ISSUES IN CAREER CHOICES OF SUCCESSORS IN FAMILY BUSINESSES: PERSPECTIVE FROM LITERATURE REVIEW

Rajiv Agarwal, Associate Professor
S.P. Jain Institute of Management and Research, India

Arya Kumar, PhD, Professor
Birla Institute of Technology and Science, India

Keith D'Souza, PhD, Professor
S.P. Jain Institute of Management and Research, India

Introduction

Succession is one of the most important decisions a family managed business faces, for continuity and growth. The survival of a family firm beyond the founder-owner depends on succession planning (Christensen, 1953; Dyer, 1986; Handler, 1989; Lansberg, 1988; Ward, 1987). Christensen (1953) stated that managing succession is a critical pre-requisite for the continuity of a business; yet research has found that family firms often do not do succession planning (Christensen, 1953; Handler, 1989; Lansberg, 1988; Ward, 1987)

Studies show that the successors find it difficult to take over effectively due to the centrality of the owner-manager, and this has been one of the main causes of firm failure (Feltham et al., 2005).

We start the review of the research on succession in the family firms by first stating the definitions used in this study. Then research will be examined on the basis of 1) Succession as a process, 2) Level of analysis, 3) Role of family or firm-members involved, and 4) Phases of succession, and 5) Geographic, Economic and Demographic factors. After this, we will examine the gaps that exist in the current research with reference to the Indian context.

Family Business

In this study, we regard “Family Business”, “Family Managed Business”, “Family Owned Business” and “Family Firm” interchangeably to mean the family firm, without implication about these to mean the ownership, management or control of the firm.

Amongst the factors influencing family business succession, three dimensions, viz., ownership/management, family involvement and generational transfer are agreed on, by most, as being central to any definitions.

Thus, the definition of family business would include the involvement of the family in ownership, management, imbibe values and culture of the family, vision setting and direction, and profit distribution to some degree.

"Next-generation family member" is defined as any individual who is a member of the controlling nuclear or extended family, who has worked in the business in the past, who is presently working in the business, or who personally believes he (or she) will in the future, and who perceives himself (or herself) as a potential next-generation successor to the founder or owner. (Handler, 1989)

Succession

Family business succession has been defined as the passing of the leadership
Succession can be of ownership or of management and they may go hand in hand (Block, 2011) which is the reason most previous studies have not clearly distinguished between these (Nordqvist et al., 2013). Though most succession research has concentrated on management transitions (Nordqvist et al., 2013), succession cannot be said to be complete until the ownership is passed down as well (Handler, 1990; Wasserman, 2003).

Succession as a Process

The emphasis of this study will be on leadership succession, and not just as the transfer of leadership. This definition implies that succession is not a static phenomenon that occurs at a well-defined time in the life of the founder and his successor, but it is a dynamic process - one that can be mapped and described in detail from the next-generation family member's perspective.

Level of Analysis

Succession research has been considered with the following criteria viz. the individual level, the group level, the firm level, and the environmental level. (Handler and Kram, 1988; Sharma, 2004).

The Individual level views the individual perspective through a psychosocial viewpoint, putting the individual (individual entrepreneur or family firm managers/CEOs) at the center of the succession process and considers personal attributes, attitudes, perspectives, behaviors and expectations.

The Group level distinguishes the family business relationship from the family relationships, looking at relationships, interpersonal dynamics, influences of family members on the succession process and the reactions of the non-family management to the succession process.

The Firm level views with respect to cultural and organizational developments, and considers the interaction of ownership transfer and/or succession and the firm level dimension.

Environmental level perspective is based on the contingency theory and the organizational ecology model and considers the external environmental contingencies which influence the firm structure (Ayres, 1998; Diwisch et al., 2009; Scholes et al., 2007; Wright et al., 1992; Bjuggren and Sund, 2002; File and Prince, 1996; McCollom, 1992). Other research has studied the influence of national cultures on succession attitudes (Kuratko et al., 1993), tendencies to adopt succession plans (Huang, 1999) and prevalence of successful successions (Chau, 1991).

The significant contribution of the Handler and Kram (1988) model is that it clearly identifies the complexities of family succession and how all four levels have factors that promote and resist change.

Multilevel Studies. Studies under this heading refer to those that are based on examining a phenomenon that unfolds or is under the influence of different levels of analysis (i.e. individual, family, firm, region).

Lansberg (1988), Handler and Kram (1988) offer two key theories of succession from multiple levels of analysis, both of which are shaped by the tenets of general systems theory (Rice, 1969) which believes that the interconnectedness of related
subsystems is critical to understanding the overall system functionality. Handler and Kram (1988) have stated that these factors could offer resistance to succession process.

Resistence to Succession. Davis and Harveston (1998) showed that the individual level, family level and firm level factors contributed to the extensiveness of the succession planning process, and resistance from various stakeholders is a key reason for failure to plan succession. Seymour (1993) focused on the relationship between intergenerational relationships and succession, finding that a positive, significant association existed between the reported quality of intergenerational work relationship and successor training. However, no significant association was found between the quality of the work relationship and formal succession planning.

Lansberg (1988, p.121) highlighted that succession planning is approached with ambivalence because of the various changes it imposes on the family firm including realignment of relationships, redistribution of traditional influence patterns, and older management and ownership structures being replaced by new ones.

The founder's resistance to succession planning has been studied by various authors and is discussed below.

One suggestion for dealing with the founder’s insecurities is to develop a supportive group of founders who have personally done succession planning. The family needs to understand how painful it is for the founder to let go, and the founder must also be made aware of the importance of planning, coupled with concrete ideas about what to do about the problem. (Handler and Kram, 1988).

Managers are also threatened by the change, since it may mean a shift for them, from a founder’s personal relationship to a successor's more professional relationship (Lansberg, 1988). Many points made by Lansberg are confirmed by Handler's (1989) theoretical model of resistance to succession in the family business. Factors at the individual, interpersonal and group, as well as the organizational and even environmental levels, are all involved in the failure to plan for succession.

The entrepreneur’s eagerness could see the successors involved too early, and hence prevent them from pursuing their own interests and developing the capacity to benefit the family business. This means successors feel that they lack choice and are tied to their family businesses, and they may offer some resistance to the idea of taking over. (Handler, 1989)

Power imbalances, family conflicts (Levinson, 1971; Stern, 1986), and lack of a clear choice for their also seem to complicate the succession process.

Role of Founders and Other Members

There have been extensive studies on various aspects of owners' leadership. (Kets de Vries, 1985; Levinson, 1971, 1983; Zaleznik and Kets de Vries, 1985). The founders of family firms play the dominant role in shaping the institutions that they create. Leaders have extraordinary powers to create a vision for their followers and to instill in them a religious fervor in carrying out their dream (Dyer, 1986), but may also have a deep-seated desire for immortality (Becker, 1973), and a sense of being indispensable with respect to the business. There are significant similarities noted in the backgrounds and childhood experiences of the owner-founders. Levinson (1971) states that the founder derives meaning from the firm in three important ways. First he starts the business to escape the authority of powerful figures. Second, those working in the firm are seen as “tools” for shaping the company. Third, succession issues get
mixed up with the founder’s own personal concern about the monument he will leave behind, since the founder considers the business to be an extension of himself. It has been concluded (Dyer, 1986; Kaplan, 1987; Kets de Vries, 1985; Schein, 1985) that it is in the entrepreneurs’ nature to find it difficult to give up what they have created and directed. This difficulty can be acted out in many nonproductive ways.

Kets de Vries (1985) found that the entrepreneur’s need to control, backed by serious issues of dominance and submission, suspicion for authority are some of the reasons for which entrepreneurs aspire to run their own businesses and are often unable to consider succession in dynamic terms and provide for the future of the firm.

Sonnenfeld (1988) defined four types of retirement styles of founders or CEOs; i) monarchs, ii) generals, iii) ambassadors and iv) governors. 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 leave willingly and become advisors to the firm. Governors rule for a term and then pursue other ventures. Levinson (1974) describes three types of inadequate successors typically chosen by a founder. The first, loyal servant, is a conscientious helper but an incompetent leader, and the second, watchful waiter is a star performer from outside, who must wait, sometimes indefinitely, for power to be granted. The third, false prophet, is a person whose area of competence is not related to the role required and, therefore, is an unrealistic choice for successor.

The above studies illustrate that problematic successions are to a large extent, caused by the leader’s sense of immortality and indispensability.

Another grouping considers the types of agents specifically, incumbent/founder, successor, parent, offspring, manager/stakeholder, board of directors who would be involved in the family, business or both. (Barach and Ganitsky, 1995; Miller et al., 2004; Sharma, 2004; Vera and Dean, 2005). Other studies have focused on specific next-generation family members - daughters (Barnes, 1988; Dumas, 1989, 1992; Iannarelli, 1992), younger sons (Barnes, 1988), and siblings (Friedman, 1991). It has also been shown that a nonfamily manager’s opposition can be a barrier to succession planning (Lansberg, 1988).

Theoretical and exploratory research has studied the role of individuals’ attitudes to and experience of the different phases of succession and the choice between family and non-family ownership transition. However, there is a dearth of theory-testing and of empirical research that investigates the role of family factors and relations on entry and exit decisions (Churchill and Hatten 1997; Vera and Dean, 2005), indicating a gap in the literature in relation to the impact of family factors on succession seen as an entrepreneurial process of entry and exit (Nordqvist et al., 2013).

Other studies have focused on daughters (Barnes, 1988; Dumas, 1989, 1992; Iannarelli, 1992). Dumas (1989) found that many daughters "had not originally been seen as potential members, managers, or successors in the business" and describes them as "invisible successors".

Iannarelli (1992) also found that often, during the socialization process, young girls are treated differently than their brothers. The choices are often pre-decided at an early age without their knowledge of the options available, which may explain the existing gap between the number of men and women in leadership roles in family firms.

Often, a crisis or unforeseen circumstances had forced them to consider the
family business as a source of employment (Dumas, 1989, p. 39). Ward (2000) has written on Indian daughters stating that they had arranged marriages, marrying husbands of equal means into new families, when they left their family of origin. Daughters did not enter family businesses, and on the rare occasions that they did, it was in the absence of any sons. Daughters-in-law would, traditionally, manage the family’s charitable interests like schools or hospitals, which is now changing, with women leaving their family of origin less often and more often becoming owner-employees in these businesses.

Qin and Wang (2012) investigated four issues in father-daughter succession in China - the impact of Confucian ideology, gender conflicts, the role of other family members and planning and training – and found that the second generation had to be involved in the family succession at an early stage and orient their education and career in this direction.

*Phases of succession* considers four phases: pre-succession, planning succession, managing succession, and post-succession.

### Table 1. Phases of Succession

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*Source: Modified version from Nordqvist et al. (2013)*

**Pre-succession**

*Attitudes and willingness towards succession*

The studies related to attitude and willingness towards succession consider the personality and psychological dimensions, specifically the attitudes towards the family business and the willingness to transfer ownership to the successors. The successor's emotions, intentions, (Birley, 2002; Stravou, 1998; Zellweger et al., 2011) and options (Birley, 2002; Shepherd and Zacharakis, 2000) are explored.

By not delegating authority and by being involved in decisions better handled at lower organizational levels, founders make themselves indispensable (Lansberg and Perrow, 1991). Similarly, most founders do not retire; they die in office (Navin, 1991), and successors faced with their parent’s inability to hand over control of the family business, may lose interest in joining. Lansberg and Perrow (1991) hypothesizes that owners fear that retiring is seen as a demotion from their central role in the family, and hence they procrastinate over succession planning. Furthermore, many owner-managers may associate their retirement from the business with their own mortality.
(Lansberg and Perrow, 1991; Jacobs, 1986; Seymour, 1993) since they identify closely with their businesses. Hence, the tenure of a founder's leadership usually lasts for an average of 32.4 years, greatly exceeding that of any subsequent leader (Navin, 1991).

Dumas et al. (1995) state that succession decisions should start from a very early stage and be firmly grounded in the family roots. Furthermore, succession is favoured by the quality of communication and climate of trust amongst the family members (Cadieux et al., 2002). Strong positive impressions of the founder-manager fathers in the successors’ minds, could retard the development of the successor’s own identity and executive skills (Galiano and Vinturella, 1995). It is very helpful for the successors to explore and understand their capabilities, interests and goals before joining the family business. (Stavrou and Swiercz, 1998; Stavrou, 1999)

Relations between incumbent owner manager and successor

Handler (1992) showed that the quality of the personal relationship between the incumbent and the successor is a critical determinant of the succession process. Davis (1982) found that age plays a role in the relationship between the father and son.

Planning succession

There is a lot of research to support the probability of successions being successful in the presence of a well-structured succession plan (Sharma et al., 2001). Effective successors need to have important characteristics like managerial autonomy and self-confidence and predecessors need to create the right environment for the successor's development (Goldberg and Wooldridge, 1993).

The basic tasks involved in succession planning include the following: Formulating and sharing a viable vision of the future in which the founder is no longer in charge of the family firm; Selecting and training the founder's successor as well as the future top management team; Designing a process through which power will be transferred from the current generation of management to the next; Developing an estate plan specifying how the family assets and enterprise ownership will be allocated among the founder's heirs; Designing and staffing the structures appropriate for managing the change, including a family council, a management task force, and a board of directors; Educating the family to understand the rights and responsibilities that come with various roles that they may assume in the future (Lansberg, 1988).

Handler (1989) and Lansberg (1988) have proposed ways of helping the family overcome resistance.

General Studies of Succession as a process

Succession planning and management has been explained by several models in previous studies. It has been shown that executive succession can be viewed as a process (Farquhar, 1989). Longnecker and Schoen (1978) have considered the complexity of the succession process by their seven-stage model. Churchill and Haten (1997) have described the succession process between the father and son in a family firm by developing a life-cycle approach.

Subsequent studies (Sharma et al., 2003) have shown that the satisfaction with the succession process in family firms is enhanced by the willingness of the predecessor to step aside, the willingness of the successor to take over, an active planning phase and the agreement among the family members to accept their individual roles and remain involved in the business. It has been suggested that planning may
enhance the self-efficacy of both predecessors and successors and active planning is related to the eventual effectiveness of the ownership successions (De Noble et al., 2007).

Effect of planning on relations

Research on the relationship aspects of succession planning shows the importance of family relations for the organization of a succession plan (Handler, 1992), and that these relationships may moderate other succession planning factors (Lansberg and Astrachan, 1994). It has been shown that the intergenerational working relationship between the predecessor and successors is positively related to active training of the successors and does not significantly enhance formal succession planning (Seymour, 1993). Stempler (1988) has shown that respect, understanding and complementary behavior between the successor and predecessor is critical for an effective succession.

It has been determined that the succession is highly related to the pro-activeness of a trusted successor in pushing the ownership succession process (Sharma et al., 2003). The successor’s skills and overall ability to do the job are also important (Lansberg, 1986). The individual should be assessed by a performance review and appraisal (Danco, 1982), which should be a part of the formal career development process. Research comparing successor attributes amongst Indian and Canadian families found that integrity and commitment to the business were important, and while the relationship was rated higher in Indian families, Canadian families rated interpersonal skills, performance and experience more highly (Sharma and Rao, 2000).

Barach and Ganitsky (1995) stated that external experience would be helpful to the successor before joining the family business, and that working in the family business at an early stage, a summer job for example, would give the successor a better probability of success by increasing their understanding of the business.

Effect of contingencies upon planning

Factors considered here include the gender of the successor or the predecessor, firm size, level of professionalization and the cultural context. Both similarities and differences between the genders have been found in terms of determinants of succession planning (Harveston et al., 1997). On the other hand, the successors’ identity and the providing of training /mentoring, regardless of firm size, are shown as important steps in succession planning (Motwani et al., 2006).

Cultural contexts too are shown to be a discriminating element in the planning process. A study of Lebanese family firms (Fahed-Sreih and Djoundourian, 2006), and another study of Turkish firms (Tatoglu et al., 2008) show varying results, but conclude that planning is strongly linked to succession success, and planning depends on the intra-family relationships within the ownership family and other more tangible factors.

Dyer (1986) defines three cultural patterns in terms of the family, patriarchal (or matriarchal) families, where the father (or mother) is the dominant authority figure; collaborative families where the power is shared among the family members; and conflicted families, which are characterized by an absence of shared goals and the existence of counter dependent relationships. In terms of family patterns, he found patriarchal families to be most common in the first generation firms, while
collaborative family cultures were most often found in second generation family firms and conflicted families were most common once the family firm had turned to professional management and also gone public.

Based on the above, it is shown that the lack of professionalization of the management, and absence of proper planning are widely believed to be factors for non-survival of firms. Hence it is important for family businesses to develop a formal succession plan, regardless of the firm size (Motwani et al., 2006). It has also been shown that the successor must have the ability to delegate as a crucial skill to be able to manage and guide the environment left by the incumbent and in turn, the incumbent must have a succession plan that ensures the creation of a suitable business environment for authority delegation (Tatoglu et al., 2008).

Managing succession

Dunn (1999) highlights the importance of mitigating the anxieties of the family members. Differences in perspectives on the progress of succession between the incumbent and the successor, would contribute to the successor’s dissatisfaction (Brun de Pontet et al., 2007). Harvey and Evans (1994) have examined inter-generational conflicts and disagreements.

Royer et al. (2008) pointed out family members would be preferred as successors where the family business-specific experiential knowledge is highly relevant. De Massis et al. (2008) investigated the factors that prevented inter-family succession and suggested that lack of able successors, lack of motivation among potential successors, predecessors’ personal attachment to the business, and conflicts between parent predecessors and their children rank the highest amongst reasons causing the family to choose an external successor. Further investigations on these issues have been reported by Cater and Justis (2009), Handler (1992), and Wennberg et al. (2011).

Although Entrepreneurship career choice intentions and founder entrepreneur’s motives have been extensively investigated in the literature (Kolvereid, 1996a; Baron, 1998; etc., few studies have focused on the career choice intentions of young successors who are still studying, with a family business background (Eckrich and Loughead, 1996).

Stravou (1999) stated that socialization influences are factors in the developing process of succession in a family business, and this process starts in the early stages of adolescence.

Longitudinal studies (Caspi et al., 1988; Kokko and Pulkkinen, 2000) have demonstrated that an individual’s childhood and adolescence characteristics can be used to predict developmental outcomes such as career success. A study of successors in the USA (Birley, 1986) found that the elder offspring were more inclined to join the family firm than their younger siblings. Birley (1986) explored the extent of influence of the firm’s size, the individual's birth order and gender on the intentions of young adults to join their parents’ business.

However, other research has contradicted some of Birley’s findings, especially studies that show a link between successors getting involved in the family business and their gender or birth-order in the family (Goldberg and Wooldridge, 1993; Lansberg and Perrow, 1991). Dumas (1989, 1992) has indicated the active adherence of primogeniture in many family firms with the assumptions that the family business would be passed on to the sons, an attitude which has not yet changed even though
numbers have rapidly changed (Redding, 1990; Weidenbaum, 1996; Birley and Godfrey, 2000; Ward, 2000). Asian families, regardless of geographic boundaries are influenced by the Confucian norms, where usually the father is required to handover the business to his son, and the son is obliged to accept, even if it is not in the best interest of the business (Kao, 1990; Qin and Wang, 2012). On the other hand, in long-established family firms, the successor’s birth order and gender are not as important as the successor’s integrity and commitment (Chrisman et al., 1998). This contradicts the widely held belief that the first-born males are the model successor for the family firms.

The successor’s birth order has also been studied by Goldberg and Wooldridge (1993), Sulloway (1996), and Hoy and Sharma (2010). It is proposed that the first-borns are not competing for parental attention, and they learn that the best way to get parental attention is to meet the parent’s expectations and desires, thus making himself more conservative in his approach, hence being less entrepreneurial or innovative. In turn, the parents follow the principle of primogeniture, grooming him for the leadership of the family and its business.

Gersick et al. (1997) also mentions the other systems existing in the world, like coparcenary systems (as in Chinese traditions, where the estate is divided equally among the heirs and the Swiss Benjamin rule, where the youngest son inherits the farm) helped stabilize ownership transitions and maintain order within families and societies where they were dominant.

Katz (1992) defined the term "employment status choice" as "the vocational decision process in terms of the individual’s decision to enter an occupation as a wage- or-salaried individual or a self-employed one."

Dyer (1986) developed an integrative model of entrepreneurial careers describing four essential core dimensions of a theory of entrepreneurial careers. According to Dyer, career choice is determined by three factors: individual factors (demographic as well as psychographic factors), social factors (e.g. role models, family support, and culture), and economic factors (e.g. lack of employment opportunities and resource networks).

The relationship of career choice and succession has been noted. Zellweger et al. (2011) state that “For those firms that view the family as the wealth creation vehicle and strive to create new businesses over time, they may be able to move beyond the succession model which is based on identifying the single most competent heir to become the CEO.”

A large number of studies in the field of Entrepreneurship research (Kolvereid 1996b; Carr and Sequeira, 2007; Madden et al., 1992) have relied on the theory of planned behavior (Ajzen, 1991), which seeks to explain entrepreneurship by focusing extensively on entrepreneurial intentions. The theory states that when, an individual’s attitudes are favorable towards that behavior, he experiences strong subjective norms towards that behavior, and expects to be successful in the performance of that behavior, then the positive intentions towards that behavior will be evident. It has been shown that intentions are the single best predictor of planned behavior, including of Entrepreneurship (Krueger and Carsrud, 1993). Krueger and Carsrud (1993) stated that intentions offer insights into planned behavior even without observing the actual behaviors. Therefore, if the successor shows strong intentions to join and take over the family business, this can serve as a strong indication of their future behavior of actually
joining the family business.

In another study (Karima and Habib, 2012), succession planning was embedded in the Theory of Planned Behaviour to understand the determinants of succession in Tunisian FMBs. It was found that managerial succession presents as an intentional behavior; its planning is determined in Tunisian family firms by the desirability of succession (an incumbent's desire to keep the business in the family), its feasibility (the affective commitment of a trusted and capable successor to take over) and its conformity with social norms (the family's commitment to retain the business).

Handler (1989, 1992) studied the factors causing a positive succession experience. She identified the factors which lead to a positive succession experience.

Iannarelli’s (1992) study found that the successor’s career experience starts with early socialization process into the family firm during the preteen years. More factors critical to developing leadership interest in the family firm were identified.

Other studies have focused on specific next-generation family members - daughters (Barnes, 1988; Dumas, 1989, 1990; Iannarelli, 1992), younger sons (Barnes, 1988), and siblings (Friedman, 1991). Alcorn (1982) asserts that the younger sibling would usually feel guilty if they were to replace an older family member in the firm's power structure.

Swogger (1991) and Friedman (1991) have also examined sibling relationships in the succession process.

Sharma and Irving (2005) has established that a successor’s commitment towards the family business is a key desirable attribute, and takes four forms – affective (a perceived desire arising from the self), normative (a perceived sense of obligation towards the family), calculative (a perceived sense of opportunity costs involved), and imperative (a perceived need due to a lack of alternative career choices).

Zellweger et al. (2011) found that students who intended to become employees outside the family firm shared a lower independence motive, for example, the importance of being your own boss, compared to students who assumed a leadership role in the parental firm.

A study of 106 German family firms (Schroeder and others, 2011) found that personality traits (i.e., openness and agreeableness), gender, adolescent identification with the family business, perceived parental job rewards, and parental succession preference and preparation significantly differentiated their career choice intentions.

Rastogi and Agrawal (2010) studied the perception and mindset of the children from family businesses in north India. It was shown that demographic variables like level of education and gender influenced the decision to join the FMBs. Additionally, the pressure from the family members and their own self-interest in joining were major factors influencing the decision to join the FMBs.

When the entrepreneurial intentions of college students in China and Pakistan (Shujahat et al., 2012) were studied for perceived desirability, feasibility or intentions, similarities were found in perceived desirability and perceived feasibility, but work experience was found to have no impact in either country. The study also found that while family business background had a positive impact on intent through perceived desirability, family income had no positive impact. In addition, Chinese entrepreneur parents acted as a role model to provide support to the next of kin or children in their entrepreneurial start-ups.
Post-succession studies

Post succession studies focus on the post-succession phase and on the impact of success on the firm.

The success of succession is directly impacted by four dimensions; communication, timing, agreement, and sequence between the incumbent and successor (Dyck et al., 2002), and further by the willingness of the successor to take over the business, preparation level of the successor, and the relationship between the successor and the owner-manager (Venter et al., 2005).

Further, the presence of a strong organizational culture would increase the organization’s chances for survival (Haveman and Khaire, 2004). Successors in organizations with a strong culture should not shun these firms, but instead should consider i) the degree of shared values between the older generations and successor; ii) the successor’s age and experience; and iii) the level of older generation involvement in the family business after succession (Harvey and Evans, 1995).

Handler (1989) found that a positive succession experience depends on fulfillment of individual needs, such as individual influences (including career interests, psychological needs and life stage needs) and conversely on relational influences (including sibling accommodation and boundary issues).

Geographic, Economic and Demographic Factors

A vast majority of the published work on firm succession are single-region or single-industry studies. (Bau et al., 2013). Other work investigates succession in mostly Anglo Saxon countries with over 50 percent of studies reviewed from the USA and 10 percent from Canada or UK.

Morck and Yeung (2003) propose that family firms in the formerly planned economies of Central and Eastern Europe may be different from American and Western European family businesses. Bau et al. (2013) states that succession research could benefit from the increased attention to context.

It has been shown that country context is important for the evolution of ownership succession (Berenbeim, 1990; Chau, 1991; Corbetta and Montemerlo, 1999; Scholes et al., 2007; Stravou, 1998). Venter et al. (2005) studied 332 family firms in South Africa showing the initial willingness of the successor to take over from the incumbent and the relationship between the two, as an explanatory cause for their satisfaction with the succession process and firm profitability.

Other research has considered different attributes across specific geographical regions and shown that geography affects behaviors. For example, Zellweger et al. (2011) shows that in Hungary, the founder option is preferred to any other career options; in Germany, the employment option is preferred to succession option; and in New Zealand, the career path is strongly preferred.

Issues in Career Choices of Successors in Family Business

There has been a lot of research done in the subject of family business and more specifically, on the critically issue of succession. However, there still remain certain issues unaddressed, which warrant attention.

Firstly is the lack of studies relating to family businesses in India. There have been few articles in various journals (Ward, 2000; Sharma and Rao, 2000; Rastogi and Agarwal, 2010), including an issue of Family Business Review devoted to India.
(December 2000). Given the emphasis on studies from the US and Europe, it would help family firms understand issues relevant to their environment.

This brings us to the second issue of relevance of the factors. While there are numerous studies on factors influencing succession, the factors important in the Indian family businesses India are not yet known. The limited studies have shown some factors as significant (Sharma and Rao, 2000), these in comparison to the other factors (eg. parental influence, self-efficacy, education, presence of other family members, etc.) are still not investigated. These factors have been shown to be important determinants in career decisions in the developed countries, (Zellweger et al., 2011) but these are still not adequately researched in India.

The third issue is the importance and impact of the family and socio-cultural factors on the successor’s decisions, which still has a gap. Given the prevalent joint family system, the presence of the patriarchal structure in families and businesses, and primogeniture still being followed (Ward, 2000; Sharma and Rao, 2000), the implications of these factors on successors’ decisions is still an under researched area. It has been shown that these external factors do play an important role, but the individual aspirations with the expectations of family interests being paramount is an area which future researchers can consider. This becomes even more important, given the fact that the family structures would encourage family successors to take over, but increasingly we still do not see any significant number of family businesses which go beyond the third generation, as first stated by Ward (2000).

Lastly, the combination of the individual aspirations coupled with self-efficacy needs to be researched. Zellweger et al. (2011) has shown that the presence of a high degree of self-efficacy is a strong indicator of entrepreneurial intentions, as compared to successors joining the family business. However, then this would suggest that those joining the family business would have lower self-efficacy than the intended entrepreneurs. There is a gap in research which could study successors in family businesses for their self-efficacy, especially in the developing countries as the joining of family businesses may be more challenging and fulfilling.

**Conclusion**

A significant amount of research has been done in the area of succession in family businesses.

Increasingly, we can see more publications devoted to this field, focusing on various critical areas including succession. We find that there are still areas of potential research like contextual studies for India, understanding of the relevant factors influencing career choices, impact of socio-cultural factors, impact of societal influence on individual preferences, and even primogeniture with the increased influence of women in family businesses. While there are other issues which may come up in the near future, we feel that the traditional cultural families will find it increasingly challenging to face and address these various issues. We hope that future research in this area will help answer the questions that these challenges will bring.

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**ISSUES IN CAREER CHOICES OF SUCCESSORS IN FAMILY BUSINESSES: PERSPECTIVE FROM LITERATURE REVIEW**

Rajiv Agarwal  
S.P. Jain Institute of Management and Research, India  

Arya Kumar  
Birla Institute of Technology and Science, India  

Keith D'Souza  
S.P. Jain Institute of Management and Research, India

**Abstract**

Successors play a critical role in the future of family businesses, to either grow, maintain or sometimes even wind them up. Succession depends upon multiple factors including intent of the successor and the reasons for the successor to join the family business. This paper attempts to undertake a detailed literature review on succession in family managed businesses. The rationale for joining family businesses is examined around succession as a process, analysis at multiple unit levels, the role of the founders and other members, the phases of succession, geographic, economic and demographic factors. The objective is to identify the issues in career choices and the gaps that exist in research particularly with reference to Indian economy.

**Keywords:** family firm, succession, career, ownership, incumbent