved successful for the family and the business.”

Mr. Usman Zahid has slightly different perspective on the impact of succession plan.

“When I joined the business it was almost stagnant. However, I felt a need to expand the business. After discussion with my father, who opposed the idea of expansion initially, I was able to expand the business to Peshawar, where the firm is operating two outlets successfully. My father is a bit low on the risk taking as I see. However, the succession process helped me a lot for taking the steps towards succession. I learned most of the management and leadership skills from my father and the way he handled the operations in the office. Initially I felt that he used to interfere a lot in business decisions taken by me. However now I feel that, I learned the process of delegating authority from these steps and was able to successfully launch the expansion program for the business.”

The successful succession process related to FB-SDC has proved beneficial for the business and as put by Mr. Usman zahid that it was a great learning experience for him in terms of leadership & management skills and succession planning process. According to him, his successful transition into the family business has motivated him to start working on the next succession plan right from the start.

4.2. Introduction to the Family Business - Students’ Shoe Store Bangladesh

Students’ Shoe Store (henceforth as FB-SSS) was established as a family business by its founder Mr. AK Noor Muhammad in the year 1966 as a retail seller of shoes in Khulna city which is considered as the third largest business city in Bangladesh (the then East Pakistan). Location of FB-SSS was good because the showroom was on one of the busiest business centers of the city. When the business was started by Mr. AK Noor Mu-

hammad, there were very few such shoe retail stores in that area. So, the business was very promising.

Mr. AK Noor Muhammad did not have any business experience and he was the first in his family to start a business. The founder was in government service and started the business because he was planning to retire from his service and do his own business. Though he did not retire from his service but continued managing the business by a manager.

Interviewees at FB-SSS

Mr. Saiful Alam: 2nd generation owner and the CEO of the business, participant in the family council.

Mrs. Afroza Khanom: Eldest daughter of the founder of the business and eldest sister of Mr. Saiful Alam and Shahidul Alam, 2nd generation owner, non active in the business operation, an important participant in the family council.

Mr. Md. Nazrul Islam: Husband of Mrs. Afroza Khanom, non active in the business operation, an important participant in the family council.

Mr. Mujib Alam: 2nd generation owner, participant in the family council, non active in the business operation.

4.2.1. Successions in the FB-SSS

FB-SSS has had three successions from its inception to May 2009. The first succession in the business took place in the year 1973 when suddenly the founder died and his wife Mrs. Khodeja Khanom took the ownership of the business. But at that time their offspring were very young and she had to give the responsibility of management of the business to one of the founder's younger brothers. The business experienced the second succession when the founder's eldest son Mr. Shahidul Alam took the ownership of the business in the year 1979. He continued the ownership of the business for about eight years and in the year 1987 the founder's third son Mr. Saiful Alam took the ownership of the business as a result of a financial crisis in the business. This is the third succession in the life of FB-SSS.

4.2.2. Role of Predecessors in Succession

Interviewees unanimously said that there was absence of formal succession plan in FB-SSS. Especially, in case of the first two successions there was no succession plan at all. When we asked the interviewees to comment on the succession plans from the part of the predecessors of the business, they pointed out that the predecessors lack succession plan from the inception of the business. According to Mrs. Afroza Khanom:

“There was no plan regarding the successions which took place in the life of the business. The successions were instant and were prompted by situation. When it became essential, the members of the family instantly decided who will succeed the business.”

Another interviewee Mr. Mujib Alam says:

‘The business is in its second generation and suffered so many crises only because of lack of planning. It did not have succession plans as my father died suddenly and did not even think of succession plan because at the time of his death his kids were infants. Our eldest brother was about 12 years old at the time when my father departed. This business helped the family to get rid of the financial crisis that occurred after the departure of my father. It became the source of income for the family and still today the whole family is dependent on the business. It is true that it has passed so many crises, but still it is in operation and at present it is out of threat and is in good condition.’

Therefore, according to both Mrs. Afroza Khanom and Mr. Mujib Alam FB-SSS suffers from lack of succession plan. Though the business is still in operation, there were a number of turmoil in the business and the participants blame lack of succession plan as the factor responsible for these crises.

In fact the business tried to find a successor when there was necessity of a new owner and CEO. But the predecessors did not feel the importance of a formal succession plan during their tenure. Especially we observed that the first two successions were the result of sudden event in the business for which the family members were not prepared in advance. According to Mrs. Afroza Khanom:

'My father died suddenly. It was so sudden that no one was ready for that and there was no preparation in the business for this. My mother had to take the responsibility of the business. Though she was not interested in the business, she did not find any other successor because his eldest son was very young at that time.'

Therefore, the first succession in the business took place because of the unexpected death of the founder of the business. Since at the time of his death his kids were not matured, he did not have any succession plan for the business. As a result, his wife Mrs. Khodeja Khanom had to take the charge of the business though she was not interested in the business. Mrs. Afroza Khanom recalls that:

'My father was once transferred to Rajshahi city which is far from Khulna city. So, my mother started insisting my father to sell the business because it was difficult for him to look after the business from such a distance.'

And

'In the first few years my father had to sell some properties for investing in the business but could not earn profit. So, my mother was not happy.'

In addition to this, Mrs. Khodeja Khanom did not have any business idea. So, she had to assign one of the younger brothers (Mr. N) of the founder as the CEO of the FB-SSS. But Mr. N could not bring positive result in the business. During this time the business became a burden for the family. The business started showing reduced return. Though the business remained as the major source of income of the family, the family had to sell its properties one after another in regular interval for the sake of running the business. Mr. Md. Nazrul Islam said:

'During the tenure of Mrs. Khodeja Khanom and under the management of Mr. N as CEO and as caretaker of the properties Mr. AK Noor Muhammad, they sold almost all the properties such as precious lands in the city, farms in the village and a grain mill on account of investment in the business. Despite of these efforts, in five years it was found that the business is running at loss and the assets of the business did not increase at all.'

This created distrust among the then owner Mrs. Khodeja Khanom and the CEO. The family members started believing that Mr. N is involved in money laundering. Almost suddenly Mrs. Khodeja Khanom realized that Mr. N did not invest the sale proceeds of the properties of the family in the business but in his personal assets. While Mr. N did not have other source of income, he opened his own business. This convinced the owner that Mr. N was involved in money laundering. So, she had no choice but firing him and bringing her eldest son Mr. Shahidul Alam in the business.

Mrs. Khodeja Khanom also did not have any succession plan and so during the tenure of Mr. N as CEO she did not thought of involving Mr. Shahidul Alam in the business for the purpose of training him up. But due to this sudden incidence she brought Mr. Shahidul Alam in the business. According to Mrs. Afroza Khanom:

'Shahidul Alam tried to improve the condition of the business by collecting funds from banks. But his skill in management of business was not satisfactory and thus failed to improve the condition from the condition that was prevailing during the time he took the ownership. His problem was his simplicity. He did not mind in selling on credit and was not serious in collecting the accounts receivables.'

Mr. Md. Nazrul Islam said:

'During the tenure of Mr. Shahidul Alam the business failed to show improvement in its overall condition. In my opinion he had weakness in business strategy. He had good business plans but most of them were not realistic. The only change that the family experienced during the tenure of Mr. Shahidul Alam is that the family did not have to sell any more property for the business. But the business became much dependent on bank loans.'

Therefore, due to the lack of business skills and know how, Mrs. Khodeja Khanom was unable to plan the succession process for the successor Mr. Shahidul Alam. He remained inexperienced of the business and less skilled which later affected his performance and hence the business a lot. Mr. Shahidul Alam failed to recover the business from the bad condition that started from the death of the founder.

The third succession was also not a result of fruitful succession plan of the predecessor. Rather the third succession took place in the business again in the second generation, i.e., from the eldest son of the founder Mr. Shahidul Alam to another son of the founder Mr. Saiful Alam. Mr. Shahidul Alam did not have plans to succeed the ownership of the business to his siblings. But the family forced him to quit from his position and leave the position to his younger brother Mr. Saiful Alam because of his poor management and for guiding the business to the brink of bankruptcy due to excessive bank loans and insufficient income. Mr. Md. Nazrul Islam mentioned that:

'The third succession was the result of failure of Mr. Shahidul Alam in successfully managing the business and the continuous efforts of Mr. Saiful Alam by presenting his alternative plans to the family to convince that this is going to work.'

Therefore FB-SSS lacks succession plan from the inception and all the succession took place in the absence of proper plan to find the suitable successor. Therefore, Mr. Md. Nazrul Islam rightly said:

'There was no succession plan ever in the predecessors. The successors were selected when there was necessity of a new successor.'

Though the third succession was not the result of succession plan of the predecessor, probably the previous succession related experience led the family to get involved in long term process for finding a suitable replacement of Mr. Shahidul Alam. Mr. Md. Nazrul Islam said:

'In the case of third succession when there was more than one potential successor in the business, the decision was based on justice and the right person was selected as successor. As a result there was no feud and claim of breach of justice from any of the family members later.'

And

'As the family members were not happy with the management of Mr. Shahidul Alam they were preparing to replace him with a better successor. At that time three other siblings of Mr. Shahidul Alam were involved in the business.'

In response to one question the present owner and the CEO Mr. Saiful Alam said:

'I worked as assistant of Shahidul Alam for about five years. Later I worked as in-charge of him for about one year before I took the position of CEO and the owner.'

Therefore, in case of third succession though the predecessor did not have succession plan, the family unconsciously was acting in such a way to find a suitable successor of Mr. Shahidul Alam. The family trained three potential successors in the business for more than five years and picked Mr. Saiful Alam from them as the suitable option to lead the business.

4.2.3. Causes of the Absence of Succession

It is evident from the previous section that in FB-SSS the succession plan was absent in all the predecessors. In this section we have tried to find the causes of the absence of succession plan in the predecessors of FB-SSS. We found that the founder did not have succession plan because at the time of his death his offspring were very young and his wife was not interested in business. The following two comments are worth to justify this:

'My father died suddenly....' as said by Mrs. Afroza Khanom,

And

'Our eldest brother was about 12 years old at the time when my father departed.' as said by Mr. Mujib Alam

Succession plan was absent in the founder also because of his high inclination towards making the business profitable and giving it a profound financial base. Mr. Md. Nazrul Islam brings other issues that were responsible for the absence of succession plan in the founder. According to him:

'My father-in-law started the business probably with an intention to establish it before he retires from his government service and devote full time after his retirement. He thought if he finds any of his sons interested to be involved into his business, then he will bring him in. But he did not want to see his son as businessman. The reason is in the culture of our country, still

successors follow their predecessors. Since my father-in-law was basically a government service holder, he wanted his sons as service holders, not as businessmen.'

This gives an indication of the founder's pattern of thought. He was a service holder and a new entrepreneur. But probably he was more a service holder than an entrepreneur. So, he did not want his sons in business. As a consequence he did not have any succession plan. Mr. Md. Nazrul Islam also says:

'I feel, in a family where the founder did not have any business background, will lack succession plan. At the same time I believe that in every such case in Bangladesh the businesses commonly experience such turmoil and select a successor who is considered as the best at that point in time as was the case of this family business.'

On the other hand Mrs. Khodeja Khanom did not have succession plan because she did not have interest in the business and she lacked insight into business. She did not operate the business by herself and relied on Mr. N for the management of the business. Since her sons were very young at the time of her tenure she did not send them to business. And she did not have any option but bringing Mr. Shahidul Alam, her eldest son, at his young age in the business when she discovered evidence of money laundering by Mr. N.

We did not observe succession plan in Mr. Shahidul Alam too. When we asked why that was absent in Mr. Shahidul Alam, the comment of Mr. Md. Nazrul Islam was:

'In our society we don't like to let the possession of any property to siblings but to offspring. It is usual that Mr. Shahidul Alam will think of his son, not of his siblings as successor. His son is pretty young. If the business was not in the verge of bankruptcy at the time when he handed over the business to Mr. Saiful Alam, I guess, he would definitely have kept the business for his son.'

Therefore, Mr. Shahidul Alam could not transfer the business to the next generation as per his plan. Rather due to situation the business went in the hand of Mr. Saiful Alam.

4.2.4. Impact of Succession Plan

FB-SSS had to suffer a lot because of the lack of succession plan by the predecessors. Since there was no succession plan of the founder, as a result of his death the business did not find an effective successor who could lead the business to success. Instead it went in the wrong hand, an owner who did not have any interest and knowledge of business and a CEO who later got himself involved in money laundering in the business. Mrs. Afroza Khanom said:

'In the first few years my father had to sell some properties for investing in the business but could not earn profit. So, my mother was not happy.'

Therefore, Mrs. Khodeja Khanom who was not happy when the founder was selling properties for the business became the owner of the business as a successor to the founder. Similarly the business found Mr. Shahidul Alam after Mrs. Khodeja Khanom as CEO and then as the owner too in a circumstance of no succession plan of the predecessor. This succession also resulted into poor management and ineffective strategies from the successor. But the third succession has been proved as successful. Mr. Md. Nazrul Islam said:

'Mr. Saiful Alam worked in the business for about 4 or 5 years before taking the ownership. This helped him to understand the business. Mr. Saiful Alam understands the business better than that of Mr. Shahidul Alam. So, he was able to change the condition of the business. Mr. Saiful Alam took the ownership with huge financial burden of bank loans and at that time the income was not enough to support the loan burden. He has been successful in improving the overall condition of the business rapidly and now the business is in good condition.'

Therefore, the unconscious succession plan of the family helped the business finding a good owner and CEO. This succession helped the business to get rid of bankruptcy and in becoming a successful family business.

4.3. Cross Case Analysis

4.3.1. Role of Predecessors at Pre-Business Involvement Phase

The leadership qualities of the predecessor are a major contributing factor towards the successful succession of the family business as described by Lansberg (1991) and Handler (1994). This factor of leadership qualities is substantiated by the interviewees in both the cases of FB-SDC and FB-SSS.

In the former case the successors knew the role and importance of the predecessor's leadership qualities during successors' pre-business involvement phase. During this case successors were able to learn the management skills after following the behavior of the predecessor. They learned through observing the behavior of the predecessor as a leader. This role of predecessor is substantiated by Handler (1989) in his Mutual Role Adjustment Model in the initial stage, where predecessor is acting as a 'sole operator' and successor plays no active role in the business but only acts as an observer. Lambrecht (2005), in his Six Stepping Stones Model calls this period as a period of 'interpreneurship period' which is the first step towards the successful succession process. During this step, the successor goes through the non-formal training of the business.

These steps have been validated by the predecessor and successors in the first case of FB-SDC. The succession process at FB-SDC has been considered smooth and effective by both the parties and they agree on the point that this transition has affected the business positively in the long run.

In the later case of FB-SSS there was no proper succession plan followed by the predecessors and empirical study shows that the non-involvement of the successors at the initial stages of the business proved disadvantageous to the family business. As they were not part of the business in the initial stages so later on, when they took over the business they had to learn the business activities by themselves. This slowed down the progress of the business and they were not effective in leading the business. This problem leads to almost closure of the business in the second generation.

Findings of FB-SSS are in accordance to the importance of role of predecessor in pre-business involvement phase of different business models as discussed for the former case of FB-SDC. If this step of pre-involvement is not being followed then it is going to

lead to the problematic succession, as Lambrecht (2005) discusses the importance of this stage for the knowledge transfer, leadership characteristics and most importantly for the transfer of the soul of the business to the following generation and presence of these characteristics is going to ensure the successful transition.

4.3.2. Role of the predecessors in the Development Phase

The theoretical framework shows that in the second phase of the succession planning, the role of the predecessors' leadership qualities changes to some extent. At this point the leaders are expected to delegate to the successor and also work around finding the new life opportunities for themselves. This search for new opportunities also means that predecessors should be able to develop ability to dis-associate from the current business. Churchill and Hatten (1987) define this stage as the stage of training and development. During this stage the preliminary work starts for looking the future opportunities while delegating abilities are more paced as compared to the stage one. Similarly results are concluded by the Handler (1989), where successor acts as a helper with more responsibility than the first phase.

FB-SDC provides a good example of conformity to all these models in one way or the other. In case of FB-SDC, the owner provided the guidance for the choice of education to its successor as described by Lambrecht (2005) in the steps of 'studies' and 'formal internal education' phase. The decision to choose business administration field as a study field was majorly influenced by the predecessor. When selecting the, specialization field for the undergraduate degree, again there was a major influence by the predecessor. This influence was not limited to the first successor but it was also there when the future plan for the second son and successor of the other business was being chosen. This helped the successor of FB-SDC to collaborate his theoretical learning and part time practical work in the organization.

When we look at the other individual factors related to the predecessor, like ability to dis-associate from the business and look for the new life opportunities, the FB-SDC provides a good example of that as described by Handler (1989). In order to develop new opportunities for himself the predecessor at FB-SDC started the business of importing sports goods. Although the venture was a failure but it was in accordance with the succession plan as developed by the predecessor. Later on, he moved to the cosmetics

business to develop it as a new life opportunity for him and to dis-associate from the current business of FB-SDC. However, lately he has developed a new interest for the politics and after the second succession of cosmetics business; he is planning to move into main stream politics of the country. Handler (1989) describes this process of dis-associating from the business and looking for the new opportunities of self reflection, necessary for the successful execution of the succession process.

When we look at the case of FB-SSS, we find that there was not any succession plan followed in the first two successions. The first succession was completely sudden when the founder of the business died and his wife had to run the business while she did not have any business and management experience. Handler (1988) describes this situation as an individual factor related to the predecessor's health problem. Such a situation lowers the resistance to the succession of the family business; however the situation gets worse when there is no succession plan available for the firm. This was the case of FB-SSS, where owner was not able to dis-associate himself from the business during his lifetime and hence never worked on the lines of succession planning. The successor had a problematic business to handle and due to her lack of experience and lack of willingness to let go the complete authority over the business, she appointed the brother of previous owner as CEO of the firm. Since this was a temporary replacement again the succession planning was ignored. As described in empirical study, the business was operating in one of the busy markets but even then this chain of events had a negative impact on the overall growth of the business.

The second succession was also an unplanned event in the firm. The owner found that the CEO appointed by her was selling the family properties in the name of reinvesting in the business; but no such activity was taking place and despite of selling the properties the business was still suffering losses. At this point she fired the CEO and brought her eldest son in CEO position. Later on, she transferred the ownership to him. The new owner was very young at that point and due to lack of proper succession plan, he had no idea about how to handle the business. Chrisman *et al.* (2005) describe this situation in terms of ability and motivation of the successor to run the business. The interviewees explained that Mr. Shaidul Alam (the new owner) was very young and was not motivated to handle the business at the initial stages. Also due to lack of education about the business he was not able to handle the business. The above authors explain that on the

part of successor, he/she should have the motivation and ability to handle such a situation or otherwise the business is going to suffer. FB-SSS was near bankruptcy during this period.

The third succession took place at this point. This succession was not planned by the owner of the business but by the members of the then unstructured family council. The three next generation family members were given the opportunity to work for the business for five years simultaneously. After this period the family council chose the best suited member to head the business. This empirical finding is in accordance with the findings of Churchill and Hatten (1987) and Lambrecht (2005). They argue that the formal internal education and training and development of the successors lead to the successful transition of the business and helps in the growth of the business in the long run. During this third succession at FB-SSS, when the successor was given the opportunity to learn the business before leading the firm, it proved beneficial for the business. The new owner of the business was able to develop new alternatives for the stabilization, and later on, the expansion of the business.

The above analysis in both cases of FB-SDC and FB-SSS shows that for the successful succession; the individual factors of dis-association from the business, finding new opportunities and capacity of self reflection through other means are of central importance. These factors directly have a positive or negative effect on the training and development phase of the successor which consequently affects the family business in either way.

4.3.3. Role of Predecessor in Transfer of Power and Authority Phase

In some of the successions observed, it becomes difficult for the founder or predecessor to delegate the complete authority to the next generation successors (Handler, 1989). Due to which there is always resistance going on between the two generations. This individual factor is related to the previously discussed factors including the ability to dis-associate from the business and look for the new life opportunities.

In case of FB-SDC, the business is currently going through this phase. This phase is considered to be completed by the end of year 2009. Looking at the behavior of the Predecessor, we consider that the firm would be able to complete this step successfully. The predecessor has already developed the new life opportunities and hence it is possible for him to give the complete authority to the successor. According to the Operations

Director, the successor himself accepts the fact that when he was promoted to the current position, he was provided with full authority for the growth of the business. The decision to expand the business to the third city was solely his decision. Although he indulged into discussions with the predecessor and family but that was for the purpose of how to expand the business and not whether or not the business should be expanded.

We observe that every phase in the succession of the business is largely influenced by the previous stage of the succession. If the first stage has been handled in a right manner, it leads to the success of the subsequent phases. The literature considers this stage as most critical for the successful succession for the success of the business. According to Levinson (1971), because the business is a brainchild and it represents the “baby” to the founder, those working for the business are considered as tools for shaping the company and nothing more than that. If this problem is realized by the predecessors and they are able to overcome it, the succession process can be a success. This is the case of FB-SDC, where the predecessor has been able to transfer the decision making power and authority to the successor.

In case of FB-SSS, the first two successions were sudden and hence the decision making power and authority was transferred automatically with the transfer of business. The first succession was a complete accident, however, in the second succession, the owner was an autocratic personality and he did not use to discuss business matters with the family council. On the other hand, predecessor was another autocratic personality and she had a major influence on the new owner. Although, the predecessor had no experience in the family business when she had to take over the business due to sudden death of the founder, however after facing problems with previous CEO, she learned a lot from that experience and used it for the benefit of the business. Once her son was able to get her trust, he was provided with a free hand to handle the business matters; however the business did not grow. Handler (1989) describes this situation as the situation where there is resistance for power and authority and hence the sustainability of the business is always a question mark.

The third succession was a success. At that point, the firm was at the verge of bankruptcy. The current owner and successor at that time was working as an assistant to the predecessor and was able to present some good alternatives for the revival of the business. For the implementation of his alternatives, he was provided with the complete au-

thority and he was able to revive the business. Lambrecht (2005) defines this issue in terms of leadership. According to Lambrecht (2005), leadership is the ability to let go. This is the case of FB-SSS, when the owner was able to let go the complete authority to the latest successor, he was able to move around the business which was showing a downward trend for the last two successions.

5. Conclusion and Discussion

In this Chapter conclusions of this study will be presented. This will be done by answering the purpose of this study.

Our purpose during this study was to investigate that how central is the role of predecessor at the individual level to the succession process. The other objective of this study was to analyze why family firms succeed or fail in passing the business to following generations on the basis of different succession planning models in relation to the individual level factors.

5.1. Role of Predecessor related Individual factors

The two cases of FB-SDC and FB-SSS are opposite to each other in terms of succession planning. In case of FB-SDC, there was a complete documented succession plan while in the case of FB-SSS; there was no succession plan at all. Both the cases point to the fact that there are more chances of business growth when there is a planned transfer of power and authority and ultimately the planned transition of the business.

The planning process is highly dependent upon the factors like lust for control and authority or otherwise. The two cases present a clear picture that when this factor is utilized in a positive sense in the organization it is going to lead towards successful succession. However if the positional power is mismanaged and/or underutilized it is going to delay the succession process and sometimes lead the succession towards failure.

The comparison of above two cases shows that the role of the individual factors related to the predecessors are of central importance for the successful succession of the business and these factors can have a positive or a negative effect on the life of the business.

5.2. Individual Level Factors and Succession Planning Models

The succession models provide a theoretical base and guideline for the successful succession process. These models take into consideration a wide variety of factors. Among these factors are the environmental, cultural, organizational, group and individual level factors.

In both the cases, we see that the individual level factors related to predecessors have a major influence at each and every step of the succession planning. In the pre-involvement phase the predecessors are influencing for the selection of the study track

for the successors and in the later stages of succession planning models their role changes towards the delegation of the power and authority to the successors. It is also important that how they dis-associate themselves from the business and move away from their own brain child for the sake of success of the business.

The study shows that although succession models have been developed by taking into consideration different factors related to the firm but the individual factors related to the predecessors alone can lead towards the success or failure of the succession process and affect the overall life of the business.

Summarizing our study, we can say that individual level factors related to the predecessor have a central role to play in the succession process of the business. When these factors are viewed in relation to succession planning model, the study shows that these factors have a direct relation to these models in terms of success or failure of the succession process.

5.3. Emergent Results from the study

Apart from the results discovered above related to the individual factors and succession planning models, this study provides some other results. We found from the cases that apart from the individual level factors, the first succession case was a part of a long term succession process while in the other case the successions were sudden in most of the instances. This was possible because of the availability and development of proper management structure in the former case while the absence of the same management structure lead to the sudden successions in the later case. However during the second case although a planned and documented succession process was not in place and also a proper management structure was not developed, but the role of family council emerged as a dominant factor. Although we observed that the nature of the family council in this case was informal in nature. Later on, this family council appointed a new successor who was able to revive the business.

We also observe from the case of FB-SSS that the founder predecessor was unable to plan succession processes which later on lead to the sudden successions taking place one after another. However, during this period of sudden successions the family was able to form an informal family council and hence it was able to revive the business.

5.4. Limitations

This study is limited to the individual level factors related to the predecessor and we did not take the environmental, cultural, organizational and group factors into consideration during this study. Also this study was limited to the two firms from two different countries hence the results of this study cannot be generalized for every family business succession. A detailed study of more firms is needed to generalize the findings of this study. The cultural factors molding the attitude and behavior of the predecessors were not taken into consideration during this study. The businesses belong to two different countries so the cultural factors like country norms and regional social values and their impact on the succession process has not been taken into consideration during this study. Another, limitation to this study is related to the fact that this was a completely qualitative study.

5.5. Future Studies

For future studies it would be interesting to examine the individual effect of the environmental, cultural, organizational and group level factors on different succession planning models.

The effect of succession planning on the growth of the family firms was another interesting area which we found during our study. A detailed study to examine the relationship of family business succession and the growth of family business is also required.

We consider it important for the future studies to focus on the combined effect of all type of above mentioned factors on the succession planning process. The environmental, cultural, organizational, group and individual level factors shape each other. As in case of family businesses, the centre of gravity of the business is the owner so all the other factors are dependent on the individual level factors and also shape these individual level factors.

Future research can also be focused on the alternate use of succession planning with the role of family council and to find the complimenting role of each other. The proper management structure was another factor for the successful succession in the former case which was lacking in the later case. However this area needs more detailed study to find out the relationship of the management structure and the execution of the succession process.

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Appendix 1

Interview guide

1. BACKGROUND

- The business:
- Your background, including position, responsibilities and ownership:

2. SUCCESSION PLANS -External or internal:

3. SUCCESSION PROCESS THAT HAVE BEEN:

4. REFLECTIONS AFTER THE SUCCESSION:

- a. Can you give a brief description of the business and your role there?
- b. Which generation the business is presently in?
- c. When did the succession take place?
- d. Was the succession a part of the plan or eventual?
- e. Give a brief description of the succession that happened in the business?
- f. Was the plan executed without any change?
- g. What would you estimate the time for the process from early planning to the succession was finished?
- h. Who was involved in the process?
- i. Could you describe the process?
- j. What was the background to the succession? On whose initiative?
- k. How was the business prepared for the succession?
- l. What parts of the process did you find more difficult? Solution?
- m. Did anybody work as consultant in the succession process? Explain.
- n. Was fairness between siblings maintained? Please give a description on it.
- o. How have you secured and transferred knowledge to stay within the company?
- p. What is/was the role of the founder or predecessor after the succession?

- q. How satisfied are you now, with the succession and the new owner?
- r. Explain the result of the succession. Was the result of the succession good or bad?
- s. Was there involvement of the successor in business before the succession took place?

5. Question specific to the present owner

- a. Before joining the office after your studies, did u used to work for the office in any capacity?
- b. What was the nature of your involvement in business before joining the office?
- c. Were you able to make decisions independently regarding your position?
- d. While working in the office, was your decision hindered by the then present business owner?
- e. Is the previous owner still working with the organization? If yes, in which capacity?
- f. Did the previous owner start any new business?
- g. Do have any plans to take a break from the own business management and work for any other organization?
- h. Do you have succession plan?
- i. Do you feel that succession plan is important?
- j. Why do you feel the succession plan is important?
- k. What measures have you taken to ensure successful succession after you?