

# Succession Planning: A contrast in family firms and non family firms

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**Abstract:** *Succession Planning is the key element of sharing information. Here we are talking about sharing knowledge both implicitly and explicitly. Here we are using theory of planned behavior and structural equation modeling to analyse. Non family firms and family firms are compared in contrast in the context of knowledge sharing. Knowledge sharing in family firms is found more than in family firms than non family due to the willingness of family Chief Executive Officers or Managing Directors, as it is their own blood. Hence Attitude scores well in family firms second subjective norms followed by PBC.*

**Key words:** *Succession Planning, knowledge sharing, family firms and non-family firms.*

## 1. Introduction

Succession Planning is necessary in all the companies private, family owned etc. Knowledge sharing in the form of succession planning has to be carried out both in private and family owned firms. Knowledge transfer is essential to managing a small family firm's internal succession and private organizations as well.

/ Knowledge transfer is the businesses' ability to exchange knowledge (Goh, 2002; Smith and Rupp, 2002) and is essential for family business continuity after succession has occurred Poutziouris and Chittenden, 1996). Minbaeva et al. (2003, 587) define knowledge transfer as "a process that covers several stages starting from identifying the knowledge over the actual process of transferring the knowledge to its final utilization by the receiving unit." Knowledge transfer has been identified as the one of the top three issues in family succession, along with taxation and finding the right successor (Malinen, 2004).

## 2. Succession Planning and Knowledge Management

Knowledge leads to successful competitive advantage. Hence we accentuate on strategic knowledge management. Knowledge management is nothing other than collecting, using, disseminating and growing ledge Management with Knowledge Sharing Perspective in Business Families ensures that employees are recruited and developed for future purpose. Through the succession planning knowledge in a concern. It involves the use of people, technology and processes (Awad and Ghaziri 2004, 2-3). One process that can be put in place is to enhance the capture of knowledge is succession management. Succession planning has been defined as "the process of ensuring that qualified persons are available to assume key managerial positions once the positions are

vacant” (Mondy and Noe 2005, 506). Succession planning is an explicit plan for management succession to fill in key roles within the company at all levels of the organization. Succession planning is a process whereby an organization Succession Planning and Knowprocess, organizations can recruit superior employees, develop the recruited person’s knowledge, skills, and abilities, and prepare them for advancement or promotion for more challenging roles. (Kathy, PHD) Some jobs are the lifeblood of the organization, hence it can’t be neglected or kept vacant for a long time, thus succession planning came into being. Succession planning should be actively pursued when the organization expands and loses the key role employees. The developmental needs of the employee have to be fulfilled and ensured that all employees are developed to fill in their key roles which are expected out of them.

### 3. A multidisciplinary platform

If succession planning isn’t as simple as some may believe, how can leaders make sure they’re covering the necessary bases? An inclusive approach focuses on there categories of crucial components:

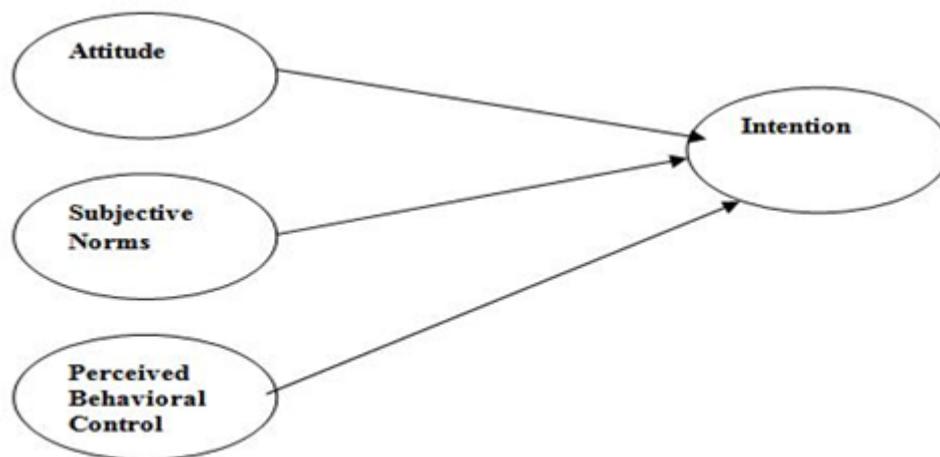
Family	Share holder	Business
A. • Goal articulation B. • Family information and communication C. • Estate and gift planning D. • Life insurance analysis E. • Investment advisory services F. • Family offices	G. Shareholder agreement H. • Disability planning I. • Compensation planning J. • Stock transfer technique	K. Business strategy assessment L. • Management talent assessment M. • Corporate structuring N. • Current business valuation O. • Retirement planning

### 4. Literature Review

Author	Definition
Channon (1971)	An enterprise may be said to be familiar when it is controlled by a family for at least two generations
Bork (1986)	A family business is a firm founded by a family member and who has been transferred or is in the process of being transferred to the descendants. The descendants of the founder will own and will control the company. In addition, work and participate in company activities and they stand to profit
Churchill e Hatten (1987)	For family business means the event or the expectation that the youngest member of the family takes or take control of the company from the older generation.
Upton and Sexton (1987)	Define a business like family when they are at least two generations, and when at least two family members are employed daily in the

	management.
Donneley (1988)	Consider a business like family when she was closely identified with at least two generations of a family or when this bond had a mutual influence on the policies of the company and the interests and goals of the family.
Ward (1990)	Family is a firm where the management and control will be passed on to new generations of the family.
Schillaci (1990)	The family business is a business that can intimately identify with a family (or several families), for a generation or more. The influence of the family on the company is entitled from the ownership of all or part of the venture capital and exercised also through the participation of some of its members to management.
Raymond (1994)	Defines the family business as a firm in which the family is able to control the succession to the Chief Executive Officer and his direction.
Heck and Scannell Trent (1999)	In accord with this approach, the authors stress that there must be the intention to transfer or a generational shift in managerial control. If it does not intend potential means that the company could become a Public Company or may have the intention to take professional managers.
Barontini and Caprio (2005)	Firm where the largest shareholder owns at least 10 percent of ownership rights and either family or largest shareholder controls more than 51 percent of direct voting rights or controls more than the double of the direct voting rights of the second largest shareholder
Fahlenbrach (2006)	Firm where the CEO is the founder or co-founder
Miller <i>et al.</i> (2007)	Firm in which multiple members of the same family are involved as major owners or managers, either contemporaneously or over time
Prof. Dr. Rainer Kirchdörfer(2018)	A firm, of any size, is a family business, if: (1) The majority of decision-making rights is in the possession of the natural person(s) who established the firm, or in the possession of the natural person(s) who has/have acquired the share capital of the firm, or in the possession of their spouses, parents, child or children's direct heirs. (2) The majority of decision-making rights are indirect or direct. (3) At least one representative of the family or kin is formally involved in the governance of the firm.

# THEORY OF PLANNED BEHAVIOUR



2003	Knowledge sharing behavior of physicians in hospitals	Seewon Ryua,*, Seung Hee Hob, Ingoo Han	Attitude was found to be the second important factor influencing physicians' intentions. Perceived behavioral control was also found to affect the intention to share knowledge, though in a lesser degree than subjective norms or attitudes. Implications are also discussed for physician's knowledge sharing activities.
2004	Measurement issues in the theory of planned behaviour: A supplement to the manual for constructing questionnaires based on the theory of Planned behaviour	Jillian J Francis1; Marie Johnston2; Martin P Eccles1; Jeremy Grimshaw3; Eileen F S Kaner1	Direct and Indirect measures of Attitudes, subjective norms and PBC
2006	The Role of Self-Efficacy in Predicting Rule-Following Behaviors in shelters of homeless youth a	Broadhead-Fearn, Danielle;White, Katherine M	Self efficacy appeared as the strongest predictor of intentions

	test of tpb		
2007	Applying the theory of planned behaviour to walking: development and evaluation of measures and an intervention	Catherine deirdre dorothy darker	Perceptions of walking were incongruent with current health promotion campaigns, which focus on the health benefits of walking.
2008	The effect of innovativeness on the adoption of B2C e-commerce: A model based on the Theory of Planned Behaviour	Ángel Herrero Crespo *, Ignacio Rodríguez del Bosque 1	The results denote that electronic commerce acceptance is determined by attitudes to the system, subjective norm and personal innovativeness in the domain of information technology.
2009	The theory of planned behaviour applied to young people's use of social networking Websites	Emma L. Pelling and Katherine M. White	Research suggests that SNW use may increase adolescents' self-esteem and well-being if the tone of the feedback provided by viewers of their profiles is positive, but decrease self-esteem when the feedback is negative. <sup>2</sup> As with any type of excessive internet use, overuse of SNWs has the potential to impact negatively on an individual's study, work, health, and personal relationships. <sup>3</sup> Young adults are more likely than any other age group to have a SNW <sup>4</sup> and engage in higher levels of use (almost 3 hours per day). <sup>5</sup> Despite the increasing popularity of SNWs, however, there is still little known about the psychosocial variables that predict people's level of use.
2010	Applicability of the theory of planned behavior in predicting intended use of Voluntary HIV Counseling and Testing services among	Shemsedin Omer1, Jemal Haidar2	More than half (53.7%) who had never used VCT service were considered in the analysis for the intended VCT service use. All the modal variables correlated significantly with behavioral intention. Subjective norm

	teachers of Harari Region, Ethiopia		( $r=0.45$ , $p<0.001$ ), perceived behavioral control ( $r=0.42$ , $p<0.001$ ) attitude ( $r=0.33$ , $p<0.001$ ) and perceived susceptibility( $r=0.25$ , $p<0.001$ ), were significantly and positively correlated while perceived severity to the illness ( $r= -0.14$ , $P<0.001$ ) was significantly but negatively correlated with behavioral intention. Perceived severity of the illness, normative belief and having high level of self control were the major predictors for intended use of VCT.
2011	Understanding information systems security policy compliance: An integration of the theory of planned behavior and the protection motivation theory	Princely Ifinedo*	The data analysis did not support perceived severity and response cost as being predictors of ISSP behavioral intentions
2012	Using the Theory of Planned Behaviour to understand binge drinking: the importance of beliefs for developing interventions	David P. French1*, and Richard Cooke2	Beliefs were reliably coded (all kappas $\geq 0.79$ ). Students with higher intentions to binge drink were more likely to believe that their friends approved of binge drinking, and that (lack of) money would make it difficult. Students who reported drinking more alcohol at the end of the evening were more likely to believe that getting drunk is an advantage/ what they would like about binge drinking tonight, that their sports teams would approve, and that celebrating, drinking patterns, and environment would make it easy to binge drink.
2013	Determinants of	T. Yamano, S. Rajendran	It is predicted that Scheduled

	Psychological Constructs toward Agricultural Technology Adoption: Evidence from Eastern India	and M. Malabayabas	Caste, female, and less educated farmers have low scores on psychological constructs, whereas Swarna Sub 1 users, large landholders, and wealthy farmers have high scores on the psychological constructs in all the three dimensi
2014	An extension of the Theory of Planned Behavior to predict willingness to pay for the conservation of an urban park	Natalia López-Mosquera 1, Teresa García*,1, Ramo Barrena	Community-based social marketing and local campaigns are the main strategies that should be followed by land managers with the objective of promoting responsible, pro-environmental attitudes as well as a greater willingness to pay for this type of goods.
2015	TRA, TPB AND INTEGRATED BEHAVIOUR MODEL	DANIEL E MONTANO AND DANUTA	HISTORICAL DEVELOPMENT OF TRA , TPB
2018	KNOWLEDGE SHARING AMONG ACADEMICIANS	M.PUNNIYAMOORTHY J ANTONETTE ASUMPTHA	A theory of planned behavior is used as a source model to develop two models: one with the causal path from subjective norms to attitude and the other with a causal path from subjective norms to perceived behavioral control. From the results of the significance of the subjective norms to the attitude path, it is possible to conclude that there is a similarity in faculty attitude toward knowledge sharing and what they feel about knowledge sharing due to social pressure. Similarly, the casual path created from subjective norms to perceived behavioral control reveals that the academician's behavior in knowledge sharing depends upon his/her feelings about the views of others.

### **RESEARCH GAP:**

Many studies have been done with TPB and family firms but with a contrast of family firms and non-family firms is not been covered, hence we have dealt with it.

*We can compare whether Attitude, Subjective Norms and PBC is different in knowledge sharing in family firms and non family firms.*

### **Negatives:**

Strategic succession planning becomes even more complicated when family issues such as legacy, birthright, communication, personalities, and interpersonal dynamics are added to the mix. Even an apparently simple succession scenario can become more complex when family interests mingle with business concerns. Even without any explicit disagreement among those involved, the goals of the business — to generate profits, exploit market opportunities, reward efficiency, develop organizational capacity, and build shareholder value — can come into direct conflict with the recognized goals of the family.

Apart from negatives succession planning in family business is done more confidently, while this willingness isn't found in non family firms.

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APPENDIX A :

THE SAME WAS CUSTOMIZED FOR FAMILY AND NON FAMILY FIRMS.

Respected Sir/Madam,

I, Antonette Asumptha (Phd Scholar, Doms, Nitt) doing research on Knowledge Sharing in family firms and non family firms. I would highly appreciate if you could participate in my research. The questionnaire I have prepared will take only about 5-10 minutes of your time. Please note that there are no right or wrong answers, it is your opinion that matters. Your answers will be kept confidential and will only be used for the academic purpose of this study. Thanks a lot! I truly appreciate your support.

**Knowledge Sharing in Academic Institutes.**

Age:

Gender:

Highest Qualification:

Department:

Position:

Years of Experience with UG:

Organization Name:

Years of Experience with PG:

Organization Type: Gov./Private

If Government : State/ Central

If Private: Self-Financing / Non Self – Financing

**Attitude**

1. If I share knowledge with other members I feel

2 very harmful

very beneficial

- 3 very unpleasant  very pleasant
- 4 very bad  very good
- 5 very worthless  very valuable
- 6 very unenjoyable  very enjoyable

### **Subjective Norms**

7. Most members think that I should share knowledge with others.

Strongly Agree  Agree  Neither  Disagree  Strongly Disagree

8. Most members who are important to me share their knowledge with others

Strongly Agree  Agree  Neither  Disagree  Strongly Disagree

9. Members whose opinion I value approve my behavior to share knowledge with others.

Strongly Agree  Agree  Neither  Disagree  Strongly Disagree

10. Members whose opinions I value share their knowledge with others.

Strongly Disagree  Agree  Neither  Disagree  Strongly Disagree

### **Perceived Behavior Control**

11. For me to share knowledge is always possible.

Strongly Agree  Agree  Neither  Disagree  Strongly Disagree

12. If I want I always could share knowledge

Strongly Agree  Agree  Neither  Disagree  Strongly Disagree

13. It is mostly up to me whether or not I share Knowledge

Strongly Agree  Agree  Neither  Disagree  Strongly Disagree

14. I believe that there are much control I have to share my knowledge with others

Strongly Agree  Agree  Neither  Disagree  Strongly Disagree

15. Any other comments if you want to share. Please.