A Quantitative and Qualitative Inquiry into Family Business Succession Planning

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INTRODUCTION

In recent times, the family business has become a prominent area of study among researchers, theorists, investors, policymakers, practitioners, and many others (Poza, 2010). Today, family business has arisen as a vibrant area in the global entrepreneurial development context since family businesses play an outstanding contribution in employment generation, economic growth and transformation, and wealth creation (Lucky et al., 2011). Family businesses occupy a large percentage of the business structures in many countries around the globe; they generate jobs and wealth for a large proportion of the global population and economies (Kuratko & Hodgetts, 2004; Gagné et al., 2021). When focusing on family business, succession is so central to the existence of the firm, which plays a vital role in family businesses. According to statistics, succession is a problematic issue with the evidence that only 30 per cent of the family firms pass their business to the second generation and only 10 per cent to the third generation (Beckhard & Dyer, 1983a; Beckhard & Dyer, 1983b). Therefore, the continuation of family businesses highly depends on succession planning (Christensen, 1953). According to Poza (2010), there are hundreds of reasons why organizations fail, but in family-owned businesses and family-controlled companies, the most prevalent reason related to failure is succession planning. According to the studies done by Akinyele (2007) and Mori (2014), inadequate succession planning is one of the major issues causing continuity and growth problems in African small and medium enterprises. When the ownership is handed over to the next generation, business management difficulties arise due to the lack of new owner's skills, knowledge and experience (Wahjono, 2014). Since succession planning plays a vital role in family firms, this study aims to seek whether the family business owners plan for succession or not. Moreover, succession planning is affected by several factors. Therefore, this study will further explore the determinants of family business succession planning, such as the factors related to the owner, business, and family.

Problem Justification

Family businesses are distinct and worthy of studying since family businesses account for the oldest and most dominant business organization globally (Abouzaid, 2008). Although the area of family business has been of interest among researchers over the past few decades, Ramona et al. (2008) declare that the family businesses are still in their developing stage. The significance of the family businesses has not been framed only to the family but also for the economy. Hence the area of family businesses is a salient field for studying.

Despite the immense contribution to economic development, the continuation of family businesses has become a major challenge faced by the owners of such businesses. Nonetheless, some family businesses were able to survive their business over decades from generation to generation. According to Ward (1987), succession is the most important issue that family firms face. Evidence of the past studies stated that only a small percentage could survive the transition to the second generation, and many of them fail when making it to the third (Handler, 1990, 1992; Davis & Harveston, 1998). Onuoha (2013a) states that the failure of succession in family firms result from a lack of succession planning. He stated that there is no generational enterprise without effective succession planning. Christensen (1953) argued that most of the family firms are not involved in succession planning. In the global context, there is evidence in the past research about this scenario. As per the findings of Onuoha (2013b), in Nigeria, 94.2% of entrepreneurs do not have a succession plan. Lack of succession planning has become a problematic issue for the survival of family businesses in Nigeria. Only 28% of family firms in the United States of America have a succession plan (Susanto et al., 2008).

Sri Lanka is a South Asian country that constitutes a large number of family businesses. Some of the well-known family firms in Sri Lanka are DSI Samson Group, Hemas Holdings Private Limited, Damro Group, Siddhalepa Group, Dilma Group, Maliban Public Limited Company, Perera & Sons, and Ceylon Biscuits Private Limited (Wijayasinghe, 2021). Even though the family business succession planning has been studied in the global context, there is a dearth of evidence on family business succession planning in the Sri Lankan context, indicating a knowledge gap in the field of family business succession planning. Hence, bridging that gap, this study aims to explore whether the family businesses in Sri Lanka have a succession plan or not. Furthermore, the study will focus on the determinants of succession planning in family businesses. Therefore, the family, owner, and business characteristics are studied in-depth to investigate the determinants of the family business succession planning.

Research questions and objectives

This study will explore the following research questions,

- Do family business owners plan for succession?
- What are the determinants of family business succession planning?
- The corresponding research objectives of the above-mentioned research questions are,
- To examine whether the family business owners plan for succession
- To investigate the determinants of family business succession planning

LITERATURE REVIEW

Past studies have defined family businesses in several ways. Churchill & Hatten (1987) have defined a family business as a business where the founder anticipates that the business will be handed over to the next generation. Handler (1990) defined a family business as a business that at least one family member runs. This was further elaborated as a business that will be passed on for the next generation of a family for management and control by Handler (1992). A more recent definition by Sharma et al. (2001) define a family business as a business that is managed to pursue the vision held by a dominant coalition controlled by the family members. Family businesses are owned and controlled by family members. Hence the family possesses a greater potential to involve and influence the business matters. Hence family businesses have diverged from traditional businesses. Since the family members are capable of involvement in business matters, family businesses face unique and complex issues which are different from the issues that the traditional businesses face (Davis & Stern, 1980; Handler, 1989). Morris et al. (1997) stated that family-controlled businesses frequently have a more centralized decision-making process and control systems that are less formalized. Therefore, there is a clear distinction between family businesses and non-family businesses.

The three-circle model of family businesses by Tagiuri & Davis (1996) suggests that a family firm comprises three overlappings, interacting and interdependent subsystems of family, business and ownership. According to them, a family company is one whose ownership is controlled by a single family and where two or more family members significantly influence the direction and policies of the business, through their management positions, ownership rights and family roles. Hence the three-circle model of family business has framed this definition well (Davis, 2018).

The passing of the leadership from the founder-owner to a successor who will either be a family member or a non-family member is defined as family business succession (Beckhard & Burke, 1983). According to Alcorn (1982), even though the changes at the lower level show the same symptoms as top-level succession, the “succession” term specifically defines the changes in the top leadership. Succession includes three different components: the desire to pass the business, the ability to carry out the desire and the willingness of proposed heirs to accept the responsibility (Gaumer & Shaffer, 2018;

Waseem et al., 2018). Succession is a process, more than an event (Churchill & Hatten, 1987; Handler, 1990). It is a multistage process that involves multiple people and starts before the heirs enter the business (Handler, 1994; Botella-Carrubi & Gonzalez-Cruz, 2019). Therefore, uncertainties and unforeseen events are influencing the succession process. Handler (1994) suggests that succession is the most important issue of family firms. According to statistics, only 30 per cent of family businesses survive their transition to the second generation, and only 10 per cent survive their transition to the third generation (Beckhard & Dyer, 1983a; Beckhard & Dyer, 1983b). Therefore, succession is the central issue of family businesses, which should be concerned well because of its importance for the survival of the business (Applegate, 1994).

Succession planning is a structured process that involves the identification and preparation of a potential successor to assume a new role (Garman & Glawe, 2004). In another way, succession planning is when firms plan for the future transfer of ownership (Magasi, 2016).

The motivation of succession planning is to transfer the firms' ownership to any family member rather than ceasing the business (Mutunga & Gachunga, 2013). Therefore, the continuation and prosperity of the business are dependent on succession planning (Christensen, 1953). However, there is some evidence on the lack of succession planning among family businesses (Lee et al., 2003). Heck & Trent (1997) suggested that over 86 million family businesses did not have a succession plan by 1996. Susanto et al. (2008) state that only 28% of American family businesses have a succession plan. Only 40% of family businesses in Lebanon have planned for succession (Fahed-Sreih & Dan-Djoundourian, 2006). Obadan & Ohiorenoya (2013) report that although the family business owners of Nigeria know the importance of succession planning, most small and medium-scale entrepreneurs do not have a succession plan. The difficulty in initiating a structured succession planning process can be witnessed as a result of the resistance of entrepreneurs and founders to accept their mortality, the reluctance of transferring of power, unwillingness to choose one child since it could be perceived as choosing a favourite child (Becker, 1973; Applegate, 1994). Christensen (1953), states that identifying the pool of potential successors, the actual designation of the successor, and the notification of the successor-designate and other management leaders are the major elements of a succession planning process.

The theoretical model of family business succession, developed by Handler (1989), states that succession planning is affected by individual, interpersonal, group, organizational and environmental attributes. Hence this study will explore family business succession planning determinants under the owner, family and business attributes.

Influence of owner's attributes on family business succession planning

Specific demographic characteristics like age and education of the owner or the manager have some predictive validity towards organizational processes (Helmich & Brown, 1972; Hambrick, 1989). The owner’s age is one of the most important characteristics of family businesses (Harveston et al., 1997). According to Magasi (2016), the owner's age has a strong influence on business succession planning in small and medium scale enterprises (SMEs) in Tanzania. According to Lansberg (1988), the owner's age and family business succession planning are highly related. Davis & Harveston (1998) have found the owner’s age as a driver of the extensiveness of the succession planning process.

Hypothesis 1: There is a statistically significant relationship between owner’s age and family business succession planning.

In literature, gender has been identified to have an impact on family business succession planning. Historically family business has been transferring from father to son or another male relative (Kaslow, 1998). However, since female ownership in family businesses has been increasing, there are new issues to study. Some suggest that women do less planning for family business succession planning (Lee et al., 2003). Magasi (2016) has found that male owners of small and medium scale enterprises (SMEs) are associated with more chances of business succession planning.

Hypothesis 2: There is a statistically significant relationship between owner’s gender and family business succession planning.

The owner’s level of education is another important factor. Magasi (2016), noted that the increase in the level of education of small and medium-scale enterprise owners has a positive influence on succession planning. In contrast, Coffman (2014), suggests a weak positive correlation between the owner's level of education and the extensiveness of the succession planning process. Davis & Harveston (1998) also suggest that the owner's level of education has a significant negative effect on the extensiveness of the succession planning process. Lee et al. (2003) state that a higher level of education has a significant negative impact on having a written succession plan.

Hypothesis 3: There is a statistically significant relationship between the owner's level of education and

family business succession planning.

Influence Of Family Attributes on Family Business Succession Planning

Family dynamics and relationships influence the successful transition of family businesses (Venter et al., 2005). Family members can play an influential role in the decision-making process (Gundry & Welsch, 1994). Family relationships can influence succession planning and training either by facilitating or hindering (Lansberg & Astrachan, 1994). Family relationships complicate the challenges generated by senior management (Ward, 1987; Handler & Kram, 1988). Family cohesion is an important factor in family components. Family cohesion can be defined as the degree of connectedness and emotional bonding which family members experience. Lansberg & Astrachan (1994) suggest that family cohesion did not directly affect succession planning and training.

Hypothesis 4: There is a statistically significant relationship between family cohesion and family business succession planning.

Family

adaptability is the ability of the family system to make internal changes in response to situational and developmental stress (Lansberg & Astrachan, 1994). They have found that succession planning and training were not directly affected by family adaptability.

Hypothesis 5: There is a statistically significant relationship between family adaptability and family business succession planning.

The extent to which the family members desire the perpetuation of the business in the family is known as family commitment (Sharma et al., 2003). Studies have stated that succession planning is positively influenced by the family's commitment to the business (Lansberg & Astrachan, 1994; Zahrani et al., 2014).

Hypothesis 6: There is a statistically significant relationship between family commitment to the business and family business succession planning.

Gundry & Welsch (1994) suggest that a business becomes more family intense when the number of family employees is increasing. According to them, family members can play an influential role in decision-making processes. In contrast, Magasi (2016) has found that there is a weak relationship between the increase in the involvement of family members in SMEs and business succession planning. Motwani et al. (2006) have examined the critical factors involved in succession planning according to the number of family members employed within the business. They have found that the issues related to family relationships emerged as more important when the number of family members employed within the business increases.

Hypothesis 7: There is a statistically significant relationship between the number of family members involved in the family business and family business succession planning.

Influence of Business Attributes on Family Business Succession Planning

Certain organizational characteristics have significant consequences on the organizational planning process (Davis & Harveston, 1998). Coffman (2014) has considered the relationship between business age and the extensiveness of succession preparedness. They have found that the extensiveness of succession preparedness will not be increased when the family business is older.

Hypothesis 8: There is a statistically significant relationship between business age and family business succession planning.

According to Davis & Harveston (1998), larger organizations have more opportunities to train and develop the top management. Therefore, larger organizations are having more extensive succession planning than smaller organizations. Magasi (2016) has found that growth in SMEs business size positive influences business succession planning. The size of the firm was measured using the number of employees (Davis & Harveston, 1998; Motwani et al., 2006; Coffman, 2014). Davis & Harveston (1998) found no significant relationship between increasing organizational size and the extensiveness of succession planning. In contrast, Coffman (2014) has found that the extensiveness of business succession preparedness will increase when the family businesses are larger.

Hypothesis 9: There is a statistically significant relationship between business size and family business succession planning.

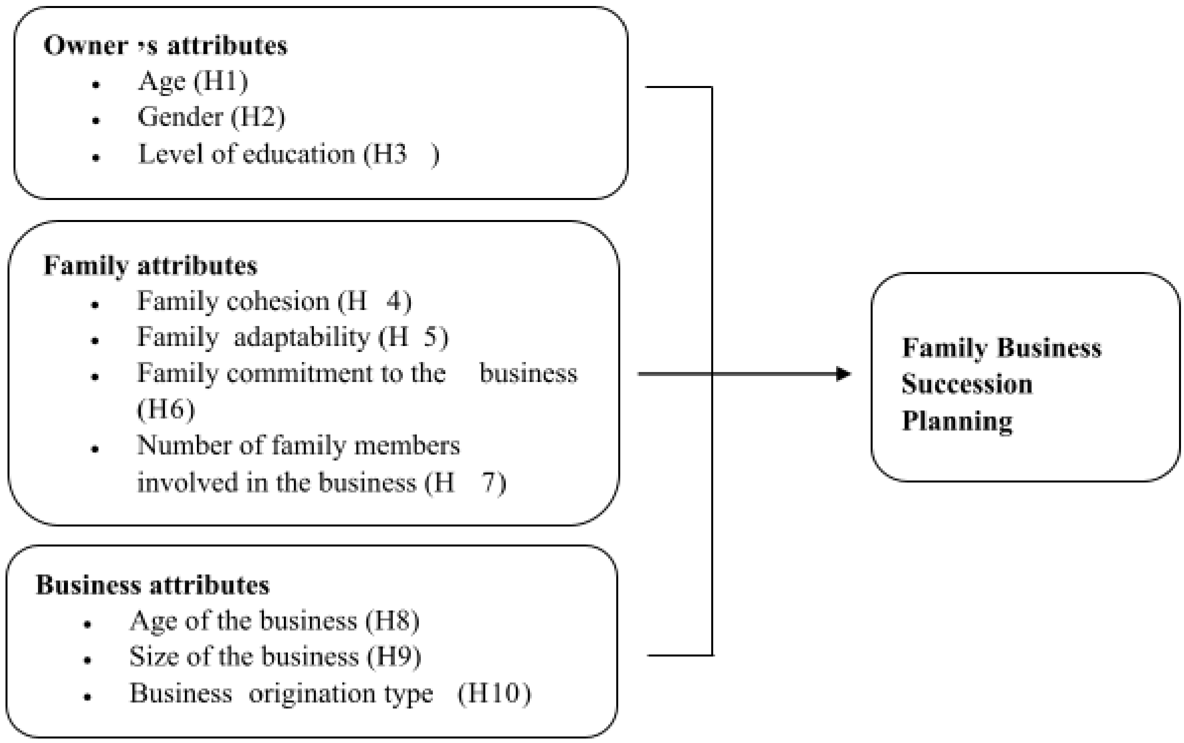
Lee et al. (2003) have considered the influence of business origination type on the probability of having a written succession plan. They have categorized the business origination type as a start-up, inherit and purchase. They have found that business origination type is significant, indicating that start-up businesses are less likely to have a written succession plan.

Hypothesis 10: There is a statistically significant relationship between business origination type and family business succession planning.

According to the literature review, the conceptual framework was developed, which describes the relationships between the dependent and independent variables.

Figure 1: Conceptual framework of the study

Independent Variables Dependent variable



METHODOLOGY

Research design

This study is descriptive research with a deductive approach. The study adopted a questionnaire survey and case study approach to collect data that gives both quantitative and qualitative data. Hence the study took a parallel mixed-method approach. The time horizon of the study was cross-sectional.

Study Site, Population, and Sampling

Gampaha municipal council area, Gampaha district, Western Province, Sri Lanka, was selected as the study site. The family businesses situated in Gampaha municipal council area were selected as the study population. A list of fifty-two (52) members of the Gampaha United Trade Association, who participated in the two most recent meetings of the association, was initially considered as the sample. Accordingly, the contact details of the 52 members were obtained through contacting the President of the Gampaha United Trade Association. Out of these 52 members, 45 responded. Then the sample was further increased to 84 by adopting the snowball sampling technique. The unit of analysis was individual family business owners.

Data Collection

The study used primary data that were collected through a telephone questionnaire survey using a pre-tested semi-structured questionnaire to collect precise data.

During the questionnaire survey, some respondents were identified as business owners with significant planning on family business succession and higher responsiveness. In-depth interviews were conducted with them to gain more insights on the family business succession planning of the businesses in the study area. The data collected from the questionnaire survey were supplemented with the data collected through in-depth interviews with selected respondents.

Operationalization of Variables

The dependent variable of the study was family business succession planning. It was measured using the scale developed by Davis & Harveston (1998). The responses to each item in the scale were scored as either zero or one. For example, respondents who selected just one possible successor scored one, and if there were more than one potential successor, the respondents scored two. The summation of the responses were taken. Accordingly, each respondent could score between “1” to “7”. Higher score means a higher degree of extensiveness in succession planning.

The independent variables were categorized under three main categories as owners ‘attributes, family attributes and business attributes. The owner’s age, gender, and level of education were considered as the owners’ attributes. As family attributes, family cohesion, adaptability, commitment, and the number of family members were considered. Family cohesion and Family adaptability were measured using the scales developed by Lansberg & Astrachan (1994). The family commitment was measured using the scale developed by Sharma et al. (2003). As business attributes, the age of the business, size of the business and the business origination type were considered. The scales used in the questionnaire were presented in the appendix.

Data Analysis

Internal consistency of the scales used was measured using Cronbach’s alpha reliability test. Family cohesion ($\alpha = 0.8471$), family adaptability ($\alpha = 0.8937$), and family commitment ($\alpha = 0.8347$) on business scales scored more than 0.8 alpha values which indicated a good level of internal consistency. In addition, the scale used to measure the extensiveness of succession planning ($\alpha = 0.7970$) scored an alpha value of more than 0.7. This, too, indicates an acceptable level of internal consistency since previous studies suggest the scales to be acceptable if alpha value is greater than 0.7 (Cortina, 1993; Bland & Altman, 1997). Hence, theses scales were guaranteed of having internal consistency.

The data were checked for normality using Shapiro Wilk’s test. The dependent variable was described as having non-normal distribution according to Shapiro Wilk’s test results. Since a multiple linear regression cannot be used for non-normal distribution, the study used a binary logistic regression to identify the determinants of family business succession planning. The scale used for measuring the dependent variable, the family business succession planning, ranges between the highest score of “7” and the lowest score of “0”. However, since the data was non-normal with this scale, this research adopted a binomial scoring system. Respondents who scored “0” were left with the score “0”. Those who scored between “1” and “7” on the scale were categorized as those who have taken at least a single step towards family business succession planning and scored as “1”.

The family business owners' plan for succession was examined (i.e., pursuing the first research objective) using descriptive statistics with frequencies and percentages. A binary logistic regression was run to identify family business succession planning determinants (i.e., to pursue the second research objective). The regression model was concluded to be fit by the Hosmer-Lemeshow test. Multicollinearity was checked using a correlation matrix. No Multicollinearity was observed in the correlation matrix between variables. Results of the statistical analysis of correlation matrix are shown in the table 1.

Business origination type							1.0000
Business size						1.0000	-0.0956
Business age					1.0000	0.1199	-0.0322
Family involvement				1.0000	1.0000	0.1199	-0.0322
Family commitment			1.0000	0.0941	0.0941	0.2219	-0.0447
Family adaptability		1.0000	0.2642	0.1758	0.1758	0.1894	-0.2060
Family cohesion	1.00	0.8283	0.2927	0.2334	0.23	0.27	-0.0846

						00				34	80	
Education (Tertiary education)					1.0000	-0.12022	-0.1298	0.1051	0.1588	0.1588	-0.09552	0.0069
Education (Secondary education)				1.0000	-0.4358	0.0057	0.0079	-0.0550	0.1377	0.1377	-0.12259	-0.0090
Gender (Female)			1.0000	0.0271	0.1844	-0.01441	-0.0772	0.0925	0.3052	0.3052	0.0083	0.0401
Age (35-55)		1.0000	-0.0468	0.1147	0.1386	-0.1288	-0.1091	-0.0711	0.2159	0.2159	-0.1692	0.0413
Age (35 or below 35)	1.0000	-0.4181	0.0786	-0.0425	-0.0526	0.0187	0.0478	0.2082	-0.2036	-0.2036	0.0563	-0.2834

Succession planning	1.0000	0.0098	-0.1238	0.1444	-0.2255	-0.1487	0.1601	0.1666	0.3049	0.2236	0.2236	0.3906	-0.0462
Variable	Succession planning	Age (35 or below 35)	Age (35-55)	Gender (Female)	Education (Secondary education)	Education (Tertiary education)	Family cohesion	Family adaptability	Family commitment	Family involvement	Business age	Business size	Business origination type

Table 1: Results of the statistical analysis of correlation matrix

When focusing on the qualitative data analysis, ten significant cases were selected during the data collection process based on the higher degree of planning and responsiveness. Those significant cases were used for qualitative data analysis. These qualitative data were used to supplement the identified trends and patterns in the data collected through the questionnaire survey.

RESULTS AND DISCUSSION

Profile of the Sample

The majority (89%) of the respondents were males. Most of the respondents (51%) belonged to the age range of 36-55. Only 14% of the respondents belonged to an age range of below 35. A greater part of the respondents (91%) were married. Only 5% were single. The sample followed by manufacturing businesses (30%), services (11%) and wholesale distributors (7%). Only 1% belongs to the construction sector and transportation. Business origination type was categorized into three categories; namely, a start-up, inherit and purchase. There was no one from the purchase type. The majority (73%) of the respondents were start-up origination type. When considering the distribution of respondents by the current family generation of business, most of the respondents (73%) were from the first generation, and only 1% belonged to the third generation.

Findings Related to The Objectives

The first research objective of the study was to examine whether the family business owners plan for succession. Table 2 illustrates the percentages of respondents by the scale items of succession planning.

Table 2: Percentages of respondents by scale items of succession planning

Degree of succession planning	**Yes**	**No**
Successor has been chosen who will assume operating control of business	27%	73%
Successor has not been considered	43%	57%
One possible successor has been considered	39%	61%
Several potential successors have been considered	10%	90%
Successor has been informed about the choice	38%	62%
Others have been informed	39%	61%

According to the results, “0” (lowest degree of succession planning) was scored by 43% of respondents. No one scored 1 in succession planning. From the sample, 8% scored 2, 12% scored 3, 10% scored 4, 20% scored 5, 2% scored 6. The highest degree of succession planning, 7, was scored by only 5% of the sample.

As per findings, the majority (57%) had taken at least a single step towards succession planning while 43% had not taken at least a single step towards succession planning. This is displayed in table 3.

Table 3: Frequencies and percentages by planning

Succession planning	**Frequency**	**Percentage**
Yes	36	43%
No	48	57%

From the respondents who had not taken at least a single step in succession planning, it was inquired whether they have an intention to plan succession in the future. Out of the 43% without a single step towards succession planning, only one third had an intention to plan succession. When inquired about the strategies that they will adopt, most of them had young children, and they intend to plan for succession when their children are mature. Some of the owners were single, and they intend to plan for succession once they are married.

The second research objective included testing hypotheses to investigate the determinants of family business succession planning. These hypotheses were tested using a binary logistic regression. The pseudo-R-squared value for the model was 0.6258. The Log-likelihood ratio of the model was (-21.464).

Relationship between owner's attributes and family business succession planning: The study considered owner's age, gender and level of education as the owner's attributes. Regression results for these variables are shown in table 4.

Table 4: Binary logistic regression results of owner's attributes

Variable	**Categories (if relevant)**	**P-value**	**Marginal effects**	**Log odds ratio**	**Mean**	**SD**
Owners Age (Base level: Above 55 years)	35 or below 35	0.544	(- 0.075)	0.387	0.143	0.038
	35-55	0.421	(-0.076)	0.429	0.512	0.055
Owners' gender (Base level: Males)	Female	0.052	0.292	39.804	0.107	0.034
Owners' level of education (Base level: Higher education)	Secondary education (Up to O/L)	0.016*	(- 0.237)	0.049	0.298	0.050
	Tertiary education (Up to A/L)	0.003**	(-0.306)	0.021	0.310	0.050

P*<0.05 P**<0.01

The regression results did not support the hypothesized relationships between the owner's age, gender and the family business succession planning (hypotheses 1 and 2). Hence, there is no significant (P>0.05) relationship between the owner's age and family business succession planning. On the other hand, the relationship between the owner's gender and the family business succession was marginally significant (P<0.1).

When considering the owner's level of education, there was no one who has not received formal education. P-values of the level of education are lower than 0.05 and indicate negative marginal effects. This can be interpreted as, compared to those who have pursued higher education, family business succession planning is lower for those with lower levels of education. It shows that, with the increasing level of owner's education, family business succession planning increases. Therefore, the third hypothesis found support through the regression results. This finding is in line with the findings of Magasi (2016).

Relationship between family attributes and family business succession planning: Family cohesion, adaptability, commitment, and the number of family members involved in the business were considered family attributes. Regression results for these variables are shown in table 5.

Table 5: Binary logistic regression results of family attributes

Variable	**P-value**	**Marginal effects**	**Log odds ratio**	**Mean**	**SD**
Family cohesion	0.043*	(-0.247)	0.044	5.162	0.062
Family adaptability	0.092	0.145	6.267	5.078	0.083
Family commitment	0.029*	0.079	4.591	3.917	0.126
Family involvement	0.013*	0.120	2.721	1.833	0.096

P*<0.05

The regression results supported the hypothesis (hypothesis 4) on the relationship between family cohesion and family business succession planning. Since the marginal effect is negative, there is a statistically significant (P<0.05) negative relationship between family cohesion and succession planning. Hence, succession planning is less likely to occur with increasing levels of family cohesion. This finding supports the previous literature, which indicates that family relationships can influence family business succession planning and training either by facilitating or hindering (Lansberg & Astrachan, 1994). Further, according to the findings, there is no significant relationship between family adaptability and succession planning (P>0.05). Thereby, the fifth hypothesis found no support. However, when considering the hypothesized relationship between family commitment and succession planning (hypothesis 6), there is a statistically significant (P<0.05) positive relationship.

This finding confirms the previous literature of Lansberg & Astrachan (1994), Sharma et al. (2003), Zahrani et al. (2014). Finally, regression results provided support to the seventh hypothesis, which was on family involvement and succession planning. Hence there is a statistically significant (P<0.05) positive relationship between the number of family members involved in the business and family business succession planning. This finding does not support the findings of Magasi (2016).

Relationship between business attributes and family business succession planning: The study considered business age, business size and business origination type as business attributes. Regression results for these variables are represented in table 6.

Table 6: Binary logistic regression results of business attributes

Variable		**P-value**	**Marginal effects**	**Log odds ratio**	**Mean**	**SD**
Business age		0.030*	0.006	1.076	26.119	2.117
Business size		0.006**	0.024	1.357	11.798	1.951
Business origination (Base level: Inherited)	type	0.553	0.049	1.861	0.726	0.048

P*<0.05 P**<0.01

The regression analysis supported the hypothesized relationship between business age and succession planning (hypothesis 8). Hence there is a statistically significant (P<0.05) positive relationship between business age family business succession planning. This finding does not support the findings of Coffman (2014). When considering business size, the ninth hypothesis was supported by regression results indicating a statistically significant (P<0.05) positive relationship between business size family business succession planning. This finding was in line with the findings of Magasi (2016). The business origination type was measured using three categories: a start-up, inherit and purchase. There were no respondents in the origination category of purchasing. The base-level/reference level was the category "inherited". Since the P-value was more than 0.05, the tenth hypothesis found no support. Hence there is no significant relationship between business origination type and family business succession planning.

Findings of The Case Study Profiles

The motivation of succession planning is to transfer the firms' ownership to any family member rather than ceasing the business (Mutunga & Gachunga, 2013). Therefore, the continuation and prosperity of the business are dependent on succession planning (Christensen, 1953). The initial step of family business succession planning is identifying a potential successor. According study's findings, the majority (57%) had taken at least a single step towards succession planning. The cases presented show excellent family business succession planning. Some cases are discussed below on their relevance to the regression findings as contrasting and supplementing cases.

Case 04 owns three businesses (spare parts yard, vehicle repair centre and a hotel). He is the founder of the business. He has a son who is currently pursuing a degree abroad. He stated that;

> *"I have started planning succession since my son was 10 years old. Our main business is focused on importing vehicle spare parts and I have taken him to several of our importing countries to teach about the business. After checking his potentiality to run the business I have trained him from the level of employee to the level of director."*

He had also passed on knowledge to his son on accounting, customer handling and purchasing. According to him, a successor should have not only theoretical knowledge but also practical knowledge. This was stated as the reason why he has trained his son on practical aspects of the business.

Case 07 is a contrasting case for case 04 on the aspect of successor training. The owner is running a clothing business. He is the founder of the business and has a son and a daughter. His son is pursuing a management degree, while his daughter is studying medicine. Therefore, he had selected his son as the successor. He stated that;

> *"I have started planning for succession since the business started generating a good income stream. I do not believe training the successor since childhood is important for a successful transition. I believe that a well-educated successor can control the business well. Even though he is (son) currently in the management position, the ownership will be transferred upon completion of his (son) degree."*

He believes that the young generation cannot thrive in business only from dedication and motivation. They cannot survive in the market competition if they are not well educated in the management field. According to him, practical knowledge can be gained at any time, but relevant education cannot. Therefore, he was not focusing on providing training to his successor (son). Instead, he prioritized his son's education.

Case 05 is an owner of a bookshop and a printing shop. He is the founder of the business and has two sons. His eldest son is employed elsewhere after completing his degree, and the younger son is an undergraduate. He stated that;

> *"I have planned to give the ownership of my businesses to both sons. I have mainly trained them for the working environment, such as how to handle customers, how to work with banks and so on. I'm planning to hand over the ownership (25% each, by registering as a*

partnership) to them after a few years. I'm not hoping to transfer the full ownership since I could teach them more in the business field if I am involved"

Case 02 is contrasts to case 05 with respect to ownership transfer. Case 02 is an owner of a retail shop who represents the second generation of the business. His father is the founder of the business. He has two sons and a daughter. Since his two sons are software engineers, he has selected his daughter as the successor. He stated that;

"I have planned to leave the ownership completely to my daughter since my father also did the same with me. Once the ownership was given to me, he was not involved in decision making."

Since his father did not intervene in the business activities after handing over the business to him, he (the current owner) is also planning to follow the same approach to ownership transfer.

Supplementing and contrasting case studies for the finding of family business succession planning is more likely to occur when the owner's level of education increases: Case 10 is supplementing this quantitative study finding. He is a medical professional who is the founder of a health laboratory and agricultural product export business. The elder daughter is a doctor, and therefore, his younger daughter was selected as the successor. He stated that;

"When I decided to select her (younger daughter) as the successor, I planned to give her education in the management field. I taught her to associate with people in the business field as colleagues. The management position was handed over after the degree completion."

Case 08 is a contrasting scenario for this hypothesis finding where the owner had completed education up to O/L. He is running a footwear business (manufacturing, retail and distributor).

He is the second generation of the business as his father started the business. Although he has a lower education level compared to case 10, he has also planned well for the succession of his family business. He has a strong dedication to continuing their family business to the next generation since their business is 56 years old. He has two sons and one daughter. He stated that;

"I encourage my children to pay more attention to the business. I have trained them since grade 5 on how to dedicate themselves to business from the moment they wake up in the morning. My eldest son currently holds the management position after completing his O/L. This is the second generation of the business, and I am planning well to continue to the third generation."

Although both two cases (case 10 and case 08) have planned their family business succession well, case 10 is a medical professional who is well educated, and case 08 had completed his studies only up to O/L. Case 10 had planned well to educate the successor, whereas case 08 had not encouraged his children to educate. His elder son had joined the business at the manager position after leaving school education after completion of O/L s.

Supplementing and contrasting case studies for the finding of family business succession planning is less likely to occur when family cohesion increases: The degree of connectedness and the emotional bonding that family members are experiencing within the family is referred as family cohesion. This finding says that when the degree of connectedness increases, family business succession is less likely to occur. Case 09 is supplementing this finding who is an owner of a bakery and two outlets. He is the second generation of the business. The business is 95 years old. He stated that:

> *"The business was created by my father, grandfather and uncle as a partnership of a cohesive family. However, due to this cohesiveness, they did not plan well. The lack of succession planning led to business failure, and the ownership was transferred to my father after court cases."*

Case 01 is a contrasting example for this research finding. Case 01 is running a footwear business. His father started his business, and he is from the second generation of the family business. He stated that;

> *"My father founded the business and we are a close family. Since I equally love my daughter and son, I have planned well and handed over the ownership of the business to them."*

Even though case 01 is a cohesive family, they have planned well in family business succession. He had trained his children about the current market situation and market competition. After his children completed education, he handed over the ownership to them. Regarding this finding of quantitative study, case 09 was a cohesive family who did not plan the family business succession well and case 01 is a cohesive family who planned well.

Supplementing and contrasting case studies for the finding of family business succession planning is more likely to occur when the business age increases: Case 03 supplements this finding. He is runs a gold jewellery business. Their business is 114 years old, and he is from the third generation of the business. He has two sons and one daughter (fourth generation). He stated that;

> *"We are a 114 years old family business of third-generation ownership. We plan for succession even before we are handed the business. My son (who is an engineer by profession) had been appointed as the manager. Even though I am still the owner, he is already planning the succession to the next (fifth) generation. We train the successor since childhood."*

According to case 03, they have a strong sense of continuing their family business to generations since they have had the business for a prolonged period. Even though his elder son is an engineer by profession, he has abandoned his profession and joined the family business as the manager since he and his family are determined on passing the family business to the next generations. The owner has also trained his second son. As his daughter lives abroad, she was not selected as a successor. His father had trained him prior to handing over the business to him. He stated that they mainly train the successor for years in identifying true gold by separating from imitation gold since their business mainly depends on that.

Case 06 is a contrasting case to this hypothesis finding. Case 06 runs a bookshop, printer and publisher. Compared to case 03, case 06 is relatively new as it is a 28-years old-business. The business owner is from the first generation. He is the founder of the business. Although case 06 is relatively new, he has also planned well in family business succession. He has four daughters. He stated that;

> *"As the founder, I strongly believe that our business should be continued through generations. I have four daughters. I have trained three daughters in various aspects of the business. I have guided them to follow professional courses. My eldest daughter joined the business after completing her degree. I'm not afraid of my business continuation since I have planned well and guided them through a long journey."*

His youngest daughter is still pursuing her school education. Therefore, he had trained three elder daughters in purchasing, marketing and importing stationery items.

CONCLUSIONS AND POLICY IMPLICATIONS

The study confirmed that the majority of the family business owners had taken at least a single step towards succession planning. The study further uncovered the determinants of family business succession planning. Based on the study, family business succession planning is more likely to occur when owner's level of education increases, family commitment on business increases, the number of family members involved in the business increases, business age increases and business size increases. On the other hand, according to the research findings, family business succession planning is less likely to occur with increasing levels of family cohesion.

Findings revealed that family business succession planning is less likely to occur with increasing levels of family cohesion. This implies that a higher degree of connectedness between family members may lead to reduced family business succession planning. Hence, families with higher levels of cohesion should take futuristic and proactive steps towards succession planning because family business continuation highly depends on succession planning (Chistensen, 1953).

The study revealed that three family attributes out of four have a significant relationship (family cohesion, family commitment to the business and family involvement) between family business succession planning. In addition, one owner's attribute out of three has a significant relationship (owner's level of education), and two business attributes out of four have a significant relationship (business age and business size) between family business succession planning. Hence, it is better if an owner focuses more on the family attributes for a better family business succession planning than owner's attributes or business attributes. As discussed above, this research provides recommendations to family business owners on successful family business succession planning.

Limitations of The Study and Suggestions for Future Research

The study site was constrained to a single geographical area of the Gampaha Municipal Council in Sri Lanka. Also, the study did not consider the ethnic differences since the geographical area did not include respondents from different ethnic groups. Furthermore, this study only considered the process from the owners' perspectives with cross-sectional analysis.

Therefore, future studies can explore the perspectives of the owner, family, business, and successor on family business attributes on succession planning. Future researchers can also investigate the successor training process of family business succession planning. Furthermore, examining the effects of environmental factors such as socio-economic, government factors on family business succession planning would also be more useful. Moreover, the generational effect on family business succession planning is another area to be investigated. Similar studies with a large sample size including respondents from different geographical locations and ethnicities would facilitate the generalization of these findings to a broader context. Future studies can also focus on family business succession planning from a longitudinal perspective. Moreover, future research could investigate the knowledge transfer mechanisms adopted in the family business succession process.

Furthermore, since the research findings suggest that family business succession is more likely to occur with increasing levels of education, further research could be focused on the types of education (i.e. management education, formal, informal, non-formal) that an owner could pursue, enabling him/her implementing more appropriate family business succession planning. Also, such research findings have critical implications for business development service providers.

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