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THE ROLE AND IMPORTANCE OF SUCCESSION PLANNING IN POLISH FAMILY FIRMS

Abstract. The aim of this paper is to explore business transfer as a strategic goal and potential source of changes in small- and medium-sized enterprises (SMEs) in Poland. The importance of this study is acknowledged by the fact that it offers researchers and practitioners empirical evidences that link succession process with strategic orientation. The literature on the subject has mainly focused on business succession as process through which ownership and control is transferred between generation of entrepreneurs. In this paper I argue that nowadays the aim of business succession should not only replace existing entrepreneurial resources, but should lead to the structural renewal. This investigation moves into two major directions. The first explores the broad aspects of business succession and succession planning from a theoretical point of view. The second deepens such an understanding by assessing it on a sample of enterprises located in Poland. With this study I intend to explain that business transfer/succession in SMEs is not perceived by respondents as a process which require long-term preparations. Business transfer still takes place mainly within the family and is not regarded from the strategic perspective.

Key words: family business, succession, succession planning, SMEs, strategic goals

1. FAMILY BUSINESS IN POLAND – HISTORICAL BACKGROUND

Organizations particularly small- and medium-sized enterprises in Poland are challenged to compete and survive in the rapidly changing environment. The owners know they have to face a reality that the business may eventually die or be taken over by new management, unless it can overcome the obstacles of passing the baton in management succession. It is believed that a successful management succession not only require the transfer of ownership and control, but also requires the changes in the existing business model to facilitate competing performance.

The family business in Poland has long tradition. Some family firms have their roots even in XIX century. However, in the fifties of the XX century the communist system unable the further development of Polish family firms. At the

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moment, after 15 years of market economy family firms consider visible growth. Moreover, major part of new firms are family firms and like in other European countries they carry the weight of economic wealth creation. Due to this historical background many of family firms in Poland are now facing very difficult process associated with transferring ownership and leadership (Jeżak et al. 2004).

For this reason the theoretical and empirical discussion is concentrated on succession process. The paper analyses the relationship between succession process and firm strategic goals in Polish economic conditions. I examine empirically the impact of planning and preparing succession process in Polish SMEs. Furthermore, I am exploring the role that succession planning plays in the strategic management of family firms. This link between succession and firm strategic goals leads to the assumption that if consideration of succession processes is developed there are more evidences for step-by-step process. Following this notion I state this specific question:

Is Succession in Small- and Medium-sized Family Firms Recognized as a Step-By Step Process?

The parallel discussion in this paper is dedicated to the preparation for transferring the business to the next generation. However, this paper analyses the importance of understanding business succession planning and leads to the proposal of empirically verified activities. According to the most of management succession studies not much is understood of succession as a process probably because it is complex and typically involves different parties. In this study the emphasis is stressed on understanding the succession planning from strategic perspective as it should be associated with the firm strategic goals. The attitude that successor and incumbent have towards succession planning is critical to the firms success. This will be investigated with the stated below question:

Do Small- and Medium-sized Family Firms Consider Succession Planning as a Strategic Goal?

Regarding the theoretical background of this investigation three main aspects will be developed. The first is the one of business succession and family firms as general followed by different sources of literature. The traditional one, which focuses on issues such as juniors' selection and training and junior-senior relationship. The other one looks at business succession as process of transferring leadership and ownership. Another field of literature relates to organizational life cycle, which explains evolution processes with respect to the different stages of company life cycle.

2. FAMILY BUSINESS IN THE THEORY

Due to the fact that at this stage of author's empirical research the broad literature review is needed the unbiased and comprehensive approach of the previous research on the topic of family firms' functioning will be presented. This will be reflected by the long list of authors in the bibliography who discussed in their papers special or unique attributes of family businesses all over the world.

Intergenerational business transfer is often a critical event in the life cycle of any firm. If the firm is small- or medium-sized and family owned and controlled like in this sample companies the problem of succession process is even more important (Handler 1994; Kets de Vries 1993; Lansberg 1988; Morris, Williams, Nel 1996; Ward 1987). According to European Commission reports business transfer is going to take place in 30% of the European firms within 10 years. This process could affect up to 690 000 small- and medium-sized enterprises and 2.8 million jobs every year (European Commission 2006, p. 3). In 1996, the European Commission estimated that 30% of these enterprises will disappear because of inadequate business succession management (European Commission 1996, p. 183).

Family business should be considered as a special case regardless of size, legal form or business profile as the long-term commitment of the CEO and family members involvement in management require the balance between management and ownership. Family businesses employing family members need to address both these issues in many cases. R. Taguiri and J.A. Davis 1992, P.G. Holland and W.R. Boulton 1984, R. Beckhard and W.G. Dyer 1983 suggest that relationships between the management of the firm and the family increase the complexity of organisational and management problems. Family business is becoming dominant form of business in many countries and is attracting increasing interests in academic and research world (Melin 1996). Several definitions of family business exists including more detailed definitions or wide definitions such as firms influenced by family relationships (Fletcher 1996). This relatively broad definition of a family company, fails to differentiate between different types of family companies (Westhead 1997). On the other hand there is lack of consensus surrounding the theoretical and operational definition of a family firm (Birley 1997; Litz 1997). Researchers have focused on four key issues when defining family firms:

- majority share ownership by a single family,
- perception of the firm as a family business,
- family management,
- intergenerational succession

This empirical research relates to the definitions that prove intergenerational succession. The table below presents not only types of family firm in the sample but also introduce to the research in the field very big group of firms which are

demonstrating willingness to become family businesses. This specific group should be given the right attention in further empirical investigation especially that this group is not only relevant in the population of the Polish family firms but in all East and Central European countries.

Table 1

Types of family businesses represented by sample companies

Type of family firm	%
An enterprise has been in hands of our family since generations; business has been run in the same branch and has kept the same legal form for ages	16.47
An enterprise has been in hands of our family since generations; business has been run in the same branch but within time has been developing and changing legal form	8.24
An enterprise has been in hands of our family since generations; within time business has been run in different branches but has kept the same legal form	1.18
An enterprise has been in hands of our family since generations; within time business has been run in different branches and has been changing legal form	4.71
An enterprise is in hands of first generation, but with the intention to be passed across generations of the family	45.88
My family does not have entrepreneurial traditions and there are no specified plans about transferring the business to the next generation	14.12
An enterprise has been in hands of more than one family since generations; and at least one of those families is involved in this business for ages but within time business has been developing	3.53
An enterprise, which is not controlled by family (s), ownership and leadership are not in hands of specific family(s)	4.71
Others	1.18
Total	100.00
Family firms	34.12

Source: own calculations.

The term family business has assumed a wide range of meanings presented by authors coming from different countries (Chrisman, Chua, Sharma 2005; Handler 1989; Litz 1995). Family business definition implemented for the sample companies says: "a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families" (Chua, Chrisman, Sharma 1999, p. 25). For the term family business succession definition by R. Beckhard and Burke (1983) suits the most to this study: "the passing of the leadership baton from the founder-owner to a successor who will either be a family member or a non-family member" (Beckhard, Burke 1983, p. 3 in Handler 1994). The paper also refers to senior as the owner-founder or the incumbent entrepreneur and junior as the successor or new-entrant.

3. PRESENTATION OF SAMPLE COMPANIES

The aim of this paper is to show some main characteristics of family businesses in Poland – to highlight some critical aspects in their management and succession planning and to underline some debating points for research in family business. A questionnaire was mailed to a random sample of 950 companies selected from a national database. Due to the fact that this questionnaire was addressed to family firms the sample was created by the firms which had on the contact list at least two persons with the same surname. On the bases of this, there was made an assumption that it could be a family firm (in Poland there are no national statistics that could be used distinguish the family firms from non-family firms). At this point it should be mentioned that although there was a random sampling for this research the low rate of response (a bit less than 10%, 85 responses in total were collected) allows only to formulate empirical results for this certain sample not for the whole population of the family firms in Poland. Due to this analysis that was made includes only descriptive statistics. Further details on those issues are included in the methodology.

Going through the questionnaire which was sent to Polish family firms I start with the location aspect. According to this research majority of the respondents are located in the central Poland (in total 44.18%) – see Table 2. However, this investigation should be deepened in order to verify the number of family businesses and its percentage in the whole population of enterprises in every region.

Table 2

Distribution of sample firms among voivodships in Poland

Region of Poland	%
1	2
Dolnośląskie	3.49
Kujawsko-Pomorskie	2.33
Lubelskie	5.81
Lubuskie	5.81
Łódzkie	26.74
Małopolskie	8.14
Mazowieckie	17.44
Opolskie	2.33
Podkarpackie	2.33
Podlaskie	4.65
Pomorskie	4.65
Śląskie	5.81
Świętokrzyskie	0.00
Warmińsko-Mazurskie	1.16
Wielkopolskie	6.98
Zachodniopomorskie	2.33
Total	100.00

Source: own calculations.

It should be pointed out that not all these companies are small, even very large Polish companies can often be classed as family companies. Nevertheless, the biggest group of the respondents is represented by small and micro enterprises which typify family business in Poland. However, in the further research which will be based on the case studies I will concentrate on small- and medium-sized companies with the assumption that micro and big companies should be treated separately.

Table 3

Size of the sample firms as measured by the number of employees

Employment	%
0-9 employees	31.40
10-49 employees	40.70
50-149 employees	19.77
150-249 employees	4.65
over 250 employees	3.49
Total	100.00

Source: own calculations.

Small and medium-sized family businesses make up an important element in the Polish productive system just like in other European countries. They operate both in traditional sectors and in innovative sectors. Regarding results from the Table 4 we can observe that sample companies are mainly operating in traditional businesses like food production and clothes production. Innovative and capital consuming sectors are still not that much explored by family firms.

Table 4

Main business areas of the sample companies

Production-related businesses	%
Food production	32.56
Construction products	12.79
Furniture production	17.44
Cosmetics production	4.65
Jewellery production	0.00
Pharmaceuticals production	2.33
Clothes production	20.93
Others	9.30
Total	100.00

Source: own calculations.

Most of them are relatively young, in many cases the founder is still active in the company. The table below present the leader generation in mentioned fields like work, management and ownership. In the sample companies still the leader generation is the generation of the founder. This is very crucial remark for the further research in succession process. It is obvious that in majority of Polish companies it is going to be the first succession in the life cycle of the firm.

Table 5

Generation involved in work, management and ownership of sample companies standing at the position of a leader

	WORK	MANAGEMENT	OWNERSHIP
1ST GENERATION	60.5	72.5	83.5
2ND GENERATION	39.5	27.5	16.5

Source: own calculations.

Regarding legal forms of sample companies almost 50% is represented by sole proprietorship, which is quite similar to the research conducted in other European countries.

Table 6

Legal forms of sample companies

Legal form	%
Sole Proprietorship	49.41
Civil Partnership	16.47
Registered Partnership	16.47
Limited Partnership	0.00
Limited Joint-Stock Partnership	0.00
Professional Partnership	0.00
Limited Liability Company	14.12
Joint-Stock Company	3.53
Total	100.00

Source: own calculations.

Succession is an unavoidable process in the life cycle of a family firm. It should be planned in case of diminishing the negative effects of unexpected and sudden succession. Through planning succession process companies can decide

about the most appropriate period for transition in the firm. Regarding traditional life cycle presented in the literature the majority of companies are growing as it is shown in Table 7.

Table 7

Life cycle of sample firms

Firm's life cycle	%
BIRTH	2.33
GROWTH	54.65
DECLINE	39.53
DEATH	3.49
TOTAL	100.00

Source: own calculations.

4. SUCCESSION PROCESS IN FAMILY FIRMS

Succession is a complex process. It involves many factors and evolves over a long period of time (Ibrahim, Ellis 2004; Gallo 1995). Research on succession in family firms has widely approved the importance of succession planning to the survival of these firms (Ibrahim et al. 2001; Poutziouris 1995; Wortman 1994; Kets de Vries 1993; Handler 1992, 1990). Furthermore, succession is not an ordinary market driven transaction where the company is sold to the highest bidder; simply the heirs inherit the family business from the founder and has to run the business in a professional way (Churchill, Hatten 1987).

The issue of business succession in SMEs is not new to the literature. However, the major focus has been on business transfer per se. Although succession is a crucial event in the firm's life cycle scholars' put very little attention to the specific factors that enhance firms' capacity to survive and how those interact with this process itself. In other words I claim that the process of business succession should take into account the nature of the competitive context where this process takes place. For this reason, consideration of succession as a step-by-step process is unavoidable.

In order to provide an answer to the stated above questions the theoretical investigation is divided into different parts dedicated to:

- barriers of succession process,
- selection of successor,
- succession planning.

In Table 8 present main aspect that arrives from theories associated with succession process.

Table 8

Main aspects in the literature of succession process in family firms

Author 1	Approach 2
Gordon & Rosen [1981], Lansberg [1983], Vancil [1987], Piantoni [1990], Malone & Jenster [1992], Harvey & Evans [1995]	Succession can be viewed as a process
Ward [1997]	Succession represents an inhibitor to growth and a cause of failure of the family business
Kenyon-Rouvinez & Ward [2005]	Succession is a potential facilitator of growth which may provide the needed revitalization of the business
Preiser & Wooten [1983]	Explains succession through the crisis in relationship between the personal life cycle of the family members and to the life cycle of the company
Alcorn [1982], Handler [1990, 1992], Kets de Vries [1993], Corbetta [1995], Sharma et al. [2001], Dyck et al. [2002], Erven [2004], Ward [2004]	Succession must be anticipated long in advance, and managed as a planned process
Danco [1982], Handler [1989], Lansberg [1988]	Lack of succession planning is the major reason for the high mortality in family firms
Barnes & Hershon [1976], Longenecker & Schoen [1978], Churchill & Hatten [1987], Handler [1990, 1994], Holland & Oliver [1992], Cadieux et al. [2002]	Different models of the succession process; those models are based on the principle that the process begins well before the successor is introduced into the business and ends when the predecessor retires
Dyck et al. [2002], Steier, Chrisman & Chua [2004]	Succession often represents an opportunity for an organisational renewal of companies
Ward & Aronoff [1990]	Succession may be a driver of growth because successors challenge what has been done
Compagno & Pittino [2001]	Succession process usually occurs in parallel with simultaneous process of organisational renewal of the company's structure

Source: own elaboration.

5. BETWEEN THEORY AND EMPIRICAL INVESTIGATION

5.1. Barriers in succession process

Succession is the most critical issue facing all family firms (W.C. Handler 1994). Succession involves the change of leadership from one generation to the next to ensure continuity of family ownership of the business (Davis 1968). Succession in family firms is unique; it is the result of the dual identity of these firms. As such, succession is an obvious element in the firms' life cycle – the

younger generation succeeds the older one in order to ensure continuity (Churhill, Hatten 1987; Ibrahim, Ellis 2004).

Succession is very problematic for family firms and high failure rates are often reported. Not planning or preparing is a problem often mentioned in succession literature. I. Lansberg (1988) identify lack of succession planning as the main reason why so many first-generation family businesses do not make it to the second generation. I. Lansberg (1988) and W.C. Handler and K.E. Kram (1988) address several hindering factors mainly concerning on emotionally loaded issues and the different interests of stakeholders. The inability to let go by the first generation founder has been widely noted in the literature on succession and presents an inhibitor in the sense that it leads to a certain level of rigidity (Handler 1994).

In this empirical investigation sample companies were asked to indicate maximum five the most critical barriers in implementation of succession process. The results are presented in the table 9 and proves that still there is a belief that legal regulation are too complicated to successfully complete succession process.

Table 9

Barriers of succession process

Barriers of succession process	%
Legal regulations and taxes	20.45
Limited time	4.83
Risk of loosing financial and non-financial benefits by family members	14.13
Limited access to information	4.83
Costs	16.36
Lack of professional counselling	11.15
Limited access to non-financial resources	2.23
Strong involvement of a family in company affairs	11.15
Unwillingness and fear of employees	5.20
Company position on the market	9.29
Others	0.37
Total	100.00
SAMPLE	84
SAMPLE**	269

* SAMPLE " – in multiple choice questions is shows how many answers were given by the respondents

S o u r c e: own calculations.

5.2. Succession as a process

With regard to succession, authors have argued it may have both, an accelerating or decelerating effect on company's growth and development. Succession can also be a source of the necessary organisational and managerial renewal of the firm, which could present a natural advantage of a family business. Family businesses may even accelerate business growth and enable successors to lead separate divisions thus avoiding conflicts (Davis, Stern 1981; Kenyon-Rouvinez, Ward 2005). Authors consistently emphasize the importance of adequate planning for succession to avoid succession issues becoming inhibitors of survival and growth (Harris 1994).

The unique role that succession plays in the life cycle of the business and the survival of the family business considers succession as a growth driver for the family business but only when timely planned and executed. However, this empirical research proves that there is little understood in companies about succession process. Mainly it starts with timing given by the respondents' group to the succession process. Although the first place is given to the period 5–9 years (34.12%) but just after this there's 1–4 years planning of succession (32.94%).

Table 10

Time perspective adequate for succession process

Appropriate time to plan succession process	%
Above 20 years	2.35
15-19 years	2.35
10-14 years	14.12
5-9 years	34.12
1-4 years	32.94
Below a year	1.18
Succession does not need planning	12.94
Total	100.00
SAMPLE	85

* SAMPLE " – in multiple choice questions is shows how many answers were given by the respondents.

Source: own calculations.

5.3. Succession planning and other strategic goals

According to J.E. Patten (1986) strategic management and succession plans enable firms to:

- specify managerial functions and performance standards,

- ensure continuity in management practices,
- identify outstanding candidates for senior management posts,
- satisfy the aspiration of employees for career advancement.

Through the planning process, succession plans guide actions to enhance the quality of the leadership. It is believed that succession planning can build a competitive advantage through the superior development of successor's leadership talent (J.W. Walker 1998). Predictors of a successful succession process are found to be dependent on the incumbent's willingness to step aside, the successors willingness to take over, consensus among family members on how to carry on succession planning (P. Sharma, J.J. Chrisman, J.H. Chua [2003]).

This empirical research does not follow all the aspects mentioned above, however, I look at succession plan quite deeply both regarding family and business aspects – see Table 11.

Table 11

Aspects of successful succession plan

Issues to be included in succession plan	%
Profile of potential successor	27.46
The way to choose successor (e.g. Competition)	1.18
Types and range of professional counselling	2.35
Specified plan of action in respect to transferring the business (e.g. Passing the baton immediately; Step-by-step process etc.)	28.04
Communication plan between an incumbent and successor	5.48
Prepared career path for those relatives who might be regarded as potential successors	7.85
Prepared plan of action in case of unexpected circumstances (e.g. Death, Sickness etc.)	8.04
Alternative plan regarding transfer of a firm in respect to changes that may occur inside the firm or its environment	2.35
The last will	5.29
Deep financial analysis including firm's value	3.73
Environment analysis including competition analysis	4.12
Others	4.12
Total	100.00

Source: own calculations.

Important success factors are discussed by M. Harvey and R.E. Evans 1994. They mention appropriate fit between successor's competencies and the requirements of the business which also is related to the timing of succession process. The successfulness of succession is however a complex mixture of dif-

ferent stakeholders' satisfaction perception with the process and firm strategic goals. A number of studies emphasized that succession must be anticipated long in advance, and managed as a planned process (Alcorn 1982, Handler 1990, 1992; Kets de Vries 1993, Corbetta 1995; Sharma et al. 2001; Dyck et al. 2002; Erven 2004; Ward 2004). According to L. A. Danco (1982), W.C. Handler (1989) and I. Lansberg (1988) lack of succession planning is the major reason for the high mortality in family firms. Unfortunately, in this empirical investigation (Table 11) more than 35% of respondents indicated that they do not plan succession yet and only a little bit more than 2% have a written succession plan. These results proves that companies are still giving not enough attention to succession planning.

Table 12

Stage of preparation for succession process of sample companies

Preparation for succession process	%
We have a written succession plan	2.29
Potential successor(s) has been appointed	19.85
Time of transferring the firm to the next generation is settled	7.63
The incumbent brings the potential successor(s) into the business	20.61
The formal entry of the successor into the business, the incumbent and successor work side by side	9.16
Successor makes business decisions on his own, he is a formal leader of the company	5.34
We do not plan succession yet	35.11
Others	0.00
Total	100.00
SAMPLE	84
SAMPLE "	131

Source: own calculations.

In the resent proposal of R.H. Brockhaus (2004) there is a comprehensive review of the literature on business succession. This provides foundations for future research on succession in family business. His proposal presents contributions in five categories:

- business strategy,
- family business,
- successors' selection criteria,
- successors' training,
- relationship between owner-founder and successor.

Regarding this empirical research which leads to less specific remarks I consider only the first two mentioned above. The first two categories comprise contribution that are general in their scope and belong to two distinct fields of studies. These are respectively **business strategy and family business**. *In business strategy the topic of succession is not central*. This issue is recognized as relevant for family firms' sustainable development and the adoption of a real governance structure is suggested as viable solution to minimize the impact of such a problem.

On the contrary, *in the field of family business, succession is regarded as strategic*. For instance, J. L. Ward (1987) defines a family firm as a business that **passes from generation to generation**. In this field the relationship between a family and a business is perceived as a source of firms'. However, succession is often differentiation and competitive advantage recognized as critical for firms' survival. Therefore, in this field the management of succession is often perceived as part of firm's strategic planning.

5.4. Selection of successor

The succession process described in the family business literature includes three critical steps which are associated with successor selection. The first step is to prepare offspring for their leadership role at an early age prior to joining the family firm. The second step is to integrate offspring into the family firm in different positions. The third step involves the offspring taking over control of the family business (Stavrou 1999; Handler 1989).

Regarding selection criteria the literature highlights a general tendency toward the definition of more objective process of selection. Cultural stereotypes - such as age, sex and birth order - are gradually losing their role. Successors are ever more selected on the basis of their experiences and skills, and commitment to the enterprise. The decision in choosing the eldest for the leader is often justified by the incongruence between his/her position in the family and his/her position in the firm. In this literature it is also pointed out family's trust as decisive to stimulate stakeholders to recognize successor's role in the firm. Although, in the recent literature the stereotypes are losing their power in this sample I notice that more than 75% of respondents wants potential successor to be a member of a family - see Table 13.

The second issue regards successor's training. The scope is to define successors' optimal path of experiences. Scholars agree that the process of intra-family transfer is a long one. It starts in the childhood and it is characterized by two critical points. The first is when the successor enters the business on a full-time basis. The second is when successor inherits the leadership. Furthermore, scholars strongly recommend a long-term managerial experience outside the family business. This enable successor to collect experience in a diverse environment

and to develop her identity and managerial style. The development of a managerial carrier in the family enterprise and in different position that requires interacting with different stakeholders is considered compulsory. Finally, recent contributions point out the relevance of being trained as entrepreneur at academic level as relevant for the intergeneration succession success.

Table 13

Family relations of the potential successor

Potential successor	%
Potential successor should be a member of a family	75.90
Potential successor do not have to be a member of a family	14.46
Potential successor should not be a member of a family	4.82
Potential successor should have a financial contribution to the company	4.82
Total	100.00
SAMPLE	83

Source: own calculations.

In investigation I have conducted in order of importance three most significant features which are marked in Table 14:

- Entrepreneurial interest,
- Family relations,
- Education.

Table 1

Bases of successor selection

Bases of successor selection	%
Character of potential successor	14.98
Entrepreneurial interests	22.47
Family relations	18.94
Education	15.42
Professional training	0.88
Professional experience gained in another company	6.61
Professional experience gained in this company	14.98
Internship abroad	0.88
Certificates	0.88
None of mentioned above	3.08
Others	0.88
TOTAL	100.00
SAMPLE	85
SAMPLE "	227

Source: own calculations.

5.5. Communication between incumbent and successor

The relationship between owner-founder and successor is another issue that is often debated in the literature. The nature of this relationship is commonly considered strategic for the issue of the family business succession. Its character is relevant to determine the process, the timing and effectiveness of succession. From this perspective, N. C. Churchill and K. J. Hatten (1987), have characterized the dynamic of this relationship along the process of succession and distinguished four stages:

- owner management;
- training and development,
- partnership
- power transfer.

It is expected that the two roles should mutually adjust their behaviour along the process and compatibly with its state of development. It has been also shown that not only the relationship per se is relevant, but also roles' mutual perception. Furthermore, several contributions show that the choice of "stepping out of power" is not an easy one. There are many reasons, such as the fear for the future of the firm itself, for his or her own self-respect and identity, for the potential loss of respect both in the family and in the community, and the lack of trust in the successors' skills. Due to this, it should not be surprising that the empirical research proves that the incumbent prefers in many cases to decide who to choose for the potential successor – see Table 15.

Table 15

The most effective mechanisms in succession process

The most effective mechanisms in succession process	%
Help of a family	14.98
External experts to be engaged	12.08
Help of the board of directors	8.21
Help of employees	7.73
An individual decision of the CEO/ other managers	14.01
An individual decision of the owner	24.64
Help of the successor	16.91
Others	1.45
TOTAL	100.00
SAMPLE	85
SAMPLE "	207

Source: own calculations.

However, a number of solutions have been proposed to overcome senior's resistance to the change of leadership such as helping his/her to become self-aware of his/her behaviour or encourage his/her to leverage on his/her experience to start a new venture.

P. Sharmas (2004) review of the literature adds some interesting insights to this general picture of succession process. In the work of D. Miller, L. Steier and I. Le Breton-Miller (2003) **business succession failure in family business plays the crucial role**. Their major argument is that succession failure in family business can be often traced back to the misalignment between an organizational past and future.

5.6. Company strategic goals

The intergenerational transfer process itself may influence the firm's strategy (Handler 1994). Examples would include the degree to which the new generation is accepted and their ability to implement their own strategic agenda (Sharma et al. 2001; Chua et al. 2003). The analysis of strategy in family firms must examine intergenerational patterns of strategy. Such a focus permits examination of the succession process, which in itself is an important dimension of strategy in the family firms. Even though the small and medium-sized businesses are important for the economic growth of the country, recent literature pointed out that they have to face different managerial problems such as general management of the company, management of competences and also management of succession process. Regarding managerial problems of the same importance are those related to company access to outside world.

In this article aspects related to management problems and succession management problems play a crucial role. When asking the respondents' group about strategic goals and their importance for the company growth I came with such results; the three most important goals to those respondents are maximization of sale growth, maximization of the firm's value and also financial independence of the family.

As appointed out by the results of an investigation carried out on a sample of 86 Polish family firms, the main management problems in order of importance are (Table 16):

- To provide financial independence to family;
- To maximize sales growth;
- To maximize the firm's value;
- To provide development and growth of the company;
- New investments in the company and its products and services;
- To secure longevity of the company.

Table 16

Importance of strategic goals of sample companies

	% Importance	% Lack of importance	% Neutral
To retain the company in the hands of the family at least till next generation	68.6	9.3	22.1
To maximize sales growth	91.9	5.8	2.3
To increase market share/ expansion to new markets	87.2	5.8	7.0
To provide development and growth of the company	89.5	4.7	5.8
Expansion to new foreign markets through export or FDI	51.1	24.4	24.4
To secure longevity of the company	88.3	4.7	7.0
To be among the top three companies in the main business	46.5	12.8	40.7
To maximize the firm's value	91.9	5.8	2.3
To implement new production processes	80.2	7.0	12.8
New investments in the company and its products and services	89.5	5.8	4.7
To provide financial independence to family	91.9	4.7	3.5
To provide employment to family	48.8	17.4	33.7

Source: own calculations

5.7. Methodology

According to numerous researchers family businesses occupy a leading role in the economic and social life of the developed western market economies, where entrepreneurial initiative is strongly encouraged. This opens up opportunities for families to turn family patrimony in a business adventure. Now it is the role of the Polish science to investigate the range and potential of family firms in the country and to contribute to this topic with appropriate statistical data in order to initiate the further discussion about family-owned enterprises in East and Central European countries. Nevertheless, there are as good as no statistics complete enough to map the presence of family-owned businesses in many countries. Studies done in the field, even if they focus on reduced samples, confirm the weight these businesses carry on in their national economies especially regarding contribution to the GNP and creation of working places. However, even if family business research is of the special attention all-over-the-world Poland's contribution is very poor.

Unfortunately, the lack of general statistics might have been influenced by several reasons, such as the lack of universal definition of family business on the one hand and a widespread opinion about family business that is mostly built upon negative prejudices about the way family business operate on the other. It is not only the case of Polish research but in any other country which do not keep statistics about family businesses.

The target population under this study are businesses located in Poland which have been obtained from the database called "Firmy Polskie" (Polish Firms), a database created and continuously updated with a new version available every year. The original sample has been divided in two ways, by firm's size and sector. This part of research was based on post-sent and e-mail sent questionnaire for the convenience of respondents. This questionnaire is divided into three parts however the most developed part discuss different aspects of succession process. The first contains very general and self-explanatory questions on firms' demography. The second part, instead, contained specific questions related to strategic management and goals of the company and finally the third part relates to the way business transfer has been managed and juniors' selection. These data were collected through e-mail answers. The data analysis followed procedures commonly accepted in quantitative analysis. Companies were selected on the bases of the Statistical Classification of Economic Activities in the European Community from production-related businesses dominated by the family firms according to the foreign research projects mainly American ones.

The companies selected to this research from the statistical point are a non representative sample and its statistical veracity is rather poor. But due to issues mentioned above it is important to understand that the role of this research was to initiate the academic discussion about family firms rather than create a representative sample and comparable results.

The paper consists of couple of sections. It starts with a theoretical and historical background for family firms in general and in Poland, then I present research findings. These theoretical aspects are followed by succession research both theoretical and empirical based on the sample companies. Just before the final part, there is methodology. In the final part there are also included the potential limitations of this approach and some possible directions for further research. The empirical study presented in this article is the starting point for more developed empirical studies. The aim of the next research, I planned to conduct, is to present Pearson correlation between strategic goals and the firms' life cycle and address some of the implications, mainly for Polish family firms but also with some general implications.

The study of the succession in Polish family firms should initiate Polish involvement to the worldwide discussion about family businesses. The next step of

this research should lead to the research in which the economic weight of family businesses will be recognized. This should end up with the new approach toward family business definition to be applied for the research projects in East and Central European countries. In the first place it is important to remember that family business's importance cannot be ignored.

6. CONCLUSION

The results suggest a number of interesting characteristics of successful transitions. First, regarding potential successor it is proved in this empirical investigation that he/she should be a family member and this seems to be the most important aspect indicated by sample companies. However, when considering characteristics of potential successor the first place is given to entrepreneurial interests which is followed also by family relations. Moving toward strategic goals of the sample companies maximization of sale growth, maximization of the firm's value and also financial independence of the family firms are of special interest. Although, maximization of sale growth and firm's value are of the same importance as financial independence of the family, strategic goals are to some extent of the personal dimension. Coming to the first question about step-by-step orientation toward succession process, there is no clear answer to be given. There are only couple of aspects which prove that companies consider succession as a planned process. However, this research showed that the sample companies are more family than business oriented in their considerations about succession process. The further investigation in the near future will allow to explore if this can be appropriate attitude. However, till now the study of the existing literature moves toward the notion which is more business oriented. Recently researchers underline the crucial role of formal issues that affect successful succession process. Planning in advance and putting succession between strategic goals is the intention of many researchers now-a-days. With respect to the second question about strategic dimension of succession planning simply it can be said that there are no evidences in achieved results to prove the strategic orientation of succession planning in the sample companies. However, I would underline that there is a strong need to deepen and develop this investigation. At this point of research can only be noticed the importance or its lack that is given to the succession planning. However, further investigation should rather give the answer to the question about determinants which are responsible for such a situation.

A number of limitations should be kept in mind when interpreting these results. However, as the list is rather long, the most important limitation is lack of any statistical data in Poland regarding family firms.

I can conclude by noting the need for broader analysis of family business succession management based on strategic perspective. Considering strategic dimensions parallel discussion about performance of family firms should be addressed.

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ROLA I ZNACZENIE PLANOWANIA PROCESU SUKCESJI W POLSKICH FIRMACH RODZINNYCH

Celem pracy jest próba przedstawienia międzypokoleniowego transferu biznesu jako celu strategicznego oraz potencjalnego źródła zmian w małych i średnich firmach rodzinnych w Polsce. Potrzeba pokazania powiązań pomiędzy procesem sukcesji a strategicznymi zachowaniami przedsiębiorstw zgłaszana zarówno przez naukowców, jak i praktyków potwierdza konieczność prowadzenia badań empirycznych w tej dziedzinie. Dotychczasowy dorobek literaturowy w znacznej mierze skupia się na sukcesji jako procesie, który utożsamiany jest przede wszystkim z międzypokoleniowym przekazywaniem władzy i własności w przedsiębiorstwach. W artykule podejmowana jest kwestia odmiennego spojrzenia na sukcesję, która nie tylko powinna być rozumiana jako zmiana faktycznego właściciela firmy ale również, a może nawet przede wszystkim, jako proces, który prowadzić powinien do odnowy strategicznej przedsiębiorstwa. Dyskusja naukowa w tym artykule prowadzona jest dwutorowo. Jako pierwszy nurt pojawia się teoretyczna polemika na temat dotychczasowych badań zagranicznych w zakresie planowania i przeprowadzania procesu sukcesji. Drugi nurt, to pokazanie polskich firm rodzinnych na tle problemów utożsamianych z planowaniem sukcesji. Ta część oparta jest na własnych badaniach ankietowych. Przedstawiona analiza prowadzi do wniosków, iż w małych i średnich przedsiębiorstwach sukcesja nie jest postrzegana jako proces związany ze ściśle określonym w czasie planowaniem. Dodatkowo, sukcesja cały czas jest rozumiana jako proces, który w pierwszej kolejności dotyczy rodziny, a dopiero później firmy i dlatego też nie wymaga strategicznej orientacji.

Słowa kluczowe: przedsiębiorczość rodzinna, sukcesja, planowanie sukcesji, sektor MSP, cele strategiczne.