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The concept of research processes about succession process in polish family-owned businesses

1. The basic concepts definition

The concept of succession is commonly understood as an inheritance, pass to the heirs. In European literature – especially in German and English literature succession is conceived as a dynamic process that occurs between two basic groups (transmitters and takeovers), whose purpose is to provide the next generation with both leaderships and property. Similarly, in American literature succession is the transmission of property and power by the current owner to the elected successor. (*J. Jeżak i inni, Przedsiębiorstwo rodzinne. Funkcjonowanie i rozwój. Difin Warszawa 2004, s.59*). For the purposes of this study, researchers adopted the above-mentioned interpretation without losing sight of the important regulations.

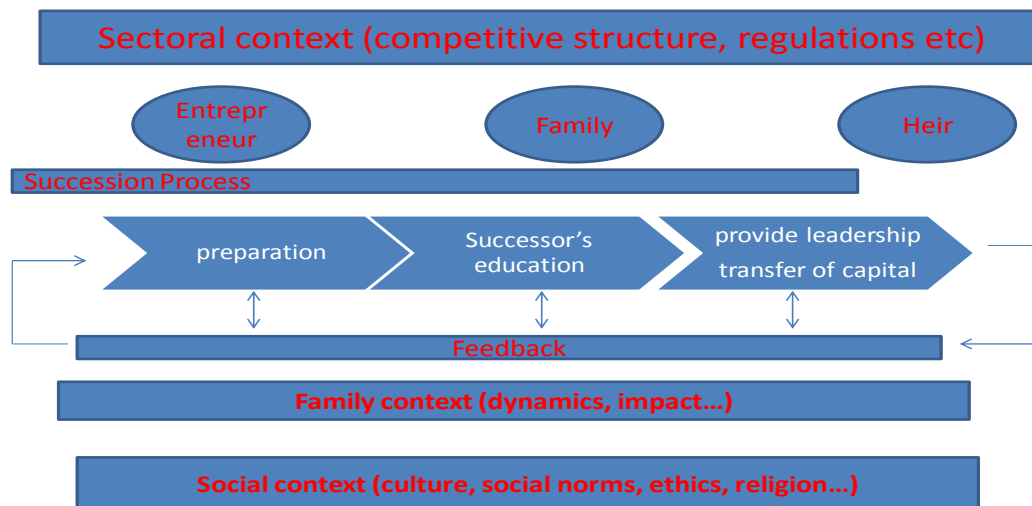
The subject of the research will be companies that meet the following criteria - are a family business, which means that the company is family-owned; at least two of its members work in the company, including exercising managerial functions; the owners have offspring that will take or could take over the company; a company is engaged in business within the meaning of the Act on freedom of Economic Activity; and is established on Polish territory.

2. Conclusions from the literature review for a research model.

A comprehensive approach to the problem areas in the process of succession and the analysis of the related causes requires the development and adaptation of the general (base) model including all relevant aspects of the succession.

One of the few works that can provide such a comprehensive basis for further work is a model developed by Le Breton-Miller et al. (2004)(Le Breton-Miller et al., 2004: 317 and all.). Le Breton-Miller, I., Miller, D., Steier, L. P. (2004): Toward an integrative model of effective FOB succession, in: *Entrepreneurship Theory and*

Practice, 28(4), s.318. The advantage of this meta-model is integrating different aspects and contexts within one research; however, its disadvantage is the excessive vagueness, making a limited contribution to the analysis of the causes of the phenomena occurring in the process of succession (it does not involve any structuring of the detailed problems but only lists them).



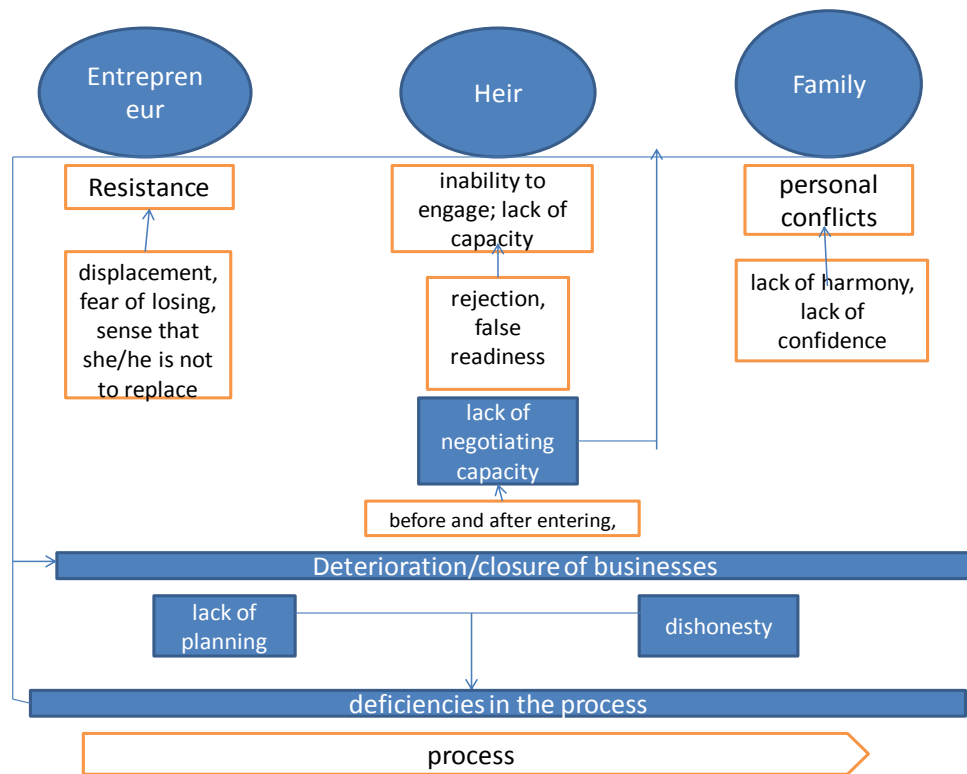
3. An integrated model of succession

The model adopted for the purposes of this research project will therefore be the one modified by German authors [T. Wulf, S. Stubne *Unternehmensnachfolge in Familienunternehmen – Ein Untersuchungsmodell zur Analyse von Problemfeldern bei der Übergabe der Führungsrolle* r Juli 2010 HHL-Arbeitspapier HHL Working Paper nr 96, 2010]

[<http://www.hhl.de/fileadmin/texte/publikationen/arbeitspapiere/hhlap0085.pdf>]

These authors through semi-structured interviews with the actors of the succession process enriched the model with the practical aspects and causes of the phenomena occurring in specific problematic areas. As the basis for the interviews four identified areas of concern were used – the entrepreneur, the successor, the family and the process. The problematic areas and their associated causes can be

summarized in the form of a comprehensive model for the transmission of power in the family business succession. This model, according to the authors, can be used in further research.



Problems and causes of succession carried out by the authors in the analysis refer to the general terms of the success of the succession process. The research model does not define what constitutes success in the process of succession in the family business. In researches success of secession process is mostly two-dimension: quality and efficiency. Quality includes the satisfaction of participants in the process of succession. Efficiency of the succession refers to fact how the process is rated by the outsiders. This can be done by means of quantitative factors. However, in the case of quality it is the subjective criterion whereas in the case of efficiency it is the objective criterion. Sharma, P., Chrisman, J. J., Pablo, A. L., Chua, J. H. (2001): Determinants of initial satisfaction with the succession process in family firms: A conceptual model, in: *Entrepreneurship Theory and Practice*, 25(3), 17-35.).

The entrepreneur (senior) by the central role he/she plays in the family business has primary responsibility for the effectiveness of the process of succession - may be the driving force and the main problem.

Another important actor is the successor, who is to take over the company after all. Therefore, the problems that are associated with the person of the successor (or lack thereof) are also included in the model. Next, the family, through which major internal relations are formed. Maintaining good relations between different actors of enterprise's internal life is one of the key factors in the success not only of succession, but in general the company. This is done not only indirectly through the values, norms and traditions, but also by a direct effect. The family does not only provide resources, but often is itself company's main asset, so its impact on the process of succession may be either stimulatory or inhibitory.

The very process of succession (its phases) may also belong to the basic problem areas. It applies in particular to the various stages of the selection process and the sequence and execution.

For each of these problem areas mentioned above, as did the authors of the cited work, one can indentify (in this case, on the basis of) the reasons which make us perceive the individual factors as sensitive fields of the process.

In the case of the entrepreneur the main of the identified problems could be called resistance - resistance to the changes. Its manifestations are postponing the problem (succession) - lack of acceptance of human mortality and the need for change, lack of time, the conviction of "may not be replaced" (no suitable replacement, the lack of faith in his abilities and skills) and the fear of loss (the loss of achievements of life, loss of power / status, loss of confidence.

In the case of the successor two main reasons are listed - lack of interest and commitment reflected in the rejection of the succession due to personal reasons, and the apparent readiness manifested in the commitment to tradition, and not having the desire and comparison with other career development opportunities. The second reason is the limited capacity. It manifests itself in different ways, at different stages - before the succession it may be not suitable education or previous activity; another group of problems can arise from improper entry model to the company, what plays

an important role here is the entry time and the opportunity to prepare as well as the position of the successor upon the entrance to the company; and from the causes of the problems of succession after joining the company one can mention the lack of cooperation with stakeholders, the lack of development plan.

The problematic area can also be the family. Problems in this area are rather relational conflicts. They manifest themselves in the absence of harmony (competition, conflicts of interest, lack of communication), and in the absence of trust (questioning the competence, dishonesty, lack of integration).

With regard to the process problems identified are the lack of planning (lack of strategic plans, limited attractiveness for people from outside), and the lack of honesty (transparency) process.

4. The initial assumptions to develop a questionnaire and main hypotheses.

Conducted literature review and adopted model provide a framework research process which main purpose is to:

- Identify the needs / expectations of the target group and tools to carry out the process of succession,
- diagnose concerns prior to the succession process, [the introduction of a systematic process],
- investigate the position and opportunities for women in the succession process.

The realization of that objective will be performed by the verification of several major research hypotheses formulated on the basis of the literature, our own experience (work with family businesses) and previous studies of our own. The basis of hypothesis verification surveys will be conducted on the basis of a questionnaire sent to owners (seniors) and the successors of about 5,000 family businesses drawn from a database project contractor, which meet the established criteria (family according to the definition; at least a potential willingness to succession). Complement and deepen the conclusions of the survey will be focus research.

The main research hypothesis:

Hypothesis 1: Succession processes are usually spontaneous and not planned in nature and occur under the influence of strong independent factors (age, illness, death),
Therefore

Hypothesis 2: Level of preparation for the succession process is usually very weak [lack of readiness on the side of the Nestor and after the successor / if]

Hypothesis 3: The main threats to the succession process are not utility (inheritance law, business valuation, taxes), but mental (resistance to change, fear, threat).

Hypothesis 4: The initial phase of the Polish succession processes and lack of appeal to the experience make the process participants (family, successor, and senior staff) take action intuitively and without the ability to predict the consequences of actions taken.

Hypothesis 5: The main barriers to starting and effective implementation are mental and are related to concerns about the level of competence of senior and his future successor.

Hypothesis 6: In the process of succession to the doyen of women are descendants of the "second choice". Only when there is no male heirs, relatives, and the succession of the exterior too risky, is headed by a woman.

Surveys will be sent to both the owners and the successors of enterprises, with, the nature of the survey will be anonymous, so there will be no confrontation between the successor and the doyen of opinion. This will not affect the way a request will improve organizational research.

Structure of the questionnaire addressed to the successor.

