CHAPTER 2

REVIEW OF LITERATURE

Succession is an important phase in the life of every business. The longevity of a business can be attributed to this phase of successful transition of leaders and managers managing the day to day affairs of the business from current leaders and managers. Family business owners are often too focused on day-to-day challenges and fail to plan for the eventual transfer of the fruits of their labor. In doing so, they jeopardize the future of their companies as well as the financial security of their families. Effective succession and planning should establish who will run the business after the owner or a co-founder retires or dies and how ownership will be transferred. Second-generation entrepreneurs face a more complicated world than their parents did who founded and built their businesses. Technology, competition, and workforces are changing, comprising some of the most difficult challenges for the "new" entrepreneurs. Coupled with these issues is the fact that the founder may still be actively involved, making the job of running a family business monumental for the successor. The gender and the characteristic requisite in a successor also play a vital role in future running of the business as well.

Business succession in small firms was examined by Butler et al (2001) by presenting and testing a succession outcome decision model that is affected by the impacts of family, performance, and strategy. Succession has been seen as an important issue in firms of all sizes, but the issue can be a much more personal one for entrepreneurs. Data were collected from a sample
of 294 entrepreneurs using a questionnaire. These entrepreneurs were asked about the likelihood of various succession options, strategy, performance and issues related to their family. Findings indicated that in firms where family members were seen as making a positive impact to the firm’s performance, entrepreneurs were more likely to see family member succession decisions, although expectations of poor future performance made family succession a less likely envisioned outcome. The results also showed that prior performance is quite important to the succession option favored by the entrepreneur, but that entrepreneurs appear to put more weight on their future performance expectations for some kinds of decisions and past performance for other.

Mojca Duh et al (2009) stated that successions are often not planned in due time and first-generation family enterprises does less succession planning than second- and third-generation family enterprises. Succession within the family is only one among many possibilities, although the article states that majority of family enterprise leaders want to retain family control past their tenure. Three kinds of problems have been stated to be generally linked to the preparation of business transfers. The first type is psychological and emotional problems. The second type is related to the complexity of the succession process and to the fact that the owner-manager has no (or limited) experience with, or knowledge about, handling this situation. The third type of problem stems from national legislation, particularly company law, taxation, and administrative formalities. According to the article, succession is still very often triggered by the owner-manager’s retirement, but that is only one reason for succession. Reasons for earlier transfers include personal decisions (early retirement, change of profession, interests, or change in the family situation, etc.), a changing competitive environment (changing markets, new products, etc.), or incidents (divorce, illness, etc.), which also play an important role. The article also reveals that
first-generation firms and firms with a low proportion of managers being family members were less likely to report that “family objectives have priority over business objectives” due to some indications that in first-generation family enterprises, the owner will probably also be the founder, issues of survival and growth will dominate business decisions, and family involvement may be rather limited. As the enterprise matures, the family may turn its attention to support an increasing number of siblings in the business and enterprises may focus on family objectives to a greater extent than previously.

Wasserman (2003) developed a study on Founder-CEO succession and the paradox of entrepreneurial success. This study facilitates to know the critical differences between later-stage succession and Founder-CEO succession and include the higher level of attachment between Founder-CEOs and the firms they create, the much larger equity holdings of Founder-CEOs, the fact that many of them remain in the firm and the fact that nearly all early-stage succession events involve outside successors. In order to examine succession planning in this respect, field research and grounded theory building are required to study the factors that affect succession. The author developed testable hypothesis about how each of these hypotheses using an event-history analysis of a unique dataset containing the history of 202 internet firms. The findings pointed to multiple paradoxes of success in which the Founder-CEO’s success at achieving critical milestones actually causes the chance of Founder-CEO succession to rise dramatically.

The quantitative study done by (Sun, 2004) utilized a web-based survey to quantify the specific bodies of knowledge possessed by successful entrepreneurs who have operated their business for over five years. The results yielded specific bodies of knowledge that are associated with both financial and intangible successes of the business and its owner. These were
the acquisition of real time knowledge of the business and its environment, the timely response to events within the business, and the constant learning of the entrepreneur. In addition, the study can help the startup entrepreneur focus on the important aspects of being in business, rather than just making money. This study can provide additional insight on what knowledge they need to acquire in order to reach the next level. Many entrepreneurs are sitting at their glass ceiling, not knowing how to get to the next level. Measuring oneself against the conclusions of this study can reveal some helpful hints on the present and assist the entrepreneurs toward a bright future.

In the study done by (Chalhoud 2010), the author presented and proposed a theoretical framework on SME managerial practices then tests it empirically using data collected from 173 entities. There six factors were represented by independent variables and studied in relation with SME performance as the dependent variable in a linear regression analysis. The analysis showed four factors were positively and significantly correlated with business performance, while another two factors were found insignificant. The first four findings were consistent with preliminary results from the exploratory research phase. The finding that succession planning and equity in compensation were insignificant in relation to performance requires further research. However, this finding was partially explained in focus interviews that respondents expect successors to be selected on grounds that include several factors besides performance. Compensation is affected by job markets where professionals may accept pay levels below their merit and not necessarily reflecting internal equity. The approach of applying entrepreneurial marketing in a holistic manner across the value chain was found to be positively and significantly related to performance. This study concluded with consistent literature where relationship marketing, intimacy building, and judicious opportunity screening and follow-up are becoming a trend in marketing success.
The impact of entrepreneurship education on succession in ethnic minority family firms that operate in the highly competitive UK economy was examined by Hussain et al. (2010). The paper employs a complex conceptual model of ethnic minority graduates’ economic activities and outlines the possible influence that entrepreneurship education can have on succession in their family firms. An illustrative case study is presented of an ethnic minority graduate who returned to work in the family firm. It emerges that entrepreneurship education provision in UK HEIs is insufficiently customized to, and focused on, the specific entrepreneurial needs of graduates. Educators should take into account the complex socio-economic and cultural differences between native and ethnic minority learning environments. Effective entrepreneurship education emerges as crucial to the survival and growth of ethnic minority family businesses in the UK and could contribute positively to ownership transfer in this type of firm. It was concluded that all the important aspects of generic entrepreneurship education should be customized or closely aligned to the specific needs of various ethnic minority groups. It emerges that carefully planned, efficient and competently delivered entrepreneurship education can have a positive effect on succession in ethnic minority firms.

In the article titled key inter personal relationships of next-generation family members in family firm, (Handler, 1991) focuses on two interpersonal relationships which are central to the next-generation family member's experience. They are the intergenerational relationship between current and next-generation family members and the intra-generational relationships between siblings (and other relatives of the next generation). The exploratory nature of the study indicates that the existence of mutual respect and understanding between the next-generation family members and the parent (or other family member as founder or owner) is critical to the next-generation family member's quality of succession experience. For siblings, the ability to balance power, trust, and responsibilities is an
important aspect of managing relationships in the family firm using techniques such as (1) determining a general and well-publicized philosophy to govern salaries and promotions, (2) assigning siblings separate positions within the company, and (3) developing a code of conduct that will govern siblings' behavior among themselves. Sibling competition is natural and common. However, when it is not managed, it can manifest itself through rivalry, conflict, and jealousy.

The behavior of first, second and third Generation Family Firms in the entrepreneurial clusters of Gujarat, Gujranwala and Sialkot cluster, which are all the backbone of Pakistan’s economy was compared by Qureshi et al (2010). This exploratory research focuses on the transition in entrepreneurial management practices among subsequent generations of family firms in Pakistan. A random sample of several hundred SMEs lead by their first, second and third generation family entrepreneurs reveal a more conservative approach in terms of the inclusion of non-family members, females, enhanced team management, conflict resolution methods, succession plans, and the use of outside consultant for strategic planning and financial management. The research results add to the family business and international entrepreneurship literature at the same time providing better insights for the family entrepreneurs and consultants alike. Findings of the study indicate a need for more extensive analysis of similarities and differences among different generation family firms and their managerial implications in other contexts. This focus might also strengthen the effectiveness of advisors, consultants, and others who assist family firms by allowing them to differentiate, as needed between their first second and third generation family business clients. This will again assist family business owners in their understanding and self analyses of their businesses for enhanced or sustained profits and better discharge of responsibilities.
Vedpuriswar (2001) attempted to test the strategic issues in succession planning, this study also explains the important issues involved in succession planning and how they need to be managed. Succession planning is identifying and preparing the right people for the right jobs. Though applicable at all levels, it is at the highest level that the most formidable challenge exists. Succession planning is a key strategic issue that needs the time and attention of top management on an ongoing basis a successor needs to be coached well on how to handle the transition. He should be encouraged to stay in constant touch with the CEO and remain focused on the post that is going to be his instead of falling into emotional traps. The successor must be made to understand that his stakes are much higher than those of anyone else including the incumbent CEO. He must be motivated to seize the initiative and go up to the occasion, displaying the highest possible level of emotional maturity. He should also be made to realize in a subtle way that if he quits, he would harm his own chances of becoming a CEO elsewhere. However, it is concluded that general, Indian companies have a long way to go in the area of succession planning.

In the article ‘Pass the Baton within the Family – A Case Study on Succession Issues, (Wang, 2002) reveals that most of the recent studies generally discuss succession issues, and they lack a firm empirical basis. The importance of this study is acknowledged by the fact that it describes an empirical succession experience in a traditional family controlled business. An in-depth interview was conducted with the incumbent manager and potential successor. The focus was mainly on the succession issues, such as succession planning, successor training and inter-generational relationship. This study contributes to the concern of succession issues in three distinctive paradigms. Firstly, the case study indicates that succession planning plays an important role in the succession process. Succession planning is almost essential when business grows up to a certain stage since its structure
normally becomes more hierarchical and its requirements more multifaceted. All these definitely deserve more planning work. This study has identified that succession issues have three underlying dimensions and these issues are related to business performance.

A study was done by Chua et al (2003) to find succession and non-succession concerns family firms and agency relationship with non-family manager. This study consists of two sections, the first section report’s findings from a survey of the issues faced by top executives in 272 Canadian family firms. The second section of this study employs agency theory to explain why relationships with non-family managers are so important. According to the results of the study, although succession has received considerable attention in the literature, the relationship with non-family managers has not. Followed to that exploratory findings from regression analysis suggest that separation of ownership and management, in terms of both the extent and the criticality of the family firm’s dependence on the nonfamily managers drives the concern over nonfamily managers. Empirical results show that both the extent and the criticality of a firm’s dependence on non-family managers are statistically significant determinants of their importance. This study implies that relationships with non-family managers is a neglected research topic and points to a new direction for research in family business management.

Brockhaus (2004) conducted a study on family business succession and suggestions for future research. Management succession is a significant moment in a family business’s life and an issue that requires analysis from the perspectives of family, management and ownership systems in order to understand adequately the perspectives of the different stakeholders. There is also a growing source of data banks that will enable researchers with sound research design and statistical skills to vigorously probe these secondary
sources for new perspectives. The examination of personal biases is equally difficult. A team approach can help to overcome this problem. Taped interviews can allow for others to review the conclusions of the researcher to determine whether any inaccuracies have occurred. In an effort to help improve the quality of the research methodology on this subject, past family business research methodology will be reviewed and critiqued, and some specific recommendations will be presented that can enhance the quality and value of the family business research.

White et al (2004) conducted a study to devise and implement an effective family business succession strategy which would require much more than simply estimating the value of the business and buying life insurance to cover any transfer taxes due or to equalize the estate among all heirs. This approach skips too quickly to identifying and solving the client’s liquidity need. Two initial considerations must be addressed before any liquidity need can be accurately identified and effectively solved. First is repackaging: considering whether the business ownership must be restructured to facilitate a more tax-efficient transfer. The motive of the study was to focus on these first two key considerations broadly; nothing along the way and how various liquidity needs can be properly and effectively integrated.

In the thesis titled ‘Succession Planning and Situational Engagement’, (Hobson 2007) attempts to know succession planning and situational engagement; it is the creation of pool high potential employees that receive specific training and developmental opportunities with the intention of promotion. There is a definite need to deepen our understanding of what implications there are from a psychological point of view for employees when a major process like succession planning is implemented. Employee engagement is the experienced commitment, which leads to discretionary effort. The purpose of this research is to explore an underlying factor structure
for engagement drivers and understand how a major organizational initiative, succession planning, impacts employee engagement. This research was conducted at a petroleum organization in the Southwest United States and compares engagement based on group membership in a succession planning process. The underlying factor structure of drivers was found to have one factor of engagement. There was a significant difference in the engagement levels based on membership within the succession plan. This research was concluded that to contribute to both literature and practical application of how to view engagement and how to implement succession planning processes.

Venter and Boshoff (2007) attempted to study organizational related factors that can influence the succession process in small and medium sized family businesses are empirically investigated. This study was conducted in South Africa among 2458 owner-managers and their successors in 1038 family businesses. The empirical results indicate that the organizational related factors that influence the continued profitability of the business. This study acknowledges the importance of formal structures and processes for succession planning, and may have the ambition to increase their use; it does not necessarily mean that they already had these structures and procedures in place. It is concluded that a significant positive relationship in this study was found between management succession planning and the continued profitability of the business as well as satisfaction with the process. It is worth to note that, although the literature focuses on the general concept of management succession planning, finding from the current study would suggest that more attention should be focused on sub-components of planning as they individually exert a significant influence on the success of the succession process.

Hewitt (2009) conducted this study with the motive to raise the profile of deep succession planning to identify key talent. Older workers are
now forming a significant proportion of the workforce. This cohort could be lost to retirement leaving industry and commerce short of talent. Using this approach you can utilize more home grown talent thus removing the company from the potential competition for an ever decreasing external talent pool. By broadening education you introduce greater flexibility in the workforce, allowing them to move across departmental boundaries and between functions more easily. There is little literature on organization-deep succession planning. The process needs to be linked to organizational objectives with ownership at all levels. The main implications of this paper are that organization-deep succession planning is a complex process requiring commitment and long term planning at all levels. Without a thorough analysis of age and skill profile no workable plan can be made.

The role of planning in successful transfers of family business, with a focus towards emotionality perspective was studied by Hytti et al (2010). This paper aims to investigate the transfer of business processes and the underlying reasons for delayed or unplanned transfers despite the feasible succession plans. The methodology part considers that follow-up case study in six small family firms was carried out between 2001 and 2008. The research material was collected primarily in interviews with firm representatives in 2001 and 2008. Further information was obtained through participant observation, and background data on the firms were also used. The analysis enhances understanding of business-transfer processes in the context of subjective limitations and relational feelings. Any divergence from the original conditions in the transfer plan may delay the process but the delays are tolerated by putting the transfer on hold in the daily activities and focusing on business routines instead. The results emphasize how individuals’ goals and values change over time, and how decisions are weighed up from various identity positions questioning the basic assumptions and decisions set out in
the plan. Despite the delays, however, transfers of business or the firm are not easily abandoned.

A study to know about the factors influencing the implementation of an effective succession planning system in organizations was done by Mehrabani and Mohamad (2011). The main motive of this qualitative study is to find the most important ones in Iran’s private Banks. One of the important tools for attracting, developing, and retaining the talent in the workforce is succession planning. There are many factors influencing the implementation of an effective succession planning system in organizations. The purpose of this study was to find the factors which influence on implementation of succession planning. By clarifying the aims, this study intended to inform and help other organizations to notify these factors when they want to establish a succession planning system. The result of interviews with five key executives in five private banks in Esfahan – the second largest city in Iran- which all have the succession planning system in their organizations, indicate the factors as: training, management supports, clarifying the career path, creating a positive vision, strong organizational culture, technology advancement, flat structure and the financial conditions. While the lack of considering these factors is a threat to the system, the result of this study may help other organizations to consider implementing the succession planning system for better outcomes.

Palliam et al (2011) studied the succession issues among family entrepreneurs in Gulf countries. This empirical study investigates the transferability of theoretical constructs developed in the West to the countries of the Gulf Cooperation Council. The study shows that there is a strong optimistic correlation between the numbers of potential successors, the number of years of schooling of the incumbent and the propensity to let go. Moreover, the older the incumbent and the longer the incumbent was in
business, the greater is the willingness or propensity of the incumbent to let go. There is a negative correlation between debt to equity ratio and the propensity of the incumbent to let go. This may be due to the influence of cultural and religious values, where the incumbents are less likely to have debt and in the case of having debt, there are less likely to transfers it to the next generation. The data also suggest a weaker positive correlation between willingness of potential successor to step and propensity of the incumbent to let go. The findings suggest that a family enterprise that has decided to keep management control within the family cannot possibly hope to achieve this without family members who are trusted by the incumbent.

Taruwinga (2011) carried out a study with survey research design and an interview research design to compare the influence of cultural factors on successful succession in South African and American family owned business (FOB’s). The target populations consisted of owner managers and successors of FOB’s located in two countries: USA that is, State of Indiana and South Africa, that is, Indian South Africans. The survey research methodology was based on a cross-sectional survey and the research design had correlation. The preliminary results of this study show that the age of owners and the number of people working in the business had a significant impact on perceived success for the Indian South African group and this author recommends that more empirical research can be conducted to find out the impact of the age of owners and the number of people working in the organization on succession planning in general. This research contributed to the literature on FOB successful succession, by providing insight into how cultural factors impact the process of successful succession in FOB’s. The contrast between the USA culture and the South African Indian culture to succession practices further illuminates the need for cross-cultural research in the area of FOB succession planning.
Handler (1994) attempted to review the research to data on succession in the field of family business management. This study highlighted five streams of research that succession as a process, the role of the founder, the perspective of the next generation, multiple levels of analysis and characteristics of effective successions. Some studies have more than one focus. For example, studies of the process of succession often also look at the founder, the next generation, or their relationship, and there are studies of succession effectiveness that draw on the experience of the founder and the next generation. Thus, these five streams are not meant to be distinctly different. Rather they are complementary and sometimes overlapping ways of viewing the topic of succession. Gaps in the literature and future research directions are also presented. Hopefully, in the next forty years many gaps will be filled and a better understanding of what produces effective successions will result in will be found. The implications are staggering. While existing statistics offer dim hope that family firms will make it into the second and third generation, research may uncover the factors significant to survival and continuity. It is concluded that the goal focused to help more businesses pass to the next generation with less avoidance and conflict, and more strategic planning and family involvement in the process.

Nancy (1998) attempted to identify the issues that frequently plague the transfer of family farm business. The purpose of this study was to understand the experiences of families who said they have transferred their farms successfully. A qualitative inquiry employed twelve face-to-face interviews to unearth the meanings of success, and the factors considered most critical for achieving successful transfers. This chapter continues to explore these main research questions by considering the key findings of the study relative to the current understanding of farm transfers. This study has demonstrated that the successful transfer of a family farm business is a complex process that involves the negotiation of a number of critical factors
over time in order to achieve desired outcomes. Successful farm transfers also involve more than the writing of wills and legal transfer of assets. They require a family genuinely committed to change and able to forge family and individual objectives for the future. It is concluded that the key factors and outcomes that are critical to passing on a family farm business successfully, it did not assess the interrelationships among these factors and outcomes.

David (2000) developed a structure of communication designed specifically for second and third generation owners of a privately held restaurant, hotel and gift shop business called The Dutch Corporation. This corporation consists of seven locations, mostly north central Ohio. The shift in ownership of this corporation began several years aged between three second generation partners to thirteen third generation relatives. This study integrates and utilized theoretical concepts from the disciplines of conflict mediation, organization development and family business and presents a model of applying theories from these discourses into practice. This study allowed progress towards needed structure through an autonomous process of self-determination as people generated their own ideas and determined together how those ideas would be utilized. Its findings and conclusions can be useful for other family businesses facing similar transitions and various professionals who work with family businesses. This study discusses the unique complexities inherent in family business and clearly supports the need for the establishment of a communication structure as a means to avert confusion, manage conflict and establish a platform for ongoing meaningful conversation among family members.

Ananda (2001) conducted an exploratory and an analytically descriptive study to discover and unravel the process of management succession in family business in Indonesia. The dominant research strategy and design of the study were largely qualitative. More specifically a
phenomenological approach was used in data collection and data analysis through an inductive process. The primary data were collected by mailed questionnaire and interviewing the purposively selected samples. The research also found that the preparation of the succession process consists of several tasks: timing to designate successor, setting criteria for a good successor, selection method and implementation process. Moreover, it was concluded that parents foothold played an important role for successors to learn about adapt to the challenging business world. For businesses, particularly the ones facing problem of survival may benefit from this study to the extent that the researcher has articulated processes pertinent to succession issues. In conclusion, this study has illuminated some key determinants of succession planning process. In particular some factors that drive the extensiveness of the succession planning process were found to be unique to particular family business while other factors were common to all family businesses.

Lee et al (2003) conducted a study on succession planning among family business owners with 673 family owned businesses. Consistent with other studies, the findings indicated that only 20 percent had a written succession plan. Among 673 family business owners, only about 14% developed a net worth statement and 13% met with a financial planner or business consultant to discuss estate planning. Those family business owners with a succession plan tended to be older, worked onger hours in their family businesses, had fewer numbers of children, and had higher business management scores than did those business owners without a succession plan. Those who started their own business were less likely to have a written succession plan than those who inherited the business. Female family business owners were less likely to have a succession plan than male business owners. Based on the findings, implications for financial counselors/planners and family business consultants are presented. The findings of this study show
that many family business owners have not adequately planned for the transfer of their businesses.

Sharma et al (2003) conducted a study to check the theory of planned behavior to hypothesize the influence of the incumbent’s desire to keep the business in the family, the family’s commitment to the business, and the propensity of a trusted successor to take over on the extent to which family firms engage in succession planning activities. We test these hypotheses using data collected from presidents in 118 family firms. The results show that the propensity of a trusted successor to take over significantly affects the incidence of all succession-planning-related activities. Succession planning may, then, be the result of push by the successor more than of pull by the incumbent. Primary implications of this study are, first, that incumbents should avoid the delusion that the presence of a trusted successor is all that is required for succession. This study concluded that suggest that the theory of planned behavior is a good fit for studying many of the critical issues, such as succession and professionalization, facing family businesses in the new millennium.

Kansikas & Kuhmonen (2008) analyzed family business continuity from founder generation to the second generation in terms of succession in the context of evolutionary economics. The aim of this theoretical study was to understand succession adopting an evolutionary economics approach. Family business succession has previously been analyzed in the context of choosing the successor or training the successor. This study also attempted to formulate a theoretical framework for assessing succession issues by combining evolutionary thinking about organizations, and succession literature in family firms. The evolutionary approach can provide new methods and ways for understanding family business continuity and factors that influence family business successions. At a political level, more attention to prevent pitfalls in
family business successions should be made internationally. Inheritance tax and other costs can prevent family business succession from one generation to another. Also advisory organizations could utilize the thinking elaborated in this study. This study concluded that finding the correct balance regarding homogeneity and diversity in selection of the routines is an issue of critical importance for family firms. When the balance is correct from the business point of view, the critical stage includes passing these routines, and the organizational culture carrying them, to the next generation.

Fahed-Sreih & Djoundourian (2006) explored the characteristics of Lebanese family businesses using a sample of 114 firms and tests various propositions regarding the relationships between correlates of effective succession planning and longevity. The findings indicate that older firms were more inclined to use a participatory decision making process, as evidenced by more reliance on advisory boards. A significantly larger proportion of older firms relative to younger ones holds family meeting and has formal redemption and liquidity plans.

Royar et al (2008) focused on the aspect of succession in family business by investigating when family members are preferred as successors. The study identifies different types of knowledge a successor has to possess and a comparison of the knowledge attributes between the inside family successor and outside family successor to zero in on the preferred successor. Some of the knowledge factors considered in the study were 1) understanding the relationship with clients/customers 2) understanding the relationship with suppliers 3) understanding the relationship among employees 4) understanding the competitors 5) understanding business philosophy/strategy 6) understanding how to manage relationships between all stakeholders 7) demonstrated commitment to business/values 8) demonstrated understanding of product/services 9) demonstrated ability to
extract above average returns 10) drive to generate a profit 11) previous management experience 12) based on degree of business ownership 13) prior legal knowledge 14) prior marketing knowledge 15) prior industry experience in other firms 16) prior experience in the same firm 17) clear vision for the future 18) loyalty to the family structure 19) preservation of family financial interests 20) understanding of business processes that aren’t documented 21) knowledge gained at university or other educational institutions (e.g., MBA) 22) social competence 23) intercultural competence 24) general work experience 25) knowledge gained in other firms in the same industry 26) knowledge gained in this particular firm in the form of documented, formalized knowledge 27) knowledge gained in this particular firm in the form of knowledge acquired in a learning-by-doing process. The study groups the factors into industry specific general and technical knowledge and family business specific knowledge and applies it to a contingency model and determines the probability of outside successor versus an internal successor for a successful succession.

Pardo-del-Val (2008) conducted a study to know succession in family firms from a multistate perspective. Succession in family-owned businesses has been revealed to be a multistage phenomenon with trigger events distinguishing one stage from the other. This study aimed to apply change management theory to this process to improve understanding and to identify the key factors that should be taken into account when implementing it. This case study shows that, even in circumstances where there are high levels of trust, succession is a tense process that is always going to generate some conflicts inside the company. Moreover, a good succession process is not the one which avoids conflict, but the one which successfully manages it. The need for a strong leadership from the generation which is controlling the company is a key success factor. This case study could be summed up in the importance of the dissatisfaction stage, the possibility of running the change
process as an emergent strategy, the need to be creative in the seeking a solution, and the key role of the family and the other stakeholders in supporting the new management.

The study conducted by Jaideep Motwani et al (2005) at family-owned businesses in the West Michigan area in the US, states that majority of family members who had decided to join the FOB had done so because of a desire to help the family prosper through the business and a perception that the family-owned firm offered better opportunities than a non-family business. Other factors that were identified as influential were: shared family values and a desire to have control over the firm’s operations someday. Continuous pressure from family members to join the family owned business was the only factor that the respondents ranked as not influential. Among the general factors considered to be important in succession planning, the five most important considerations among all firms were: (1) the decision-making ability of the successor (2) the successor’s commitment to the business (3) the interpersonal skills of the successor (4) the successor’s respect for employees and (5) the stability of the firm. Among this the critical factors considered were, (1) issues related to family harmony (2) the appropriateness of the successor’s educational background (3) the successor’s commitment to the business (4) the successor being respected by actively involved family members (5) the successor being respected by non-active family members and (6) the successor’s ability to get along with family members etc were recorded. While the successor’s educational background was perceived as more important within firms that employed fewer family members, all others were considered as more important within “larger” family firms. Moreover the report also suggests that among all respondents approximately 74.8% believed that a formal plan should be developed for any remaining roles and responsibilities of the outgoing leader. Additionally, 68.2% considered it important that the identity of the future successor of the business should be
communicated to active family members at least a year or more in advance, while 55.5% believed that the identity of the future successor of the business should be communicated to company employees at least a year or more in advance. On the other hand, 56.1% felt that explicit succession criteria should be specified in written form and only 37.9% perceived that competition for the successor position is healthy and should be encouraged.

Santhi et al (2008) carried out a study to deal with emerging sector in any economy that is small and medium enterprises which are being managed by families. This study explored the challenges faced by such entrepreneurs and strategies adopted by them to overcome the same, the role of women in business, succession planning. This study throws open a rich area for theory building, the role of professionalism of management in improving the succession performance of family-owned businesses. In the era of professional management, Family-owned-businesses have also introduced Professional Management to cope with the dynamic environment. However, all important and critical decisions were made from the family heads who shared a blood relationship. It could therefore be concluded that Family-owned-businesses were able to meet increasing targets due to the bestowment of authority and decisions from and within the family. Every successful family business management strongly depends on proper balance between their family and business. With the optimism and the economic boom, we hope all Small and Medium Enterprise Entrepreneurs of India succeed further in the future.

Satyaraju (2008) carried out this study with the motive to outline the issues on the concept, contribution, leadership, challenges of family business. This study also examined the profile of selected family businesses and the traits of the leaders. The ultimate objective was to provide a suggestive framework. This study uses both primary and secondary sources of
data. This study had focused its attention on the concept and contribution of family business, challenges, strengths and weaknesses of family business, a profile of selected organizations and the traits of the leaders. It was observed from the study that the contribution of family business was quite significant in India and several countries. The family business has some strength for sustainable and successful management. The important traits of the successful leaders of the family business were: commitment, customer orientation, teamwork, sincerity, loyalty, good relationship, transparency and enjoying business. This study had concluded its attention on the concept and contribution of family business, challenges, strengths and weaknesses of family business, a profile of selected organizations and the traits of the leaders.

Scholes et al (2008) attempted to provide fresh insights into the ownership transfer of private family firms through internal management buy-out and external management buy-in succession routes. This study aimed to explore if flows of information impact the succession planning process and if the nature of succession planning impacts the business sale negotiation process relating to family firms that select management buy-out or buy-in succession routes. Evidence highlights the importance of information sharing and that the family owner may not always be in the strongest position. Management buy-out reported lower information asymmetry. Also, lower information asymmetry was reported when vendors and management were involved in succession planning. Internal managers with greater access to information were found to influence the negotiation process and determine who is more likely to benefit from the price to be paid for the firm. A mutually agreed price was less likely found when management controlled information and when personal equity providers were involved in the process supporting the interests of the management buy-out/buy-in team. This study has highlighted and concluded the importance of identifying a willing and
trusted successor, rather than focusing solely on retaining the business in the family.

Tatoglu et al (2008) conducted a study to check the succession planning in family owned businesses in Turkey. It is a key issue for many family-owned businesses possessing intergenerational management succession. This study investigated the dynamics of the succession process for FOBs that have already taken the succession decision and have selected their successors. The primary goal of the study was to delineate the factors behind the succession process by investigating selection, training and entry mode of successors as well as the involvement of family members and stakeholders in the succession process. Data from the predecessors of 408 FOBs in Turkey reveals a number of insightful findings regarding major characteristics of the FOB succession process including the views of predecessors on the succession process, successor selection criteria and the post-succession period. The findings of this study regarding the succession criteria employed largely confirmed to these assertions. The reliance on the business related criteria such as competency, interest in business, education at the expense of family harmony, and level of respect by successor for predecessor, implies that business concerns are not sacrificed to family concerns.

Chirsman et al (2009) stressed that the need for succession planning may be raised by the incumbent or another family member. If raised by another family member, then a CPA should ascertain whether the incumbent agrees. In either case, the incumbent must understand the necessary time, effort, and resources and be committed to the process. Without the incumbent’s commitment, research indicates that the succession planning process is unlikely to succeed, especially if initiated by another family member. According to this study results, family members should be asked about their comfort level with engaging an outsider. Some of them may view
succession as a purely family matter. It is wise to tread lightly until the family has a consensus on outsider involvement.

Diwisch et al (2009) attempted to analyze the relationship between succession and firm performance. Applying a non-parametric matching approach on a panel of roughly 4,000 Austrian family firms evaluated the impact of actual succession as well as planned successions on employment growth. Analyzing succession plans, this study do not find a significant difference in employment growth between firms that plan to transfer the firm in the next 10 years and those who do not. In contrast, past succession exerts a significant and positive employment growth effect, which becomes stronger over time. The causal effect amounts to 15 percentage points over a 6 year period. Findings thus provide support for the existence of a positive and significant succession effect following the actual transfer. The results reported in the present study suggest that this is an important task. An estimated 51,500 Austrian small- and medium-sized enterprises will face the challenge of succession over the decade 2004–2013, potentially affecting 438,000 employees or 17% of all jobs in Austrian industry. This study concluded that a comprehensive understanding of the causes and consequences of succession thus is of great importance for designing and evaluating policy measures to improve the performance of individual firms as well as the aggregate labor market.

The importance of management succession planning in small and medium-sized family businesses was highlighted by Merwe et al (2009). The primary objective of this study is twofold: firstly to identify the potential influence of selected variables on the management succession planning process in small and medium-sized family businesses, and secondly to make practical recommendations for actions that families can take to improve their chances of a successful succession and thereby ensure the sustainability of the
family business for future generations. Structured questionnaires were received from 270 active family members from 77 businesses. The data collected were subjected to various statistical analyses. In this study three factors describing the theoretical dimensions of management succession planning, perceived suitability of the prospective successor and the expected outcome of the succession were extracted. Based on the results of the regression analysis, both management succession planning and the perceived suitability of the prospective successor have a positive influence on the expected outcome of the succession. Although statistical significant differences were found between the perceptions of male and female as well as between senior and younger-generation family employees regarding the variables, these differences were not practically significant. This study, however, confirms the important role that an effective management succession planning process plays in ensuring the successful transfer of the family business from the senior-generation owner-manager to the younger-generation family.

Walter (2009) examined the dynamics of the influences family members have on the businesses they own and manage, along with the role that family businesses have in shaping the future of the economy. As the member of a group of potential fourth generation successors to a family business, this study has been compelled to research and develop an understanding of the elements that must be taken into consideration when planning for succession within the family business. In order to implement the dream of family business success: the business, the family, and the potential managers and leaders of the company must understand and embrace the elements of successful strategic family succession planning. The mission statement is the most important factor when doing this. The older generation must understand their responsibilities to the future of the business and to the future of the successor, and must also take the responsibility to develop the
potential successor into a leader. With these elements considered as the framework for long-term planning, the family executive can successfully navigate the difficult task of perpetuating the family business from one generation to the next.

Bradley & Burroughs (2010) have conducted a study on strategy for family business succession planning. The research data contained in the paper deals with family business succession and could prove beneficial to any business owner or manager dealing with succession planning whether or not it is a family business. This study brings about the fact, that is, first pressing issue is that businesses do not have succession plans in place. This could be due to several factors including: founders have the mentality that they won’t retire or feel a loss of self-efficacy; also the talks brought about can be deemed as taboo, perhaps because generational gaps affect the psychological mindset; or maybe because the theory of primogeniture is outdated and no longer a viable option. For whatever reason it may be, the statistics don’t lie, and it has been found that roughly 70 percent of business successes don’t work and 70 percent of businesses have no succession plans in place. It is concluded that once completed, the business succession plan will provide peace of mind for the business owner and key employees, personal satisfaction for family members, and new opportunities for the business itself.

Eduardo et al (2010) proposed a design to assess the effect of pre-performance on the choice of a family or a non-family successor in family owned business in Spain. It classified the publicly held firms in Spain into family and non-family firms and provided evidence that family firms are able to continue as such even after they open themselves to the capital market. It also demonstrates that family owned business tends to be smaller and consequently have a smaller governance structure when compared with its nonfamily counterparts. It also analyzed the influence of other factors on the
nomination of family and nonfamily members to top senior positions. This study also ventured into untouched grounds, given that information about the presence of family firms in the Spanish stock exchange and factors that influence the nomination of family and nonfamily members to top senior positions is scarce or nonexistent.

Fitts & Rowe (2011) carried out a study to check the family business transition planning, family relationships and values and how they can make succession of family businesses even more challenging than for other enterprises. Here were some suggestions for family businesses that can make succession planning and execution less trying. Their suggestions include obtaining a valuation of the business regardless of whether it will be transferred between generations or sold. Maximizing the company’s value by making sure financial accounting systems are in good order. Identifying prospects that can market perspective to develop alternative sale options that help meet the seller’s long-term objectives. The author also reveals that negotiations structure the sale and set goals that reflect the family’s care values and legacy. Designating a leader to oversee business management during this period. Planning whether the responsibilities of the current CEO will continue or how it will shift during and after the transition. This study is concluded with the concept communicating the plan to all members in family and other stakeholders.

Govender (2011) has carried out a case study to examine succession planning approaches in family owned businesses in East London of South Africa. Family businesses constitute a large number of businesses worldwide contributing significantly to the global economy. Succession planning is a key issue influencing the sustainability of these family businesses. According to research, approximately 30% of businesses fail due to matters related to succession planning (Grote, 2003). Further research
indicated that approximately 50% of family businesses do not have adequate succession plans in place. Hence, family businesses are exposed to significant risk in sustainability due to insufficient succession planning. An effective approach to succession planning in a family business increases the chance of success of a family business in both the short and long term. The purpose of this study was to develop a better understanding of approaches to succession planning in two family businesses in East London, South Africa. This purpose was to improve the commercial viability of family businesses and improve the body of knowledge from an academic perspective. The findings of this case study indicate that succession planning may be influenced by the nature of the varying industries. An opportunity of further research may be to develop an understanding of the uniqueness of succession planning in various industries.

The study by Lucky et al (2011) provides a conceptual frame work on succession in relation to family business continuity. The framework includes the founder, successor and the environment. The frame work indicates that in between the founder and successor there exists three cases. Case 1: indicates that the founder is the major influential person, he initiates the succession process, pressurizing the potential successor to succeed him even when the potential successor is not ready or interested, this form of succession is conservative in nature since the founder wants the preferred successor to take over, therefore there is likelihood or possibility that the successor would follow the owner or founder’s method and approach in managing the family business. Case 2: it is the successor who initiates the succession process, exerting pressure on the founder to relinquish his power and control to him so as to take over the leadership of the business, the potential successor may inherit and ascend the family business leadership by force, therefore doing things in a different way, precisely in his own way. Case 3: it indicates a mutual agreement and discussion between the founder and the successor on how the founder would relinquish the leadership and
management of the business to the potential successor. In all the above cases the article states that the founder and the successor know that the time is ripe for succession to take place, thus, they would mutually agree on the succession plan and process. This argues that there is a mutual agreement between the leader and the successor; the sole operator and the successor; and the predecessor and the next generation. In a situation like this the leader “gives up authority and power and becomes a consultant, while the successor assumes the leadership role and becomes chief decision-maker”. This conceptual model posits that in the issue of family business succession and continuity, the key factors; the founder, the successor and the environment must be seriously considered. In the case of the environment, both the internal and external environments must be looked into, that is the employees, relative and family members who form part of the internal and external environment. It is only when these factors are considered that a true succession could take place and it ensures family business continuity. Thus the report suggests that the presence of these three key factors reflects a true succession which would ensure family business continuity.

The purpose of the paper by Mejbri & Affes (2012) is to better understand the determinants of succession planning in the Tunisian Family Owned Businesses by embedding succession planning in the theory of planned behavior. A qualitative case study approach based on the life stories was used. The data was obtained from two key personalities involved in the succession, both the successor and the predecessor, using a semi-directive interview with four Family Owned Businesses. Each case was analyzed separately, and emergent themes were found in each case; and then generalizations were made across the four cases in the cross-case analysis. The main point of this paper is that little research has been conducted in order to determine the most important factors behind succession planning for Tunisian Family owned Business in the perspective of a planned behavior.
The findings indicate that managerial succession presents an intentional behavior that its planning is determined in Tunisian family firms by the desirability of succession. It is concluded that the intention of succession and its planning—particularly in terms of selecting a successor and communication of this latter to different stakeholder—may depend on the family members’ commitment to ensure business continuity. The final and important result we were able to demonstrate is that the Tunisian leaders proceeded to an informal transmission planning where the development of a formal succession plan is intended as insignificant.

Kazmi (1999) conducted this research work on thinking and doing of second generation business entrepreneurs. This paper too falls in this tradition of research as it presents a demographic and psychographic profile of and the type of business strategies formulated and implemented by the young generation entrepreneurs in India. This study on the second generation entrepreneurs offers interesting and useful insights into entrepreneurial behavior in a specific context. From the psychographic profile it is evident that they possessed many personal traits that were normally ascribed to entrepreneurs in general. The context in which the entrepreneurs operate was understandably a prime consideration in exercising a strategic choice. The functional implementation of strategy was done with a finesse that was expected of those who have been exposed to business since long. The first generation entrepreneur, as compared to his counterpart, turned out to be quite similar, except they were much more hardy individuals exhibiting greater determination and commitment to succeed.

Faltin (2001) studied creating a culture of innovative entrepreneurship. This paper attempted to steer the focus towards fields of entrepreneurship in which the creative dimension plays a substantial role. It appeared that the importance of intense work on an idea has been subsumed
by the dominance of the teachings of business knowledge. This study presents
techniques for, and examples of, generating entrepreneurial ideas. Its goal was
to show that in the present age, which is marked by rising levels of education,
growing consumer sophistication and increasing opportunities for comparing
values, ideas that are developed in harmony with society's values have good
and growing chances for success in the marketplace. Ultimately, a culture of
innovative entrepreneurship is envisioned, which is able to incorporate
economic, artistic, and social activities as parts of one coherent spectrum of
human creativity.

Fogel (2001) presented an analysis of entrepreneurial environment
and enterprise development in Hungary. The research method used in this
study consisted of mail surveys and telephonic interviews of 280 small
businessmen having operated for at least one year and having an initial capital
investment of $1 million Hungarian Forint. 63% of the small businesses
surveyed had been in business for five years. 32% were involved in
small-scale manufacturing or production and 68% in service activities.
Regarding size of operations, 42% had fewer than 10 employees, 27%
reported 10 – 29 and 31% employed 30 or more. In terms of owners’ personal
background, 33% indicated some college or university education and all
survey participants noted several years of work experience in the field of
business. Although only 18% reported formal business training or prior
business experience, close to 46% had technical training. In the area of
financial assistance; the three most desirable forms of assistance were tax
incentives, low-cost, long-term loans and venture capital financing.

According to Westhead & Cowling (2002) business succession
processes have significant implications from an economic perspective.
Succession enables the incumbent to realize some of the capital built up in the
enterprise, which can then be used to finance the retirement. For family
members and employees, succession provides a career path in an enterprise or sector that may otherwise have limited opportunities for career advancement. If succession is planned, then there could be mutual benefits to both parties through a staged succession, which reinforces the opportunities for both parties to achieve their goals with respect to career advancement and retirement. Thus, succession is an important long-term strategic consideration in Arab societies where self employment in small business is a dominant form of employment or business structure. From a business development perspective, ownership succession can be seen as critical to the long-term nature of businesses ownership in Arab societies and thus has implications relating to the form of support that is required in the small business environment.

Sonfield & Lussier (2004) attempted to compare first, second and third generation family firms. These surveys were addressed to the presidents of these companies, with the instruction that the addressee completed the survey, but only if they were owners and if they viewed their firm as a family business. The hypotheses formulated for this study were based on limited research conclusions. This lack of a strong existing empirical-based research literature is a limitation to this study, but it also increases the importance of this study’s empirical methodology and its findings. Findings of the study indicate a need for more focused and more extensive analysis of similarities and differences among first, second and third generation family firms and their managerial implications. This study concluded that a better understanding of the factor of generational categorization of family businesses might be of benefit to the owner of such businesses. It is concluded that to define and communicate the retiring incumbent’s new role to avoid leadership conflicts.
Pontet et al (2007) examined levels of objective and perceived control held by incumbents and successors in 100 Canadian family businesses approaching succession. Although results suggested that control remained largely with incumbents, indicators of succession readiness were more reliably correlated with the successors’ levels of control. Generational differences in the association between succession indicators and actual levels of control were highlighted. Implications of these generational differences and the association between succession readiness indicators and control outcomes were discussed. Perhaps this study suggested the confidence in the successor alone was insufficient to lead to shifts in titles or ownership, as these changes may be more influenced by other needs or individuals. Finally, while this study looked specifically at succession readiness, there were other variables that could influence levels of control, some of which were also assessed to determine if they influenced the outcomes found in the present research. Based on the conclusions drawn from the findings, we could note that most questions analyzed here do not lend themselves to a high risk of social desirability bias.

Bjuggern & sund (2008) conducted a study on organizational transfers in small and medium-sized enterprises, within the family according to tax law considerations. The succession process of small to medium enterprises created lifelong dilemmas for entrepreneurs. There are several important considerations of a transaction cost character that hamper the transfer of ownership of the firm. Especially considerations of tax consequences can make it very complicated to plan a transfer of the ownership of a small and medium sized enterprise during the lifetime of the owner. This study reports on the tax-induced contractual difficulties. These difficulties were compared with the relatively less complicated situation that occurs when a country such as Sweden abolishes taxes on inheritance and gifts. This concluded with the older generation to sell back as many shares as
are needed to give a reasonable compensation, for example to finance retirement. The rest of the shares could be given to the younger generation. This conclusion also carried the fact about scholars dealing with family business transfers have a real challenge. Transfer of ownership is only a part of the problem. Another complicating factor is that to know very little about the influence of the family on transfers of leadership and ownership.

A study on factors preventing intra-family succession was conducted by Masis et al (2008). Management succession is one of the most important research topics in family business. This study analyzed the research and case study literature to determine the antecedents and direct causes that prevented an intended intra family management succession from taking place. Although the model was designed to identify the factors that were likely to prevent intra-family succession, it was apparent that assessments regarding the qualifications of potential successors and the prospects for a family business required judgments and not all family businesses would make identical judgment given the same data. This study made it clear that decisions concerning management succession are correlated with decisions concerning ownership succession, particularly in regard to financial factors; it has not dealt with the topic of ownership succession. In conclusion, this study has sought to fill a gap in the family business succession literature by seeking to gain an understanding of the factors that prevent intra-family succession from occurring. The effort has produced a model that can form the basis for future research on this concept.

Alderson (2009) presented this study on a vital but understudied area: the second-generation family business decision making process. With the majority of family firms failing to achieve intergenerational succession, the second generation is crucial to the future success of the family business. The study participants were selected from family businesses in California. For
this research, 15 interviews were conducted in order to achieve saturation of the data. The current study was based on the assumption that the domain of family businesses is different from that of non-family businesses. Key findings showed the second generation have an awe and reverence for the accomplishments of the first generation, which affects their decision making; they engage in a broad search for knowledge; they utilize a consultative decision making style significantly different from that used by the first and third generations; they consult with multiple stakeholders and a large social network; and they do not have a set decision process. This research study has contributed to the scholarly domains of family business, entrepreneurship, and entrepreneurial cognition. By utilizing qualitative methodology, the researcher was able to contribute new knowledge to the family business literature, which has implications for family business researchers, owners, and associated professionals.

Fattoum & Fayolle (2009) proposed to describe the process of succession in family firms by laying the stress on the behavior of the predecessor and that of the successor during this period, this point being little developed in the context of succession. This exploratory study of six Tunisian family firms enabled us to clarify some concepts little developed in former works. Thus, this could advance the idea that the quality of the relationship between the company head and his successor is of primary importance for the succession process and that its success does not depend solely on the will of the founder to let go but also on the successor’s capacity to learn. This study concluded that the founder and his successor during the process of succession in the Tunisian family business while proposing reflections to be carried out to make a success of this generational change.

This study by Matser and Lievens (2009) brought out the risk an unsuccessful succession can have and the resulting detrimental effect on the
performance and continuity of a firm. Given the number of family firms the topic of succession of family firms deserves attention on a macro-economic level. This paper discusses the attempts the European Commission has taken from 1994 up until now to improve the preconditions for business transfer in the EU member states. In addition this paper introduces the succession scorecard as a promising tool to help overcome some of the challenges left. The content, approach and value-added in the scorecard were discussed and empirical findings stemming from the use of the scorecard were analyzed. The analysis of the data stressed the importance of the European Commission’s attempt to help improve the business transfer process. It also underlined the conclusion made in Mandle’s report wherein the family business relevant issues were stated. The results of the scorecard confirmed that all stakeholders were not completely aware of the importance of timely planning of the business transfer and the importance of this factor for a successful business transfer. This is very important and that is why the European Commission is stimulating individual countries to take action in these areas.

The purpose of the study by Lussier and Sonfield (2010) is to find out the first, second and third generation family business managerial characteristics and practices in a combined sample from six countries such as, Croatia, Egypt, France, India, Kuwait, and the USA with significant differences in cultures, economies, levels of entrepreneurial activity, and family business demographics. The design was survey research with a sample of 593 businesses from six countries. To compare differences between the three generations, analysis of covariance was run for the 11 dependent variables, followed by post hoc. As family businesses move from first to second to third generation, some managerial characteristics and practices remained the same while others change. Furthermore, only minor generational differences between the various countries were found, thus supporting
commonality of family businesses in spite of the differing cultural, economic, and demographic variations. The results lead to an improvement in our understanding of entrepreneurial behavior and managerial characteristics and practices between generations of family business in six very diverse economic and cultural settings.

Karanja (2012) carried out a study on the role of succession planning on survival of SMEs after the retirement/death of the founding owners which is influences others by four variables namely: mentoring, entrepreneurial orientation, level of education/training and capability of the successor. The sample size was 237 respondents. The study used primary data collected using questionnaires which were given to the respondents at their places of businesses. Out of the four variables studied it was found that capability of the successor had the greatest effect on the survival of SMEs after retirement/death of first generation entrepreneur. The study recommends, among others, that the owners/managers of the SMEs should propose a successor for their business in good time so as to allow enough time for mentoring that could see their business survive through several generations.

The study recommends, among others that since capability of successor affects the survival of SMEs after retirement/death of first generation entrepreneur, formal education should be emphasized that would broaden the successor’s level of knowledge and skills. The successor should also be allowed to run the businesses some times to enable them acquire the required skills hands on. These would enhance the successor’s capability to handle business challenges that could come his way. The study concluded that mentoring, entrepreneurial orientation, level of education and capability of the successor contributes to the survival of small and medium family enterprises in Kenya after the retirement/death of the first generation entrepreneur, and
hence entrepreneurs should consider these factors when planning for a successor in business.

Ip & Jacobs (2006) aimed to review business and academic literature on the topic of business succession planning (BSP). The purpose is to allow the vast quantity of evidence and opinion to be contextualized, and enable a better understanding of the key themes within BSP, particularly with respect to small, family-owned businesses. Succession planning is generally considered to be a unique, case-by-case process, where a one-size-fits-all mentality is simply not appropriate, and thus the wide variation in viewpoints cannot be avoided. Key findings include family succession, legal, financial, and fiscal components, barriers against implementation, and methods for managing the process. A detailed summary of these and other topics is given, which together constitute the critical themes which should be borne in mind by businesses facing business succession planning. This paper allows researchers and business practitioners to obtain a wholesome reflection on the key themes within BSP, which are often exacerbated by the sheer volume of diverse opinion. The value of this paper is that it amalgamates the available evidence and offers a detailed, informed insight into the current state of research and practice in business succession. The findings prompt key areas for future research, and help to contextualize the topic for any potential new developments in succession planning.

Motwani et al (2006) have attempted to study 368 family-owned small to medium size enterprises with regard to the importance, nature and extent of succession planning. By categorizing small and medium sized enterprises according to their annual revenues, total number of employees and number of family members employed with the firm significant differences were found between larger and smaller firms. Consistent with extant literature, the findings reveal that most family members join the firm for
altruistic reasons. Issues related to family relationships were rated as significantly more important in firms in which more family members were employed within the firm. Moreover, for firms with less than US$1m in revenues, a high priority is placed on selecting a successor who possesses strong sales and marketing skills. The findings show that regardless of their size, it is important for family-owned businesses to develop a formal plan for succession, communicate the identity of the successor, and provide training/mentoring to the prospective successor.

Naveen (2006) examined how human capital considerations can affect the process of CEO succession. Costs and benefits of succession planning are affected by a firm's level of operational complexity and human capital requirements; firms that are more complex incur greater costs to transferring firm-specific knowledge and expertise to an outsider, and should be more likely to groom an internal candidate for the CEO position. Consistent with this study found that a firm's propensity to groom an internal candidate for the CEO position is related to firm size, degree of diversification, and industry structure. The results also suggest that succession planning is associated with a higher probability of inside succession and voluntary succession and a lower probability of forced succession. It also provides evidence that horizon problems are mitigated to some extent by having a succession plan.

A research was conducted by Crumpacker et al (2007) to know the best structure of succession plan that addresses organizational needs; knowledge of the demographic profile of the existing internal talent pool is required from which successors may be developed. This study revealed that human resources should have knowledge of the demographic profile and trends within the external talent pool from which the organization may recruit. The impact of generational preference does exist in the workplace, whether it
is rooted in empirical data or a product of the popular media. Human resource authority should acknowledge and address the issue as part of the succession planning process. By understanding the values and attitudes of workers and how they relate to organizational norms and culture, it can improve its ability to add value strategically by sustaining the current organization or driving change to achieve a preferred organization.

Khumalo & Harris (2008) postulated strategies for succession planning and offered transformative change recommendations to company board, CEO and top management team to lead from the immediate and emerging future. This study uses research to highlight the problems faced by companies that do not have succession plan strategies. The objective of this research work was to highlight a leadership gap created by a vacating CEO or top level manager when a succession plan is not in place. This was further worsened by demographics of baby boomers that will retire in massive numbers when they turn 65 in a decade without successors. The findings in this research support the hypothesis of this research and it states that a company with a succession plan experiences a more successful leadership transition than a company that does not have any succession plan. The succession planning strategies espoused in this study can help companies link the leadership gap that is created by CEO turnover and top level management retirements. The key to success in implementing these strategies lies in the ability of senior management to embrace transformative change and to lead from the immediate future.

Froelich et al (2009) checked the nature of succession planning in non-profit organizations. Executive leadership is a critical component for the success of nonprofit organizations. An upcoming period of leadership transition is predicted as substantial numbers of baby-boomers approach retirement age. With nonprofit organizations growing in both size and
number, an impending leadership deficit is a concern. To help prepare for these important transition events, this study focuses on planning for executive succession in nonprofit organizations. This study examines nonprofit organization succession planning through a survey of executive directors of 501(c) 3 charities and 501(c) 4 cooperatives, with 246 returned questionnaires, a 15% response rate in the preliminary analysis. Initial results show charitable nonprofits and cooperatives to be surprisingly similar, given the strong sales and profit orientation of the latter. The cooperatives in the sample are somewhat larger and more likely to plan and use executive recruiting firms, having more resources with which to work. Only about a third of the organizations expect to lose their chief executive within the next 4 years, and less than 20 percent expect so within the next 2 years. Findings do not suggest anticipated difficulties replacing the chief executives, with over half the sample expecting a short regional search process. The charitable nonprofits note unique attributes of their current leader that will be hard to replace, and low probability of hiring a recruiting firm.

The paper by (Ip 2009) details a modification of the quality function deployment methodology for business succession planning. A detailed overview of the proposed technique is provided, followed by an example to illustrate how the method can be used in practice. The new model incorporates three key stages of succession: evaluating the incumbent and current position of the business, evaluating the successor and competencies required for the future business, and planning and implementation of essential tasks required for the future business. In addition to providing a holistic and practical tool for succession planning, the strengths of the framework include the ability to evaluate current and future competencies for succession, the potential for multiple successors to be assessed in relation to the current and future business, and an iterative procedure to enable flexibility and constant monitoring of the succession process. This study concluded that given the
lack of a holistic and established technique for the control and management of succession, the model serves to fulfill the essential components within the BSP process, and represents, at the very least, a starting point with which more structured and reliable methods can be adopted.

Mathur (2011) conducted a seminal work on succession planning that turns into a legacy. Succession planning is an internal recruitment in which an organization ensures that employees are recruited and developed to fill the key role within the company. Succession planning is basically the search for successors. Problems of succession in corporate India run much deeper, all the way down to even smaller firms. The research design used for the research problem in hand is causal research as the objective is to determine which variable might be causing certain behavior, that is, whether there is a cause and effect relationship between variables. The sample design adopted for the research problem in hand is convenience random sampling. Along with the usual statistical tools such as tables, percentages, Chi-square test was used for analyzing the data which helps in arriving at sound conclusions. This study indicates that there is a clear effect of factors of succession planning which affects organization as well as employees. According to him it is a process whereby an organization ensures that employees are recruited and developed to fill each key role within the company. It is concluded that active pursuing succession planning ensures that employees are constantly developed to fill each role required for the company.

Mehrabani & Mohamad (2011) conducted a study on succession planning in today’s organization, today’s environments are changing rapidly that organizations are facing serious unpredictability and uncertainty, which sometimes causes instability in the business operations. Organizations need to strategize to motivate and connect their employees in order to create
competitive advantage and achieving higher profitability. Organizations may consider methods like succession planning and management to promote their employees’ knowledge, skills, talents, and capabilities to tackle problems created by the challenging environments. The purpose of this paper is to provide a general view in succession planning and management by reviewing the most relevant researches in this field. This comprehensive review is useful for organization managers to select and tailor succession planning approaches which best suit their organizations. In particular, this paper will benefit researchers who are interested in studying succession planning and management. Those organizations that already have a succession planning and management program in place must focus on overcoming their exclusive obstructions to a best practice system. Those organizations which do not presently invest in succession planning and management system should perhaps consider it seriously; assessing the needs, requirements, and appropriateness of implementation. This paper could not present all researches in the area, but provides a general view of succession planning and management.

Garg & Wheele (2012) attempted to check the succession planning and its impact on the performance of small, micro and medium enterprises in Johannesburg. Succession planning was identified as one of the most pressing issue for small, micro, medium enterprises (SMME’s) within the corporate governance sphere. This was therefore investigated by means of survey that was done in order to take up this study. The intent was to ascertain what the current status is within the manufacturing sector in the Johannesburg region. A combination of qualitative and quantitative methodology was applied to get responses from 15 companies out of a total of 30. The study found that there was a gap between perceived and actual status of succession planning in the SMMEs studied and there is major room for improvement in this area. Further these SMMEs did not put plans in place to groom, train and develop top
managers. The study found that there was no preference to recruiting from outside versus developing inside talent in preparation for succession planning. The findings also suggest that most stakeholders agreed that good succession planning can add value to SMME’s and they become more sustainable. It is evident from this study that the manufacturing sector has not changed from those recorded in earlier studies. The conclusion from this study served as a wakeup call to the SMMEs which took part.

Perrenoud (2012) found that human resources have always been the most critical factor in the construction industry, and now, with a historic generation entering the age of retirement, the construction industry needs to place greater effort in preparing for the succession of their most important of human resource, their leaders. A significant body of research has shown that succession planning minimizes the negative effects that come with leadership transition; however, little research has focused specifically on the construction industry. The majority of construction companies is family owned or has small pools of potential successors, which make them more susceptible to the negative impacts that occur with poor planning for succession. The objective of this research focuses on developing a methodology that will assist construction companies plan and prepare for a leadership transition. Data is gathered from case studies of twelve construction companies that have recently experienced leadership succession. The data is analyzed for practices and characteristics that correlate to successful leadership transitions. Through the findings in the literature review and data analysis of the case studies, the research successfully achieves the objective of developing a potential methodology for increasing the effectiveness of succession planning in a construction company.

Sikomwe et al (2012) have started a study on critical perspectives on succession planning in the commuter transport sector in Zimbabwe. This
study employs descriptive research design and it facilitates to obtain applicable information that the research project focused on, primary and secondary data was used to gather the requisite information. The research seeks to find the reasons of the high attrition rate in the transport sector. This research established the notion that business failures in the transport sector are caused by failure to adequately plan for succession. It also established that some family members may not be willing to take the same business model, also failure to identify a potential successor prior to the death of the founder results in the discontinuance of the business. The results illustrates that most operators in the passenger transport operators have the sufficient knowledge on how to get ready the successor and they know that there is a positive relationship between succession planning and business performance in the second generation but do not want to have the succession plans. The results show that the passenger transport operators are frightened of the negative consequences of succession planning. The researcher made a conclusion that the passenger transport operators lacks knowledge on how to conquer the unconstructive effects of succession planning.

Tolan & Schueller (1994) analyzed the succession planning process from the point of view of the business owner. Beginning with the emotional decision to let go, they point out that potential advisers must recognize the existence of inherent conflicts of interest. The suggested procedure emphasizes recognition of the inappropriateness of left-brained solutions to right-brained problems. This study may require more advisers, psychological as well as financial, but it should be clear that no plan should be implemented until the difficulties have been worked out. This is not to say that nothing can be done until there is a perfect plan. A contingency plan may be put in place to deal with cash requirement in the event of a sudden death or disability. It has been concluded that one person doesn’t really know another person until they have shared an inheritance. Finally the business owner may view
succession planning as an end game where passing the torch leaves the entrepreneur quite literally in the dark. As a consequence, the professional who undertakes to assist a client to confront his succession planning concerns must frequently assume the role of facilitator, more than advisor and allow the business owner to develop his own plan.

Sally (2005) conducted a study to explore succession planning in small, growing firms. This study aimed to explore some of the issues in voluntary succession associated with finding and successfully developing principal successors to ensure the survival and growth of small firms. This study collected sample from four participants, two were owner-managers and two were employees, one of them worked for one of the owner-managers. Despite the small sample size, this study reported the qualitative findings of a highly interactive workshop. It highlighted the key issues identified, including recruiting employees with potential considering the work motives of potential successors and ways of transferring organizational and personal knowledge from the owner-manager to the successor, whether an internal employee or a new purchaser. This study offers new insights into succession planning and the model provides a framework for developing successors. It is concluded that succession planning is an important issue for all firms due to demographic factors such as the rising number of employees reaching retirement age and the dwindling number of younger workers stepping in to replace them.

Topper (2006) conducted a research study to seek consensus for those best practices and strategies that are seen as paramount for succession planning and business survival by executives from privately controlled organizations. The Delphi method was used as an investigative research approach to facilitate the development of consensus and a common reality regarding the subject of interest engaging expert panelists from the
community of interest. This research engaged 37 Delphi panel members, who participated in 3 sequential rounds of surveys that were administered through a custom secure website. From this research and analysis of the data the researcher was successful in identifying 21 best practices that were favorably rated by the Delphi panel members attaining consensus as to their importance and applicability for succession planning. This study has also taken a unique look at business leaders who may or may not have considered all of the implications regarding succession leadership change and how succession planning can help them to better manage their organization. The study concludes that leaders are more apt to plan for succession if they are aware of the perils and processes that encompass the succession event and they are more likely to embrace a proactive approach to succession leadership if they have a framework and best practices to follow while addressing the challenges of succession leadership.

The specific intent of the review by Caldwell (2007) was to find information on the topics of leadership development mechanisms and strategies, transition planning mechanisms and strategies, strategies for capturing and transmitting technical memory, and strategies for capturing and transmitting institutional memory and important relationships to new leaders. This study revealed that succession planning cannot occur in isolation; rather, the elements of successful succession efforts are rooted in four major and interrelated organizational processes: leadership development, transition planning, capturing and transmitting institutional and technical memory, and transmitting important relationships. It is concluded that transition planning, which includes methods and steps to move toward new leadership, must be engaged in thoughtfully.

Fancher (2007) conducted a study to explore the apparent influence of organizational culture on the implementation of succession planning in an
organization. In this study, the concept of succession planning is considered from two perspectives: the process itself; and the way the process is implemented. A qualitative study was conducted with 30 participants of executive and mid-level managers from a large, Fortune 500 company to investigate the influence of organizational culture on the succession planning process. The results indicate that the founder has tremendous influence on organizational processes via the culture which he or she created early on. This study has proven that traditional practices of large, public organizations which are seen as institutions in this country are finding themselves challenged with a younger more professional and more demanding workforce. The key to an organization’s survival lies in its ability to retain, groom and development talent which can strategically and ethically lead the organization successfully into the future. This study contributes significantly to current research in that it reveals organizational values, purpose, roles, decision-making criteria, selection, development and promotion of potential heir-apparent and how these variables play out in the implementation of a succession plan.

McNamara et al (2009) attempted to trace the development of a succession plan with the owner of a small business enterprise and the potential buyer of the organization to succeed the original owner in running the enterprise. The buyer was a former employee of the organization with other experience in the industry. Change will continue to be rampant in all business enterprises. Technological, social, demographic, economic, and political change will be ongoing from both a local and a global level. Business realities will continue to be more tumultuous than ever before. The company will need to change, not change for change sake, but to be willing to reinvent it and continue the fundamental transformation set in place over sixteen years ago. Today’s company must think about, organize, and carry out work in a global economy. This unusual agreement culminated with an exchange of all the outstanding shares of stock from the original owner to the new owner after
a specified period of time. The cultural change that took place during this time period is presented. The major benefits and learning of the succession plans were discussed. Finally, this study presented a succession planning model for a small business enterprise.

Martin (2001) carried out a study to assess the male successors planning in small and medium enterprises. This study divulged that both the incidence of planning and the identification of female successors were lower than anticipated. It was found that less than 19 percent of the samples were ethnic minority companies. From the list of companies investigated 61 percent employed between 4 and 10 employees, 31 percent employed between 11 and 25 employees and only 8 percent employed 26 or more employees. No company selected a female successor despite strong existing candidates, whether relatives or internal managers. Female relatives were neither developed nor encouraged as managers, despite frequently acting as mentors and trainers for the selected male successor. The findings also explored barriers to women’s advancement to more senior managerial roles in the beliefs expressed that the personalities of women are not suitable for promotion or that women themselves are not suitable for owner-manager roles, especially in male-dominated organizations.

Azucena et al (2010) investigated the succession process in family business, and mainly the factors that may inhibit women from entering their family’s business in a managerial or decision making capacity. To this aim this study examined both obstacles and positive aspects of women's involvement in family firms and her important role in the continuity of the family firm. Afterwards, we will compare data from literature review with the information obtained in our qualitative study in order to improve knowledge in this field of research. Gender has been one of the inputs traditionally used in the succession planning in family-owned businesses. The result of this
gender fact used to be that women were excluded from the management of 
those businesses unless there were no other family members that could be 
potential successors. In those cases, as it was the only way to keep the 
business in the family, women became managers. In the last years, things 
seem to be changing and to demonstrate it carried out a qualitative research. 
With this objective this study conducted and concluded sixty in-depth 
interviews to managers that are preparing their family business succession or 
it had already taken place.

Meijaard et al (2005) examined the relationship between successor 
and planning characteristics and post-transfer profitability in small businesses. 
A few simple hypotheses are proposed: The more work experience and 
business training of the successor, the more profitable the post transfer period 
will be; If the successor is an insider or if the successor is related to the 
predecessor, the post-transfer period will be more profitable; Firms relying on 
written succession plans, outside advisors, formal solicitation procedures and 
extensive planning will be more profitable on average. These hypotheses are 
tested on a panel of micro-data on Dutch SMEs. The results of this study 
suggest that certain variables, especially business training and the use of 
outside advisors for business transfer, may have the opposite effect on 
profitability. The paper suggests a few possible interpretations of these 
results, one of which may be that more professional leadership suppresses 
profitability for tax reasons. In the Netherlands, for instance, there is a 
distinction made between the profitability reported for commercial reasons 
and for the tax report. This study suggests that certain variables, especially the 
use of outside advisors may have an opposite effect on profitability. The 
paper suggests a few interpretations, e.g. that professional leadership 
suppresses profitability. Future research is needed to measure profitability 
more carefully. Also, more details about how and when outside advisors and 
planning are used in the business transfer process are desired. Current results
are consistent with those who find a negative relationship between planning and post-transfer profitability.

Tan (2009) investigated the corporate leadership succession planning and implementation in Malaysia. This research uses qualitative research methods to investigate leadership succession in Malaysian organizations. The research reveals that most companies are not engaged in leadership succession planning and implementation and the few that have such processes report low success rates. The research shows that leadership succession planning and implementation is in its infancy among Malaysian companies. Where upper-echelon manager succession is concerned, companies commonly practice leadership replacement rather than succession. In investigating the factors that either enhance or inhibit leadership succession processes, a form of inhibitor that this thesis calls organizationally generated entrenchment was identified. This research work also shows that leadership succession process is greatly influenced by cultural factors and that leadership succession models must take into account cultural effects. This study has confirmed that there is little leadership succession planning in Malaysian companies. This research work has concluded that the presence of organizationally generated entrenchment reduces the effectiveness of succession planning and implementation.

The review by Webberg et al (2010) provided an extensive review of the literature on succession in privately held firms from the viewpoint of this succession promoting entrepreneurial entry and exit. They argue that a further assimilation of the family business and entrepreneurship research is required. They also argue that succession can guide to an important combination of entrepreneurial energy based on the prospective of new owners and managers to rejuvenate their firms. The study presents a detailed review on the scholarly literature on ownership transition and succession in
private businesses. Given the large, but assorted body of literature on the various issues related to ownership transition and succession, and the recent efforts to integrate the fields of entrepreneurship and family business research. They squabble that research on family business can develop recent advances in entrepreneurship research to produce more advanced studies that generate relevant knowledge for entrepreneurs, managers, and policy makers. This study concludes with the need for a revamped theoretical perspective in family business research, to explore ownership transitions and succession by putting emphasis on the multi-level nature of ownership transitions that integrates the roles of individual entrepreneurs, enterprising families, and the development of the firms that they hold.

McCarthy (1996) states that as the first generation of planners move into their 50’s and 60’s, the business mix shifts towards asset management and urgency in need for succession planning. The article further states that for many planners the degree of concern for succession plan is a function of age and many planners’ especially sole practitioners under the age of 50 are not overly concerned with succession/transfer issue. Moreover the planner is the sole professional in the firm and his relationship with his client is the primary asset which ends as soon as the planner leaves. The article advocates buy-sell agreement for such firms which has larger and longer living financial planning operations. Another method that the article suggests is to seek partners or other firms for possible merging, but at the same time advocates caution in taking partners unless they add significant strengths to management team. So that if the company is to be sold and if the equity control is more concentrated, it will be easier to complete the transaction.

Modise (2011) carried out a study to establish what the key contributing factors are towards the long-term sustainability of family owned agribusiness in South Africa. This study was conducted with the reason of
agribusiness sector is that 90% of agricultural enterprises in South Africa are reportedly family owned. Succession was chosen as a key construct, considering the fact that the ability of enterprises to have long-term sustainability is influenced by whether or not they have a plan for succession. A case study method of analysis was used to collect data, which involved interviewing four commercial farming families in the Eastern Free State. It was established from the interviews that each family has unique drivers that enabled or inhibited the succession process. A comparative analysis was conducted to analyze the key factors responsible for a smooth transition. It was concluded that the intent was to bring about knowledge that could contribute to the study of family businesses and to find key insights that may be useful to stakeholders in the agricultural sector be it from a firm, advisory, or policy formulating perspective.

Whatley (2011) explored on the existing academic literature on family owned business succession, and using the insight gained from assisting family owned businesses in successful succession, the author merges two existing models on family owned business succession to create a new model, thus enhancing our approach to organizational development interventions in this dynamic field. The new model combines the Integrative model of effective family owned business Succession and the family owned business knowledge accumulation model in an attempt to adopt the strengths and address the weaknesses of each approach. The effectiveness of this new model is demonstrated through the use of a case study. This aspect of family owned businesses offers us an opportunity to study what has been learned within the field of organizational development and further develop these exciting fields of research and practice. In addition, since family owned businesses represent such a large percentage of the U.S. workforce, their successful succession is an issue that organizational development needs to confront. It is concluded that this new model will move the organizational
development field forward in discovering what factors should be considered when planning organizational development interventions for family owned businesses and for their successful successions.

The questionnaire contributed by (Forest) to business insight booklet published by business financial services of the standard chartered bank to determine some of the early indications of problem areas commonly found in business in the course of the work. The questionnaire was divided into three parts such as 1) general business concerns 2) working capital concerns and 3) accounting concerns. Some questions under general business concerns were i) do you expect the industry you operate in to shrink in the coming years ii) do you expect margin erosion in coming years iii) are your sales and/or profits on a declining trend and iv) is your staff turnover increasing/staff morale low and the questions under working capital concerns were i) are your customers having problems with your delivery of products ii) are there any overdue problems to banks/Hire Purchase Creditors iii) are there any late payments of salary/EPF to employees iv) has there been any refusal of additional/extension of credit lines by banks v) are your expenses increasing at a rate faster than revenue vi) are your expenses increasing while revenue is decreasing vii) does your company own any non-operating and non-income generating assets viii) is your stock turnover (in days) getting longer. The questions under these two headings were taken into consideration for general business and working capital concerns of the firm.

For a business to succeed post succession, it not only requires developing a proper succession plan but also communicating effectively among the various stake holders. Based on the various reviews one can conclude that an effective succession plan should answer a more serious issue of family sustainability. This is one of the major issues haunting the planners when they plan for succession.
Moreover from the literatures one can come to the conclusion that “Succession Planning" is a process, not an event. Even when a formal Succession Plan is in place, it must be a an evolving document which is reviewed and updated from time to time so that it reflects the changes in the marketplace, competitive conditions and the health or capabilities of the current leadership. The process forces the current leadership to confront difficult issues, such as

- How do current leaders choose among multiple capable successors?
- How do current leaders deal with successor apathy? For example, what happens if nobody in the family is interested or capable of taking over? What other exit strategies are available?
- What if the current leadership is deteriorating, yet unwilling to relinquish authority or ownership?
- What are tax implications of the proposed plan?
- What is the impact of the plan on other "stakeholders" who are non-family member owners, such as loyal key employees, vendors or customers?
- If the business will not or cannot be kept in the family, who are the likely buyers? Employees? Strategic buyers, such as competitors or companies in parallel lines of business? Financial buyers, such as those interested purely in the profits or financial potential of the business?
• How do inter and intra-family feuds affect the Succession Plan?

Based on the literatures certain attributes in business front such as working capital and personal front are considered and the influence of the considered attributes on the succession plan is also studied.