

T.C.
MARMARA ÜNİVERSİTESİ
SOSYAL BİLİMLER ENSTİTÜSÜ
İŞLETME ANABİLİM DALI
YÖNETİM VE ORGANİZASYON (İNGİLİZCE) BİLİM DALI

**FACTORS AFFECTING SUCCESSFUL SUCCESSIONS IN FAMILY
BUSINESSES: AN EMPIRICAL STUDY ON TURKISH FAMILY BUSINESSES**

Yüksek Lisans Tezi

Yahya Zahid Şensoy

İstanbul, 2008

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Marmara Üniversitesi
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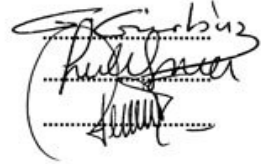
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ABSTRACT

The succession issue in the family businesses is a vital issue. A mismanaged succession process would end up with the closure of the business. The success factors of succession are important to be pointed out for family members to have an understanding of the succession process. The succession being a process that includes all the dynamics of the family business, the success factors are related to the predecessor, successor, family members, succession process and business.

In the specific study, the factors that have an affect on the succession process is gathered in a model and the model is empirically tested. The study is conducted covering Turkey sample; the family businesses that is subject to change hands is the next years or the ones that has changed hands.

This study would help family business managers that will experience the succession process in the near future. The succession process is by itself an important issue that the family members should carefully handle whether the members actively taking role in the business or not.

In the study the family business definition and the generally characteristics is mentioned in the fist section. Later the succession process is explained. The suggested success factors of the succession process than mentioned. By giving the models in the studies conducted before in other cultures. Than in the empirical study, our model developed is explained and the results are examined and discussed.

KISA ÖZET

Süreklilik, aile işletmeleri için hayati bir önem taşımaktadır. Yanlış yönetilen bir devir süreci aile işletmesinin gelecek nesillere aktarılmasına mani olabilir. Süreklilik sürecini anlayabilmek için başarı faktörleri önemli bir yer tutar. Süreklilik süreci aile işletmesinde birçok dinamiği etkiler. Halef, selef, aile bireyleri, süreklilik planı ve işletmeyi.

Bu çalışmada süreklilik sürecine etki eden faktörler bir modelde toplanmış ve test edilmiştir. Çalışmaya Türkiye genelinde devretmeye yakın veya devretmiş firmalar dahil edilmiştir.

Bu çalışma, yakın gelecekte süreklilik sürecinde, devretmeyi yaşıyacak aile işletmeleri için önemli olacaktır. Süreklilik süreci aile işletmesinde çalışan veya çalışmayan aile bireylerini ilgilendiren ve dikkatli olarak ele alması gereken bir süreçtir.

Çalışmada öncelikle aile işletmelerinin tanımı ve genel özelliklerine değinilmiştir. Daha sonra, süreklilik süreci açıklanmış ve süreklilik sürecinin başarısı için önerilen faktörler verilmiştir. Bu çalışma için geliştirilen model test tabii tutulmuş açıklanmış ve tartışılmıştır

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Abbreviations

SME's: Small and Medium sized Enterprises
B.O.D.: Board of Directors

1- INTRODUCTION

1.1. Importance of Family business

“Before the multinational corporation, there was family business. Before the Industrial Revolution, there was family business. Before the enlightenment of Greece and the empire of Rome, there was family business.” This is the answer of a question that Professor William O’Hara asked as “Is there any institution more enduring or universal than a family business?”, and answered in his book “Centuries of Success” (O’hara; 2004).

Family businesses, as being a backbone of ancient economies and civilizations played an important role in the development of the western civilization. As stated, the economic activities of Greek civilization were mainly family controlled and household based. This was the same during the time of Roman Empire, succeeding Middle Ages and new World discovery times (Bird et al;2002).

Family businesses, being a unique form of business organization, consist of two very different dimensions; one of them is the family itself and the other is the business structure. Mostly, the rules of the family life and the professional business life are quite different from each other. The family, as being an emotional formation, consists of values that are actually contradictory to the formation of the business. The values of a family can easily conflict with the values of professional business life.

Although it is difficult to give a single exact definition, a basic definition of the family businesses can be clarified as the following; the family businesses are founded by one of the family members, managed by that family member, its management transferred from generations in the family, strategic decisions taken by that family, and its management controlled by one family or at least management effected by that family (Koçel; 2006).

Entrepreneurs, who start up a business all by him or herself, need to take support, from the people that they would mostly trust and work in harmony with; such as their family members, their spouses, brothers, and their children by the time the

business develops and grows. Also, family businesses are formed in order to keep the wealth of the family within the family members and to use the man power for the family by setting up the family business. These businesses are mainly SME's (Small and Medium sizes Enterprises).

The number of SME's in the world and Turkey are quite high, in which many of them are family businesses. The SME's are the subgroups of family businesses. Similarities between the family businesses are quite alike by SME's. By that, it doesn't mean that all SME's are family businesses, but also big firms can probably be family businesses. Many well known world wide big firms are controlled by families, such as Wall Mart. The list of largest family businesses in the World is given in the appendix.

In the world economy, family businesses count up to %80, in Turkish economy it is up to %90. A formation that is so big and valuable also has many effects on world's and countries' economy, countries' welfare, society, and employment.

In the world economy, the proportion of registered companies that are family controlled ranges more than % 50 in the European Union, it changes between % 65 and % 90 in Latin America and over % 95 in the US economy As to mention their economic power, family businesses generate between %35 and %65 of the gross national product of the EU member states, about %40 to %45 of the GNP of North America, between %50 and %70 of the GNP of Latin America, and between %65 and %82 of the GNP of Asia (PwC;2007). As indicated in Saglam's article, The percentage of the family businesses within the registered companies are;90 % in USA, 80% in Spain, 95 % in Italy, and 95 % in Turkey (Saglam 2000).

A formation that consists of two very different dimensions has its own problems and conflicts apart form the problems that a normal firm can have regardless of its size. There are many stated problems in the family businesses, either they are mentioned in the literature or mentioned by the family business owners. Within the stated and studied problems, one of the biggest problems is the succession. The continuity of the family businesses, in order to keep the wealth in the family and to be efficient to the world and country's economy, the businesses should succeed

throughout the generations. But as for another statistics, only %16 of the family businesses lives up to 3rd generation. (Saglam 2000)

The topic in the business literature that is studied as “the family business” investigates the relations within/between the business and entrepreneur which forms the business and relation within the family. This relation has many aspects such as; psychological, sociological, cultural, forensic, economic, and political (Koçel).

As to be investigated sociologically, there are many sayings in various nations such as a Mexican saying is: "If father is businessman son is playboy, grandchild is beggar" Chinese saying is; "3 generations from peasant shoes to back peasant shoes", and lastly American saying is; "3 generations from peasant shirt to back peasant shirt" (Çelik 2004).

As having a look to the old family businesses one of the reason that they last long is operating in industries like; seasonal industries such as wine, tea production, handmade crafts, tourism, agriculture, food. These companies operate in industries that does not have a rapid change (Gündogan; 2007)

The emergence of the field of family business studies, despite its importance and existence till the early ages, started by the 1990's and started to be seen as a separate academic discipline. The studies of family business first fall in to sociology category and later to the small business management category. Both of these fields did not allow the family business studies to become distinctive (Bird at al; 2002).

1.2 Scope and plan of the thesis

The aim of this specific study is to highlight critical success factors that affect the succession process, for the purpose of being effective to the businesses, carrying out their existence, and being satisfactory for the family members. As mentioned above, the importance of succession and long life cycle in family businesses are important by the means of economy of the country and the world, for the welfare of the family and the society. So, having that much importance in many areas, continuity of an

organization, that is for the advantage of the society and for the specific family, is not an easy topic to be let to the families all by themselves.

By this research, we will be able to have a look at the concept of family businesses economically and sociologically, and then try to understand them by paying attention to the importance of the family businesses. Then by taking out the mentioned success factors of succession in the literature there will be a chance for evaluating these factors. With the specified factors in the conceptual model, by the help of a survey conducted we will have an opportunity to find out the success factors affecting a successful succession process by the aspect of Turkish family businesses owner managers. These tested factors will give out a roadmap for family business owners for handling the succession process.

After introducing the topic and mentioning its importance in the first part, in the second part of the theses; the family business, the definitional ambiguity is tired to be solved by giving the definitions of “family” and “business” accordingly defining the family business by giving the mean family business according to the researchers. To clearly understand the system of family business the models are presented. Later the characteristics of the family businesses are given by mentioning advantages and disadvantages. As every living organism and organization also the family businesses have a life cycle, but it depends on three dimensions as Gersick et al (1997) stated the business, family and ownership dimensions. The developmental model is given in this part. According to these dimensions and by gathering of these the four types of the family businesses are stated. To end the second part, the issue of success in family businesses is mentioned. Family businesses being an important but relatively less studied issue, the studies are overviewed in the global and Turkish perspective. The reason in mentioning studies in the global and Turkish perspective is to see the studies done in the topic that has so much importance for the countries economic landscape.

The third part of the theses is about the issue of succession, first by stating the definition of the succession and defining the succession as a process, the importance of the succession is pointed out. Later the studies concerning the successful successions are given depending to the studies conducted in the relevant literature. By reviewing the literature on the basis of successful succession later the factors that

influence the successful successions is given in four grouping. Each group has an affect on the success succession process. Lastly another unclear statement; the definition of successful succession is tired to be given.

In the fourth part of the theses the empirical study is given. The empirical study named: "The success factors affecting the succession process". The survey prepared concerning the success factors of the succession process, is conducted in the Turkish family businesses. The details of the empirical study and data analysis of the survey conducted is mentioned lastly.

2- FAMILY BUSINESS

2.1 Definition of “Family” and “Business”

Handler stated in her article that “defining the family businesses is the first and most obvious challenge facing family business researchers. Concerning this, it is still difficult to give an exact definition (Astrachan, Klein, Smyrniotis; 2002). Before giving the definitions that are stated in the literature by the researchers, the definition of the two different systems should be mentioned: the family and the business.

In the definitions stated in the literature, the definition of the family is generally disregarded. The family definition can differ from geographic boundaries, and also over time (Astrachan, Klein, Smyrniotis; 2002).

Families are accepted as the most compelling social institutions. Families make up their children. They are the source of nature and nurture of an individual’s development. The family is considered as one of the critical building block of the studies in psychology, sociology, history, and economy (Gersick et al; 1997).

Family is defined as a group of people who are related to each other, especially a mother, a father, and their children (Longman), and the smallest group of the society bounded to each other by the kinship consists of father, mother, and children (TDK).

Defining the family from the sociological aspect; it is defined as “a social institution that unites individuals into cooperative groups that oversee the bearing and rising of children”. Most of the families are built on kinship, a social bound based on blood, marriage, or adoption, which turns individuals into families. The family unit is a social group of two or more people, related by blood marriage, or adoption, who usually live together. (Macionis Plummer; 2002)

When looked from the Turkish cultural aspect, family is the smallest and most important association of the society. The importance given to the family and family

dynamics are quite obvious. The respect in the family to the father or the eldest man dominates the relations in Turkish family. After the father the eldest brother is the leader of the family. The relationships within the family affect the society and the business structure.

Business can be defined as an economical entity that is established in order to provide goods or service for the ones that want and need them. Businesses also provide business man with the opportunities to reach their goals (Mizre; 2002). Businesses makes up the economic landscape of countries. Business can be classified in various ways. These are grouped as size, functions, and equity ownership.

The business entities are arranged differently according to each country's law system. But organizations can be grouped as three entities according to their specifications. These are; single proprietorship, partnership and corporation (Sensoy; 2002).

Individual proprietorships are an unincorporated business owned by an individual, partnerships are unincorporated form of business owned by two or more persons, and corporations are a legally incorporated business under state laws (Astrachan, Shanker 2003)

In the classification of businesses by size; businesses are categorized as Small and medium sized enterprises, and big enterprises. One important point here that needs to be mentioned is SME's are mainly family owned or controlled, but some of the big enterprises are also family controlled or owned. The numbers of SME's in Turkey are 99.5% and 89% is employing 1-4 workers classified as micro-enterprises. The reason that SME's being important in the family business studies is because they have many similar points with each other (Erdogmus; 2007).

The definition of SME's is mainly economic rather than lawful. Although the definition of SME's differs from organization to organization some of the definitions are mentioned:

(http://www.isbank.com.tr/dosya/ekon-tr_kobiler2004.pdf)

Kosgeb:

Companies that are employing 1 to 50 are small enterprises and that are employing 50 to 150 is medium sized enterprises.

EU commission:

Small sized: employing less than 50 workers and annual revenue not exceeding 7 million euros.

Medium sized: employing less than 250 workers and annual revenue not exceeding 40 million euros. Big enterprises are defined as companies that are employing more that 250 workers.

2.2 Defining “Family Business”

As a widely used term, “family business” may have a different meaning for everyone. Concerning this unclear perception of family business, it is important to make a definition that will lead us throughout this study. The definition differs according to the purpose of the study that the author wishes to deal. These definitions may serve to a distinct research purpose or help differencing family businesses from non-family businesses (Astrachan, Klein, Smyrnios; 2002).

In the studies conducted by AGMER (Aile İşletmeleri ve girişimcilik uygulama ve araştırma merkezi) the term” business” instead of firm or company is used to define the organization in order to make a definition wider and above the classifications of business. Company, as being a term of law, is not preferred (Koçel; aik congress book, 2006).

In the daily life, by saying family business, we understand a family established a business, family owning the company, managing the company within the business (Fındıkçı; 2005).

The reasoning for studies concerning family business are increasing is because of their effect on the economic landscapes of the most nations are family businesses. But first, the need for clarifying the definition that is studied is still waiting for a solution (Sharma; 2004).

The definition of family business is an issue that is not clearly stated in the literature. Many authors made definitions according to their point of interest. One of the reasons for this problem is that every form of family business differs from each other at some points. As having a big portion of study, the family businesses are defined as a result of study interests of authors or organizations. Also, this affects the given numbers of family businesses in the states; according to the variety of the definitions the numbers and statistics of family businesses in the world differ as well. From one definition to the other the study area can be narrowed or enlarged.

As mentioned above, the term “family businesses” does not simply identify small businesses. There are many big companies that are family owned or managed. The research done by the “family business magazine” puts out the worlds largest family businesses and worlds oldest family companies. The list of oldest family businesses and the World largest family businesses is given in the appendix.

In the literature, there were some attempts made by some authors in order to clarify the definition and have a compromised definition. But these attempts were not very successful (Sharma; 2004). The definition is a challenging task in the social sciences. To resolve this, Sharma in her article made an attempt to carry it forward from the attempts made by other articles like Chua, Chrisman and Sharma made on 1999 Handler in 1989; Litz in 1995. These were reviewing of existing definitions, attempts to consolidating of thoughts and conceptualizing of other definitions. These were to distinguish family businesses from others (Sharma; 2004).

Astrachan and Shaker in their article stated three definitions from broad to the narrower. Their attempt was to put out the number of family businesses in U.S. They argue that, depending on the definition, the number of family businesses varies. The broad definition that they use is the outer circle of the “bull’s eye” which includes businesses that have only some family participation in the business and that the family has control over the business’ strategic direction. Middle definition requires that the business owner intents to pass the business on to another member of his or her family, and that the founder or descendant of the founder plays a role in running the business. The narrowest definition is that which involve a grandparent/founder as chairman, two or three siblings in top management, one sibling with ownership but no day-to day

responsibilities, and younger cousins in entry level positions (Astrachan& Shanker; 2003).

Sharma, in her dissertation (1997) stated thirty-four definitions_ differing on the interest and perspective of the point of view. Depending on Handler’s attempt in her article “methodological issues and considerations in studying family business” that identified four focuses for defining the family business. This classification is grouped as; degree of ownership and management of family members, Interdependent sub-systems, Generational transfer, multiple conditions (Sharma; 1997, 6).

The definitions that Sharma classified according to the Handlers categorization are given in the table 2.2.1.

Table 2.2.1 Definitions of family business

Source: Sharma 1997 pg 6

<i>Name & year</i>	<i>Definition</i>
Ownership-Management focus	
Alcorn.1982	“A profit – making concern that is either a proprietorship , a partnership or a corporation....if part of the stock is publicly owned, the family must also operate the business”(p 230)
Babbicky 1987	“Is a kind of small business started by one or a few individuals who had an idea worked hard to develop it and achieved usually with the limited capital growth while maintaining majority ownership of the enterprise (p 25)
Barnes & Hershon	“Controlling ownership is rested in the hands of an individual or of the members of a single family (p 106)
Barry 1975	“an enterprise which in practice is controlled by the members of a single family”(p 42)
Carsrud 1994	Firm’s ownership and policy making are dominated by members of an “emotional kinship group” whether members of that group recognize the fact or not”(p 40)
Covin 1994	“a business owned and operated by a family that employs several family members”(p 288)
Davis &	“A business in which two or more extended family members influence the

Taguieri 1985	direction of the business”(quoted in Rothstein,1992;p.398)
Donckels & Frohlich,1991	“If family members own at least 60 % of the equity” (p.152)
Dreux, 1990	“are economic enterprises that happen to be controlled by one or more families” (p. 226) “control has been considered as a degree of influence in organizational governance sufficient to substantially influence or compel action. (p.226)
Dyer, 1986	“in which decisions regarding its ownership or management are influenced by a relationship to a family (or families)” (p.xiv)
Fiegenger, Brown, Prince & File, 1994	“ a firm that is both family owned and managed” (p.318)
Gallow & Sveen, 1991	“a business where a single family owns the majority of stock and has total control” (p.181)
Holland & Oliver, 1992	“any business in which decisions regarding its ownership or management are influenced by a relationship to a family or families” (p.27)
Lansberg, Perrow, Rogolsky 1998	“a business in which members of a family have a legal control over ownership” (p.2)
Lansberg, Astrachan 1994	“a company that is owned or controlled by a family and in which one or more relatives is involved in management” (p.39)
Leach, et al 1990	“a company in which more than 50 percent of the voting shares are controlled by one family, and/or a single family group effectively controls the firm, and/or a significant proportion of the firms senior management is members from the same family. (quoted by Astrachan, 1993, pp 341-342)
Lyman, 1991	“the ownership had to reside completely with family members, at least one owner had to be employed in the business, and one other family member had either to be employed in the business or to help out on a regular basis even if not officially employed” (p.304)
Pratt & Davis, 1986	“ one in which two or more extended family members influence the direction of the business through the exercise of kinship ties, management roles or ownership rights” (chapter 3, p. 2)
Stern, 1986	“owned and run y the members of one or two families” (p. xxi)

Upton & Sexton 1987	“one that includes two or more relatives and has at least two generations working together in an operating capacity” (p.316)
Ward, 1990	“a business in which there are two or more family members influencing the business” (p. 66)
Welsch, 1993	“one in which ownership is concentrated and owners or relatives of owners are involved in the management process” (p.40)
Generational Transfer focus	
Churchill & Hatten ,1987	“what is usually meant by family business...is either the occurrence or the anticipation that a younger family member has or will assume control of the business from the elder” (p.52)
Ward , 1987	“one that will be passed on for the family’s next generation to manage and control” (p. 252)
Interdependent Subsystems	
Beckhard & Dyer 1983b	“The subsystems in the family firm systeminclude (1)the business as an entity ,(2)the family as an entity,(3)the founder as an entity, and (4)such linking organizations as the board of directors” (p.6)
Davis,P.1983	“It is the interaction between two sets of organization ,family and business, that establish the basic character of the family business and defines its uniqueness” (p.47)
Multiple Conditions	
Astrachan & kolenko,1994	“family ownership of more than 50% of the business in private firms or more than 10 % of the stock in public companies; more than one family member works in the business or the owner anticipates passing the business to the next generation of family members or the owner identifies the firm as a family business...” (p.254)
Donnelley,1964	“when it has been closely identified with at least two generations of a family and when this link has had a mutual influence on company policy and on the interests and objectives of the family” (p.94)
Handler, 1989	“an organization whose major operating decisions and plans for leadership succession are influenced by family members serving in management or on the board” (p.262)
Litz,1995	“to the extent that its ownership and management are concentrated within a family unit, and its family members strive to achieve and/or maintain intra-organizational family based relatedness” (p.103)

Rosenblatt, deMik, Anderson, Johnson,1985	“any business in which majority ownership or control lies within a single family and in which two or more family members are or at some time were directly involved in the business” (4-5)
Shanker ,& Astrachan 1995	Broad definition: This definition requires family to have some degree of effective control of strategic direction, and the intention of keeping the business in the family. Mid-range definition: All the above conditions + founder or descendants of the founder should run the business. Narrow definition: Multiple generations should be involved in the daily operations of the. (p 23)

Handler in her dissertation, after mentioning about four focuses for defining the family firm, made the definition that is for specific study and in broad means:” an organization where decisions concerning ownership and management are determined by a family (or families), who exercise influence through their participation in the business and/or its broad as well as in the determination of a candidate for generational transfer” (Handler; 1989).

Another definition is “A family business is the one that is governed and/or managed on a sustainable potentially cross generational basis, to shape and/or pursue the formal or implicit vision the business held by members of the same family or a small number of families”.(Chua,Sharma,Chrisman;1996)

O'hara defines the family businesses in his study, to find out the oldest family businesses operating in the world, as “Any enterprise that has been in control of a single family joined by blood, marriage, or adoption for at least two hundred years, whether private or public as long as family members continue to have controlling input in the operation of future of the business” (O'hara; 2004 5).

The definition of Koçel that is stated in the congress book which is held in Turkey and serves a good academic study in the area is:” the family firms are founded by one family’s members, managed by that family members, management transferred

from generation to generation, strategic decisions taken by that family, management controlled by one family or at least management effected by that family” (Koçel; 2006)

Karpuzoglu defines family business as “a company that is formed in order to earn the living of the family and/or keep the wealth of the family together, ruled by the person that is responsible for earning the living of the family, the management positions are mainly occupied by the family members, decision taking is mainly controlled by the family, and at least two generations working in the company” (Karpuzoglu; 2004 19).

The definition used in the family business survey made by The PricewaterhouseCoopers is “companies in which at least 51% of the shares are held by a family or related families, the family members comprise the majority of the senior management team and the owners have day-to-day responsibility for the management of business”.

The family and business concepts are offers more in today’s life; a family offers broader function than just protecting the family reproductive process and the business provides more than keeping the wealth. The family business provides a chance to extend positive relationships to the family business. The family business offers higher order needs such as identity security and self actualization to the family members involved in the business (Leaptrott 2005).

For all the definitions made for the family business that are different from each other and not compromised in one definition, the common dimensions should be considered. The common points in these definitions are stated as: Family business is a family founded business, started by an entrepreneur from a family and later family members are included, that has its own culture, consists the family leader, from the starting point, and later consisting of other family members, people that have a kinship controls the management, the ownership belongs to the family, family affects business as well as business affects family, keeps the wealth in the family, decision making is within the family. To sum up, definitions consists 5 aspects; Family, Ownership, Management, business and culture (Findikçi; 2005).

2.3 Family Business System Models

Researchers, in order to understand the family business better, studied the family business as systems by the 1960's (Günel; 2005). The researchers from different areas of studies, like management, organizational behavior, strategy, human resources management, and finance made contributions to small sized firms and family businesses literature. Additionally, studies of family therapists, psychologists, sociologists and others made a start of conceptual models of the family business (Gersick Davis; 1996).

By the help of models the researcher made it easier to understand the family business by investigating the whole system by dividing it to its sub-systems. As mentioned many times, these two distinct systems' interaction to form up the family business makes it more suitable to study the topic and develop the knowledge. These two different systems show up its difference by the values of family and business. The approach of family system and business system, towards the integration of the family business diversifies (Erdogmus; 2007).

2.3.1 Family System Theory Model

Family system theory model investigates the aims and dynamics of two totally different systems coming together. These two systems are family and business. This model is developed by Whiteside and Herz Brown in 1991. The family system depends on emotional dimensions, whereas the business system depends on the material dimensions.

These two dimensions have their own positive effects on the model. While the family part has positive affects on the emotional relationships, material part paves the way for gaining profit to the business. According to this theory, each family has a structured system of interaction, way of establishing relationships, and structured roles (Gersick Davis; 1996).

This model has its own problematic. It is difficult to identify the position of the individual in two distinct systems. As the roles in each of the systems are different, a rule of one system can be irrelevant in the other system. The borders of two systems should be drawn strictly. To make the distinction, the family members should understand that the two systems are different from each other and have roles and rules of their own (Günver; 2002).

The family system consists of the following features; bringing up children, presence of people that are caring, unconditioned acceptance, broad authority, emotional ties, and kinship lasting forever, relations that are informal, and broad time period. Where as the business system consists of; gaining profit, the existence of producing people, expectation for performance, authority according to the roles, real ties, temporary relations, relations that are formal, and limited time period (Günel; 2005).

2.3.2 The Three Circle Model

The contribution of Tagiuri and Davis to the family system theory model, is by stating that there is one more system in the family business systems, and developed the three circle model (Günver; 2002). The need of making contribution to the family system theory model is in order to make a distinction between the ownership and management subsystems with in the business circle (Gersick Davis; 1996).

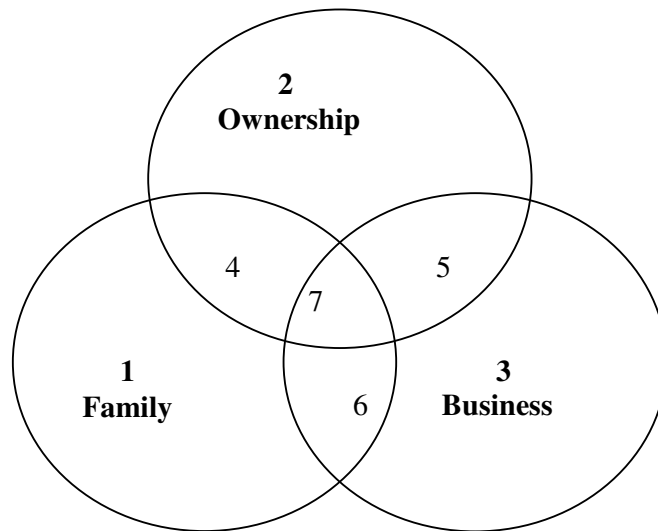
To better understand the family businesses, it is mentioned that there are three different groups of people. The model states these people that are related to the family business (Günver; 2002). Each of the circles refers to ownership, family and business. In the overlapping circles it defines the roles of the individuals in seven categories. Each individual that is related to the family business system has an exact location in the model (Gersick Davis; 1996).

The ownership circle refers to the owners of the company including partners and stakeholders. The family circle represents the family members, and lastly the business circle represents the employees. The non-overlapping and overlapping parts of the model define groups of people. The above mentioned 7 groups of people are;

1. From The Family , Hasn't Ownership, Not In The Business
2. Not From The Family, Has Ownership, Not In The Business
3. Not From The Family, Hasn't Ownership, In The Business
4. From The Family, Has Ownership, Not In The Business
5. Not From The Family, Has Ownership, In The Business
6. From The Family, Hasn't Ownership, In The Business
7. From The Family, Has Ownership, In The Business

Figure 2.3.2.1. The Three Circle Model:

Source :(Gersick Davis; 1996)



The three circle model defines the sources of the conflicts, reasons for people's different priorities, and dilemmas due to different roles. In order to solve the conflicts aroused by different groups of people, that is generally same in most of the family businesses, the reasons and sources of the conflicts should be underlined. There the model helps to find out the sources and reasons of the conflicts (Günver; 2002). The three circle model is an excellent tool of understanding the dynamics in the business in any family business at a particular point of time (Gersick, Lansberg et al; 1999).

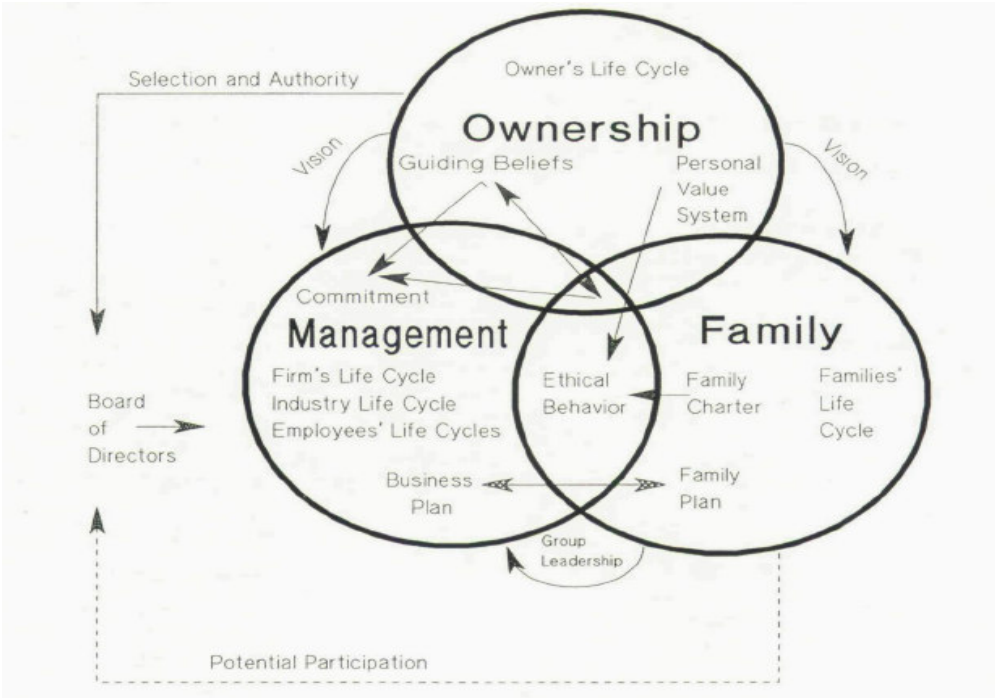
By the help of three circle model, researchers carried on their studies to better understand the family businesses and developed the model by the outcomes of the studies conducted.

Considering the strategic management of a family business, it occurs in three overlapping groups; the family, the ownership, the business. In order to have smooth generation transitions in the business, a long range planning in the intersections of the circles is needed. Hoy and Verser mentions that these circles can also be seen as the domains of strategy, entrepreneurship and family business. The key factors that are related to the interaction of these three systems are; leadership, culture, Board of directors, life cycles, strategic management processes, ethics and values (Hoy, Verser; 1994).

By the factors that are related to the interaction of the circles, the model gets more complex. On the figure 2.3.2.2. presented by Hoy and Verser (1994), shows the complexities of the family business.

Figure 2.3.2.2. The Complexities of Family Business

Source:(Hoy & Verser 1994)



The contribution to the three circle model by Gersick and Lansberg, they pointed that it is more useful to transform the three circle concept to a developmental model in which the three subsystems moves through a sequence of stages over time. By adding developments over time to the three circle model, the three dimensional development models are presented (Gersick, Lansberg, Desjardins, Dunn; 1999).

2.4 Characteristics of Family Businesses

To better understand the family business, the characteristics should be mentioned. The differences of family businesses changing from one to other as to generalize some specifications can be mentioned. Some of the general characteristics of the family business are; the family businesses are organizations that are founded by family members or several family members, as entrepreneur, and accept the involvements of the other family members. The two aspects are family as founder and the business entity, that desires and needs, can be different in two sides. The reason for foundation of a family business is to support family's life. In the business, the strategies, corporate politics, and the formation of management structure interests of the family are considered. The owner and the top manager of the business are generally the same. The succession contains the ownership and management that becomes reason for a difficult transfer process (Findikçi; 2005).

The family members in the first stages of the foundation of the family business are more involved in the business, having an intensive communication and strong collaboration by the development of the business ownership and wealth, the collaboration decreases, internal conflicts increase, and role conflicts emerges.

The family businesses concerning their specific characteristics have some advantages or disadvantages from the non family firms. The advantages and disadvantages can be classified in three major aspects; financial, managerial, and corporate cultural aspect. Studies (Christensen; 1953, Barry; 1975) concerning the advantages and disadvantages of the family business have many varieties (Günver 2002). Günver (2002) in her studies gives a list of strength and weaknesses of family businesses.

2.4.1 Advantages of Family businesses

The strengths of family business are; family's dedication, family's fame, workers' loyalty, ability to make long term plans, flexibility and dynamism, social sensitivity, ownership and management union, and developing family relations.

The family's dedication to the business makes it powerful financially. By the start up and during the business, the capital is build by the family members. In case of problems in cash flow, for a while family members can sacrifice from their earning for the sake of the business' welfare (Günver; 2002). The business being a part of the family is always supported by the family. The property owned during the business, can be sold and cash can be obtained for the business (Karpuzoglu; 2004).

Family businesses can take decisions faster than any other organization. Despite of its advantages, the ability to take decisions faster, being flexible and dynamic can also cause problems in the professionalization path (Günver; 2002). To take decisions in the family business doesn't need many signatures or long time for the decision making. By using the advantage of the family points of views can be easily talked.

Families businesses make more perceptions for long term decisions leading success in the business. Accepting the business as a saving that will continue the families' existence, the long term investment come up to be more profitable (Karpuzoglu; 2004).

The conflicts that may arise by disagreements among the ownership and management parties cannot be seen in the family businesses. The owner manager holds both batons in his/her hand. The relationship of the workers with the family is also an advantage for the business. Human resources politics, apart form the non-family firms, depends on long term employment, the possibility of a life long employment makes the employees loyal to the business, and making them do their best for the best of the business (Günver; 2002). The family members working together makes the relations better and results in synergy in the business.

Family businesses, regarding its specifications can give decisions faster, has a high success motivation, can easily grow and develop, keeps the amateur soul, and by the ability to define the next generation manager has advantages when compared with the non family owned businesses (Findikçi; 2005).

2.4.2 Disadvantages of Family Businesses

The family businesses, having advantages in many ways,, also have disadvantages or weaknesses specific to themselves. The reasons for the disadvantages can be defined in two aspects; the ownership issues and complexity of the roles, the other is conservatism (Karpuzoglu; 2004). The weaknesses are conflicts in the business and the family, confusion of roles, nepotism, and inadequate education of the managers, competition among family members, succession problem, status quo and conservatism, and centralized management (Günver; 2002).

Conflicts within the family businesses are unavoidable. The decisions that family members should take concerning the business environment are in a variety of issues, like financial issues, human resources issue or marketing issues. They can be emotional issues or issues that need power. As cited by Günver (2002), Ward (1997) classifies the conflicts as task conflicts, relation conflicts, and process conflicts.

The difficulties in institutionalization and professionalization of the management and resistance to change, corporate difficulties regarding the owner who is also in the management, family problems also affecting the business are the disadvantages of a family business (Findikçi; 2005). Concerning the conformity of family businesses to the new technologies and information technologies, on the study conducted by Ozmen et (2004) points out that even though the family businesses are aware of the information technologies but they are lacking in using these systems. The openness to new technologies of family businesses is important to keep them living and have an advantage (Ozmen et al 2004).

The succession process can also cause problems within the family members affecting the business. The choice of the successor may lead to collapses of family businesses in case of presence of more than one candidate for the management. The resistance to change occurs in the family businesses by the time. The predecessor managing the firm for a long time scares from taking risks and acts conservatively (Karpuzoglu; 2004).

Concerning the difficulties in the succession process that becomes to be a disadvantage for the family businesses, Hubler (1999) mentioned 10 obstacles for family business succession planning considering the business, others, the predecessor, and stakeholders. First obstacle is the lack of appreciation, recognition and love accordingly other obstacles are lack of forgiveness, control issue, other oriented regarding change, history of the family and business, scarcity of financial and emotional issues, entitlement, indirect communication, differences seen as a liability rather than an asset, and lastly poor expression of feelings and desires (Hubler; 1999).

The conflicts occurring among the interests of family and business, lack of discipline exerted in the profits and the performance of the business, failure in meeting the marketing challenges and nepotism is listed as weaknesses in the study conducted by Donnelley (1964) The conflicts that are seen in the family businesses can be solved by various ways; establishing clear guidelines and policies concerning the family members involvement in the business, establishing family councils can help to solve the conflicts and make a better communication between the family members (Ibrahim et al; 2001).

2.5 Life-cycle of Family Businesses

The businesses, just like living organisms, have stages of life. The stages of life enable businesses to grow and develop (Lester Parnell; 2006). A basic definition on the different generations of family businesses is that; the first generation family business is the one that is family owned and managed, by the attendance of more than one family member, but only the first and founding generation in the business. The second and third generation family businesses are second and third generation family members are involved in the ownership and management of the business. Generally the first and

subsequent generations share same characteristics and behavior by the force of familiness (Sonfield Lussier; 2004).

Findikçi (2005) shapes the life cycle of family businesses in 9 stages. Entrepreneur and starting the business; that is the starting point of the business by an entrepreneur. Usually the first starters, as entrepreneurs having high desire for success, hard working, can reach success in short terms. Usually the entrepreneurs start from the smallest part of the business and work for others before starting his or her own job. The situation of the job by the time may lead the entrepreneur to include some of the family members in that stage (Findikçi; 2005).

Success in the business; in this era the entrepreneur by working hard and including some of the family members in the business keeps the continuity. The growth in this stage is a success for the entrepreneur when reaching a level of income and wealth that has not reached before. Usually the entrepreneur is satisfied with the position of the businesses and the success gained by the business. But the growth is in the hands of the entrepreneur and the family as long as they desire.

In the growing and developing stage, the success of the business affects the family as well. As long as the family supports, the business would support the family. This interaction leads the growth and development of the business. The important point in this era is to control the process. Uncontrolled growth may cause the business to collapse. Family businesses usually employ family members, relatives and their townsman while it is growing and developing.

The development of property is the result of the past three stages. As a result of a developed business, the development in the property increase following the wealth of the family. The critical point here is the issues in the ownership; the family members may have conflict by the properties growing. The development of property stage leads the satisfaction stage, which is a critical breaking point in the life stages of the family businesses. The satisfaction is mainly related with the target that is settled. By the developed business the aims of the company should be settled very well. Many owners assume that the business is going on well and ignore the problems in the business. The vital point here is to define next goals for the future of the business.

As a business enjoys the satisfaction stage, they are in the top of their life cycle curve. If new targets are not settled or new concepts for the business are not developed, the companies start weakening. Desires for the old successes, come up to be the most mentioned issue in the family business. The owner managers become past oriented, losing the ability to develop new projects. The most important issue is losing the “we” knowledge that starts to be “me”. With the founders reaching an older age, and undeveloped or unmotivated next generation, leads the business to down.

By then the entrepreneurs accept that they will not be able to solve the problems that they encounter. This stage leads to the system search and professionalization stage. The need for institutionalization emerges. The change that is needed for the business in that stage should have been planned before. However; generally the resistance to change in this stage comes up. The professionalization of the business and redesign of the organization may disturb the owners.

In the later stages of a business, there comes the time for passing the management to the new generations. One of the last phases of the life cycle of the family business is to pass the baton to the next generation. The stage of the family businesses that the succession occurs also may happen in earlier stages, relatively to the age of the entrepreneur. This stage may come with two different paths. The new family member, who is taking the control, can lead the family businesses to a new birth in order to have a better position, or on the contrary can collapse the business that the entrepreneur founded. One issue that should be regarded in the first stages of the business is the development of the next generation family business manager.

In the last stage, the liquidation comes. As all social living creatures, businesses also have a life cycle. The death stage is as normal as the birth stage. Main aim of the entrepreneurs and family members is to keep the family business alive as long as possible. The studies and effort make the family businesses live longer, all parties in the family business structure is responsible for the long life period of the business (Findikçi; 2005).

2.5.1 Gersick et al's Developmental Model for Family Businesses

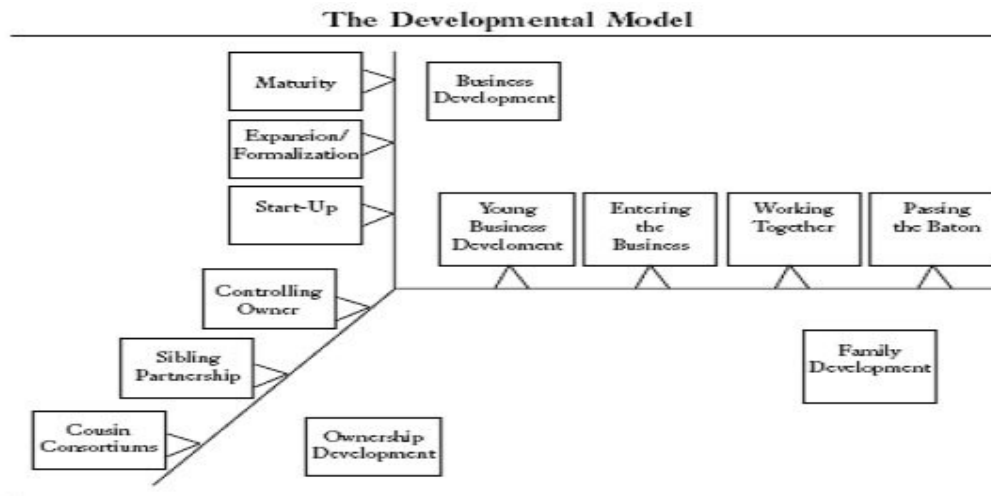
The developmental model that Gersick and others defined has/contains also a good understanding for the development and life stages of the family business. The model defines that the systems of the family business is developing on time. The ownership development dimension, starting with controlling the owner turns to sibling partnership and then to cousin consortiums. The model is presented in the figure: 2.5.1.1.

As the life cycle of a business goes on and changes in the stages the family life also changes. In the developmental model that Gersick and Lansberg developed, they point out that the family business ownership has stages like; Controlling Owner to Sibling partnership to cousin consortium. The company moves from start up phases to other stages. Although the three circle model provides a good definition for family businesses, most of the problems in the family businesses occur with the progress of time. The developmental model by Gersick defines the issues from different dimensions and developmental stages (Rutherford et al; 2006).

The three axes show the developments of family, business, and ownership. The important point of the model is the transitions between the stages that are important for the health of the whole system. The periods of transition are the most critical and challenging moments in the development of family businesses (Gersick, Lansberg, Desjardins, Dunn; 1999).

Figure 2.5.1.1. The developmental model for family business

Source: (Gersick, Lansberg, Desjardins, Dunn; 1999).



2.5.1.1 The ownership Dimension

While defining the family business, the ownership plays an important role and there are many types of ownerships that may be in the family business. The structural changes in the ownership have an effect on three circles of the family business. The development of the ownership along the time period of the business is described in the ownership dimension. The basic issues in the developmental model is grouped/described in three stages; controlling owner that is controlled by a single owner, sibling partnership, and cousin consortium.

The controlling owner stage is the form that most of the family businesses founded. The controlling stage businesses are rather/fairly entrepreneurial family businesses. Varying in their sizes, the family businesses that are in the controlling owner stage, they may earn millions or just stay in a small scale. The ownership control is consolidated in one individual or a couple. The possible challenges that a family business can face are capitalization, balancing unitary control with input from key stakeholders and choosing an ownership structure for the next generation.

In the sibling partnership stage, the family business is in the second or later generation. The ownership is shared by two or more brothers and sisters that may be or may not be active in the business. In this stage some of the ownership can also be held by parents or the sibling's children but not in a significant manner. The effective control is in the hands of siblings. The key challenges are; development of a process for shared control among the owners, defining the role of non-employed owners, retaining capital, and controlling the factional orientation of family branches.

In the cousin consortium stage, the ownership is held by many cousins from different siblings. The cousin consortium family businesses are in the third generation or more. There are many cousin shareholders in the business and mixture of employed and unemployed owners exists. The complexity of the family and the shareholders groups' management gets difficult and creating a family business market are the key challenges. The desire of cousins to be separated from the business, results of demanding unexpected cash outs from the business would danger the business.

2.5.1.2 The Business Dimension

The business dimension takes under consideration the size, age, structure, and financial performance of the business. All of the companies, regarding their size and other factors, concern different obstacles and opportunities. The business dimension goes from the start-up, expansion and formalization, maturity. The growth and the complexity measures change the understanding in the family businesses.

In the start up stage, being the earliest stage, the business has an informal organizational structure and the owner stands in the centre. The owner invests great deal of time, energy, and most of the resources. The key challenges are; the survival problem concerning market entry, business planning, and financing. Also the rational analysis against the dreams of the owners is challenging.

In the expansion and formalization of the business, the business enters to the second stage after the startup and expands in number of areas and gets more formalized organizational structures and processes. The characteristics are increasingly functional structures and multiple products or business lines. The

importance of both growth and complexity measures becomes clearer. The key challenges that the business can come across is evolving the owner manager role and professionalizing the business, strategic planning, and organizational system and policies, and cash management.

When comes to the mature stage, the business enters another stage that may also be the final stage of the business. The organizational structure supports the stability, has a stable or even maybe declining costumer base, divisional structure runs by senior management team and has well established organizational routines. But despite these, the strategic refocus of the company and planning is a challenge. The management and ownership commitment and reinvestment are the other key challenges that the business can face.

2.4.1.2The Family Dimension

The Family dimension consists of four stages parallel to the life cycle of the families and individuals. The stages of the family axis are; the business family, entering the business, working together, and lastly the passing the baton stage.

In the young business family, parental generation is generally under forty years old, and if there are children, they are under eighteen. The challenges in this stage are creating a workable marriage enterprise, making initial decisions about the relationship between work and family, working out the relationships with the extended family and raising the children.

By entering the business family, the owner manager and the spouse are in between thirty-five and fifty five, in a middle age accordingly making up the business strategy and personal life style. And the young generations are teenagers and young adults. They are in the edge of starting business life, and making their minds up on entering the family business. The key challenges in this stage is managing the midlife transition, separation and individuation of the younger generation and facilitating of good process for initial career decisions.

In the working together family, two or more generations are involved in the business together. The elder generation is between fifty and sixty-five and the young generation is in the twenties, thirties or forties. The senior generation is in the peak of its authority and if the business is profitable they use this for expansion and new ventures. The younger generation has made their decisions to join the family business. The key challenges are; fostering cross-generational cooperation and communication; working together family should have characteristics like honesty, openness, consistency for enabling good communication. The working together generation's conflict management to be productive should be encouraged. The management of the three generation working together family is another challenge.

The passing the baton family stage is mainly studied by the business and ownership. In this stage the senior generation is in late adulthood. And the junior generation is in the mid life. In this stage, the elder generation's disengagement from the business and generational transfer of the family leadership occurs. The succession process starts in this phase. By the end of this stage, the cycle renews itself as the generations get older and the business continues.

2.5.2 Life stages of the Family Businesses

In every stage of their life the family businesses show different characteristics depending on the three dimensions (Gersick et al 1997). In the first stage of the family business that the founder has greater affect on deciding about the business along the time the consequences differentiates. The combination of ownership, business and ownership developmental dimensions of family businesses can be investigated in four stages; the first generation family businesses, growing and evolving family businesses, complex family businesses, family businesses achieving continuity (Karpuzoglu 2000). The life stage of family businesses, depending on the developmental model of Gersick et al (1997), is mentioned by various researchers. The following life stages of the family businesses is summarized depending to the four classic family business types mentioned in the study conducted by Gersick et al (1997).

To have an overall understanding the four types of the family businesses are summarized in the table given below:

Table 2.5.2.1: Developmental stages and basic characteristics of the family businesses Source: Karpuzoğlu, 2004 (pg 124)

	First Generation Family Businesses	Growing And Developing Family Businesses	Complex Family Firms	Family Businesses Achieving Continuity
Ownership	founder/owner	siblings	family and professionals	family and to many professionals
Organization Structure	simple/centralized	simple/ semi-centralized	complex	complex
Decision Taking Mechanism	founder/owner	in the siblings	professional managers and family members	committee consisting professional managers, consultants and family members
Communication	horizontal	horizontal/vertical	horizontal/vertical cross	multi-dimensional
Values	family and entrepreneur values	entrepreneur values	business values	internal and external market values

2.5.2.1 First Generation Family Businesses

The newly founded family businesses are the business that ownership and management is in the hands of the entrepreneur. By the ownership dimension in the controlling owner stage, by the business dimension in the start up business stage and by the means of family dimension are in the young business family stage.

The business founded by the entrepreneur, depending in the entrepreneur factors of an individual to start up a business, then turns to be a family business. The transition depends on exact decisions and psychological decisions to the entrepreneur. The decisions that should be taken are ; the involving of family members to work in the business, preparation of the family members for the management, distribution of ownership and the transition of management control in the family.

The psychological decisions are about the family business changing from the sole property of the founder to the property of the family. Also in first start up the founder can think the family involvement in the business and to a family business from the beginning. The growth of the family is also a trigger for a business to be a family business. As by the children grow, and has an interest on the business the founder can

turn the business to a family business. By then the start up business comes up to be a family business.

The ownership in the first generation family businesses is mainly in the hands of the founder. The ownership gathered in one person allows control over strategic and operational decisions of the business. In this stage the characteristics are a combination of start up business stage, young family stage and controlling owner stage.

2.5.2.2 Growing and Evolving Family Businesses

The growing and developing family businesses are the ones that moved one more step from the first family business stage. The business moves from the start up stage to expansion /formalization stage, the ownership moves to sibling controlling stage from the controlling owner stage and the family enters the business. This stage cannot be seen in most of the family businesses as only 30 % of the can transform the business to the second generation (Findikçi 2005). The family business in this stage tries to consolidation of ownership control in sibling generation, and the succession process is the challenge.

The ownership issues in this stage may be very simple or complex depending on the numbers of siblings. The numbers of people that will have ownership, the voting and non voting shares, and the autonomy of the siblings are the issues that the business will face. The entry of the siblings to the business and concerning the ones that will actively take role in the business, the ownership distribution will change. At this time family members would have wisdom of understanding that the assets of the family is devoted to the business. The expense needs of the senior family members and the junior family business managers should be carefully held.

Concerning the family issues, the development of the family, covering the generations that are in the different stages of their life stages the challenges can be in various degrees of emotional, financial, and professional interdependence among them. The entry of young generation to the business depends on the career desires of the heirs. The family members should consider whether the business is appropriate for

the coming generations. By the entrance of the siblings to the business, the sibling partners should achieve the relationship that can withstand the stress by having an open communication, ability to resolve conflicts, and supporting each others decisions.

For the business issues, the start up business moves to expansion/formalization step. The timing of this move depends on the resolving the organizational and strategic challenges of the growth and complexity. The coming of second generation can solve this, but also the founders can achieve this by their time depending on the founders ability to overcome these problems is the first years of the business. The formalization of the management in the sibling partnership brings along significant change in the business.

2.5.2.3 Complex family firms

The family businesses achieving to come to this stage in their lifecycles are the ones that are mostly achieved the challenges of the family businesses. In this stage they are multigenerational, cousin owned companies, reached mature stage of the business development. They are probably older than most of the family businesses. This stage is probably the dream of the founders to reach by the first beginning. The family business reaching this point has complexities in all the three dimensions of the developmental model. As the complexity increases by making it difficult to manage it also brings the opportunities for family members as the business is being successful and serving more benefits. As the opportunities increasing in the business the family members are most likely to be loyal and interested in the business.

The ownership division in this stage expands. By the third or more generation the family members in the business increases. Where as many of the share holders may not take place in the business. There the relationship issue with the shareholders that doesn't take place in the business comes more important. Generally one of the branches of the three or more generations is leading the business. So they have the responsibility to inform other family members from the business. As the family members increase the number of family members that want to have dividend payout from the business for their financial needs. The management of this is a critical issue. The dividend policies and the policies to keep the business healthy should be formed.

The family dimension in this stage, the cousin consortium has many issues like power, money, and recognition. By reaching more than three generation the number of the family members increase and each branch of the family has different agendas. The emotional based relationships decreases comparing to the siblings controlled families. The in these families are based less on unconscious early relation ship factors. The presence of a leader in this stage is important to keep up the family relationships. Also suggested the family leader and the business leader can be different even though it generally same.

By the business issues the businesses reach the maturity stage and become successful in the market by achieving many points. As the maturity increases in the business and the business develops like being the market leader it is more important to manage this stage. The business should be kept responsive, innovative, and disciplined in this stage.

The family should decide to keep the business management or just control the business by the ownership in this stage. And the capital resources that the business needs at this stage should be managed carefully.

2.5.2.4 Family Businesses Achieving Continuity

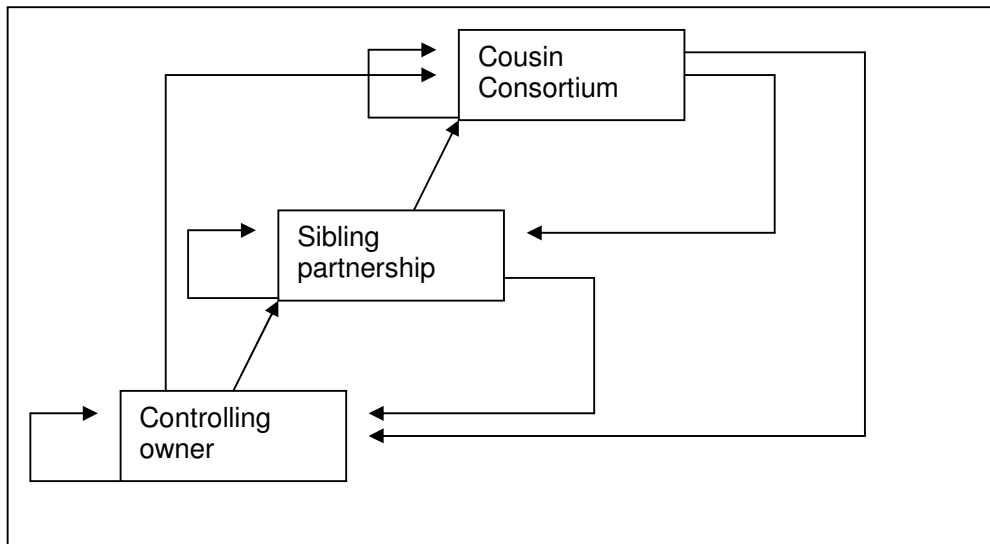
The fourth type of family businesses are the one that the ownership, the family and the business is changing the leader; that affects all the three circles of the family business dynamics. Here comes up the ultimate test of the business; the succession. The succession, being a process starting in the early stages of some families and continuing throughout the maturation and natural aging of the generations. The succession process starts with the decisions of the ownership structure for the involvement of the next generation. The transfer of ownership brings along the transfer of the leadership in family and business as well.

In this stage the level of institutionalization comes mere important; the business values come up to be more important than the family values. The business plans and strategies are a need for the family businesses in this stage.

The ownership dimension developments the controlling owner, sibling partnership, and lastly the cousin consortium are in a recycling structure. The family business ownership in the stage of the transition of management can shift in these dimensions. The founder can pass the business to one of his/her daughter or son that is the pass from controlling owner to next controlling owner. Where as the group of cousins lefts the management to their siblings its transition is form cousin consortium to the next generation cousin consortium. Or the controlling ownership can shift to the cousin consortium from the controlling owner getting a complex way. Or the sibling partner ship can shift to the controlling owner. Totally there are nine ways of transition of the ownership in family businesses. The figure below represents the transitions among the three dimensions of ownership. The transitions among each group have its own characteristics and complexities.

Figure 2.5.2.4.1 Types of ownership transitions

Source: Gersick et al 1997



2.6 Successful Family Businesses

Family businesses aim to achieve both financial and non-financial goals (Sharma; 2004). The financial achievements of big companies are easily seen or can be relied on the data that they publish. But considering the small companies, it is more difficult to have a unit of measurement. In the family business and small firm studies it is essential to define the success criteria's and defining it properly is important because of the disability in getting the financial data (Heinerth, Kessler; 2006).

The elements of family success is defined as ; a sense of responsibility for family matters, a respect for different generations without either needing the approval of the other, a strong tradition of moral and ethical values, and a shared vision (Carsrud; 2004).

Talking about the success of the family business, another topic that should be touched on is the success of the families itself. From the viewpoint of the entrepreneurs the success is measured by the net worth, the revenues. The measures of success of families about their children are how much they increased the children's competitive advantage, related to the society that they live in (Kaye; 1999).

The performance criteria's of a family business being in two dimension; family and business at any point of their life stages family businesses can be successful in one of the dimensions or both at the same time. A four variation matrix puts out this result. Presented in the figure, the matrix has four variations; warm hearts, deep pockets that are successful, family businesses experiencing both profitable business, and family harmony. This part is the most desired combination of success that family businesses desire. Pained hearths deep pockets; they have a business success but failure in the family relationships. Warm hearts empty pockets are having good family relationships but their businesses are in bad performance. Pained hearths empty pockets; are the businesses that failed in both dimensions (Sharma; 2004).

Figure 2.6.1 Success of Family Businesses

Source: Sharma 2004

		FAMILY DIMENSION	
		Positive	Negative
BUSINESS DIMENSION	Positive	<p>I</p> <p><i>Warm Hearts</i> <i>Deep Pockets</i></p> <p>High Emotional and Financial Capital</p>	<p>II</p> <p><i>Pained Hearts</i> <i>Deep Pockets</i></p> <p>High Financial but Low Emotional Capital</p>
	Negative	<p>III</p> <p><i>Warm Hearts</i> <i>Empty Pockets</i></p> <p>High Emotional but Low Financial Capital</p>	<p>IV</p> <p><i>Pained Hearts</i> <i>Empty Pockets</i></p> <p>Low Financial and Emotional Capital</p>

As the ambiguity of the success (Heinerth, Kessler; 2006) makes it difficult to point out the successful family businesses, the characteristics of the successful businesses will lead to have a perception about successful family businesses. The successful and continuous family firms are the ones that adopted the principals of respect, gained from value judgment, and tradition of family members. The successful businesses have a charismatic leader. The founder of the firm is important, because of foreseeing, having good future guesses, and being a respected one makes the establishment of the business best. As long as having a strong founder as a leader, the firm will be more likely to gain the success. But apart from a strong leader also some family members that follow the leader play an important role.

The successful and continuous family businesses are generally in the growth and development axis. They always look forward to expand the business without stopping for a while. Institutionalization is a must for a successful family business. Financial disciplines', keeping amateur soul, hardworking are the characteristics of success, they trigger the business' improvisation (Findikçi; 2005).

The suggested elements for a families success by Carsrud (2004) are; Family community, understanding the importance of hardworking and the entire family

member's commitment to this, straightforward communication, responsibility for family matters, and shared vision of family members.

As measurement of success in family businesses differ according to their stages and aims, the success on succession being one of the issues that is important for the researchers and family business owners will be discussed later.

2.7 Global studies on family businesses

Since the reason that the economic landscapes of the most nations are dominated by family businesses, the issue of family business is getting important. During the last years, the articles written about the issue are getting more and more. By the number of articles published, schools offering programs on family business, we can easily see family business studies increasing (Sharma; 2004). The ABI inform research shows that there were only 33 articles till 1989, 110 from 1990 to 1999 and for 2000 to 2003 years, and there are 195 articles in the peer-reviewed scholarly journals (Chrisman, Chua, Sharma; 2003).

In the article written by Sharma in 2004, she is arguing that this increase in the family business study area, and the progress, should be evaluated in order to reflect the directions in order to pursue in future researches.

The researches done by scholars on family business are mainly because the dominance of the family businesses on the most of nation's economic landscape. (Sharma 2004)

Sharma (2004) in her article investigated the literature (based on "The family Business Review") in four levels of analyses: individual, interpersonal, organizational, and social. By this organization of literature, the topics that have received attention are pointed out.

In the individual level of analyses, the internal and external stakeholders are defined. The internal stakeholders are founders, the next generation members, women, non-family members.

The interpersonal/group level has taken a significant portion of these studies. There are three topics under this level; nature and types of contractual agreement, source of conflict and management strategies, intergenerational transitions.

Comparing all these levels of analyses, we can see that most of the studies are in the individual or group levels. The individual level founders and next generation members had the most attention. In the interpersonal/group level, there are many comprehensive conceptual models on succession process or leadership transition, but still there is lack of empirical testing (Sharma; 2004).

There are several articles that reviewed the literature by the time as the family business studies are getting attention (Zahra, Sharma; 2004). The topics studied in the literature are succession, economic performance, businesses governance, resources /competitive advantage and conflict, and entrepreneurship/innovation.

The pioneers of the family business studies are scholars that are making consultancies to the family businesses who can easily see the challenges that family businesses are faced. For their experiences the succession is the biggest problem that family businesses encounter. By that reason most of the literature is dominated by succession issue. Indicated in the article by (Chrisman, Chua, Sharma; 2003) the study of succession in family businesses as a primary topic is 22% and 8% as a secondary topic in the 196 articles published from 1996 to 2003.

There are also many institutes that are working on family business issue that is on the practice side. Many surveys are done about this issue. One of the last surveys done on family business is the one made by "The PricewaterhouseCoopers" Family business survey 2007/08.

The survey was conducted in 28 countries and 1.454 SME's. According to the survey, half of the companies are going to change hands within the next 5 years. But the percentage of the companies that have a succession plan is only 50 % of them. Two third of the respondents have no clear criteria for choosing the successor.

2.8 Studies in Turkey on Family Businesses

The family businesses studies in Turkey are quite less compared to the portion of the family businesses in economy. The studies don't go back more than a few decades. The oldest study conducted in universities goes back to 1984 (Masters Thesis conducted by Aydin) (AİK Congress book 2008).

But the studies are increased during the last decade. The most reliable source for these studies in Turkey is the AGMER's studies (family business and entrepreneurship research centre). According to the data given by the centre, there are 8 PhD dissertations and 52 masters thesis's done starting from 1984.

Agmer holds "family business congress" every two year, which third is conducted in April 2008. Most of the studies done in the universities can be seen here. There are 144 papers presented in the last 3 congresses.

Most of the Anatolian chamber of commerce and industries are conducting seminars on family business for their members. Konya Chamber of commerce' president mentions that family businesses are collapsing in third generation, and to prevent this collapse family businesses should get institutionalized. For this aim KTO gives seminars to the family businesses managers (Can 2007).

The family businesses that are lasted until today in Turkey do not have more than 100-200 years old history. The companies that are older than 200 years old are: (Erdogmus; 2007)

- Cağaloğlu Hamamı (1471)
- Ali Muhuddin Hacı Bekir (1777)
- Çukurova Gıda Sanayi (1783)

The old companies in Turkey have some similar characteristics such as bounded to the regional characters, not enlarged facilities, and did not catch the developments in the world.

Some of the biggest companies in Turkey that are family businesses are not more than 100 years old. These companies started as a small enterprise now leads the Turkish economy. In Turkey there are 3 family businesses that are in the world's biggest companies. These are; Sabancı Holding, Doğuş Group and Koç Group (Erdogmus; 2007). The list of senior family businesses in Turkey is given in the appendix.

Another issue about the family business is the lack of information obtained from formal organizations. The records start from 1925, which you can find in the Istanbul Chamber of Commerce. It is difficult to find any record before that date.

One of the important issues concerning family business in Turkey is the lack of interest in family businesses in case of academic researches. Many of the researchers complain about difficulties faced when trying to make research.

The survey done by PwC in Turkey about the family businesses is one of the evidences for this. PwC asked 300 companies to participate to the survey but only 50 of them responded (PwC Family business survey; 2007-08).

Also the findings of this survey done in 2007 should be stated. The report is prepared from February to June 2007. The report mentions corporate difficulties and priorities, ownership and succession planning, conflict solving, and wishes of family businesses managers. The surveys investigate the results by grouping; Global, North America, Europe, and developing countries. Also each country's result is given. By this grouping, Turkey in some issues is similar by global and emerging markets, but in some points there are important differences.

The report mentions that family businesses are not only SME's, but also large companies are among family businesses because of the shallowness of the capital markets. Most of the responded companies are in the first generation and preparing to hand over the management to the next generation. Turkish family businesses have a greater effect on the economy and national income comparing to the world average. The Turkish family businesses will keep its importance on time as well.

As for some results;

- 94% of the companies have a business plan in Turkey
- One third of the companies are due to change hands in Turkey results and one quarter in the global result.
- In global results half of the respondents expect that the business will stay in the hands of the family this rate is 35 % in Turkey.
- In Turkey, 16 % of the respondents don't have a succession plan. And 39% percent did not choose the successor.
- For conflict solving within the business Turkish family businesses use Family constitution (52%), Family council (35%), shareholder agreement (22 %), measuring and appraising performance (9%), and incapacity arrangements (4%).

While mentioning the family businesses in Turkey Koç Group should be highlighted. Established in 1926 by Vehbi Koç, the group now makes 9% of the Turkey's national revenue, 11% of the export, and pays 15% of the taxes in Turkey (Dünya Gazetesi; 22-04-08).

A family owned group being that big is a success story. Koç holding is now in third generation. Vehbi Koç left the baton to his son Rahmi Koç in 1984 and Rahmi Koç left in 2003 to his son. After the succession, predecessors remained as the holdings honor president. (www.koc.com.tr/kurumsal/tarihce)

Vehbi Koç being an entrepreneur, after starting his business, and by the business reaching a size that starts to be difficult to manage, he decided to establish a holding.

The primary thought of this action according to the Vehbi Koç was making his companies continue and pass to the next generations. He professionalized the management of the companies and stayed as the president of board of directors. In the third generation, the members of Koç family are in the board of directors of the companies and the holding.

Vehbi Koç gave importance to development and raising his son as the next success example. He stated in his will that Rahmi Koç will be the successor (Dündar; 2008).

Concerning the development of Turkish family businesses the success factors of them stated by Karayalçın (2006) are the improved education of the next generations after 1960's and the foreigner shareholders including in the businesses.

3 Succession in Family Businesses

As the life cycle of the family businesses goes on, and changes in the dimensions occur, the founder or predecessor' decision is important to keep the family business alive and successful. The decisions of the founders start the succession process. All the family businesses will face the succession at some time (Neubauer; 2003).

Succession issue holds nearly one third of the family business literature. Depending on statistics only 16 % percent of the family businesses go beyond the 3rd generation (Chrisman, Chua, Sharma; 2003). Continuity of a family business is important in both sides; for the family and the economy that the businesses are in. By that reason researchers are giving more importance to this issue. After all every organization hands over the management thru out the time and if the organization defines itself as a family business; it is a must to have a succession and a successful succession if the family and the business wish to carry out their existence. The succession studies are started by 1960's mainly with case studies (Sharma, Chrisman, Chua; 2003). A proper succession planning process is important for family businesses to be continuous. (Fahed-Sreih, Djoundourian; 2006). The poor successions are often the reason source of the succession problem (Miller et al; 2003).

For a founder or present owner manager of a family business they have to consider some issues like; closing the doors of the business, sell the business, Professionalization of the management by hiring an outsider or keep the management and the ownership in the family by the transferring the management to a family member (Bowman-Upton;1991).

As for the survey conducted by PwC one-quarter of the respondents from 28 countries are going to handover the management with in the next 5 years. This rate in Turkey is 1/3 of the respondents.

By having such an importance the literature does not provide any clear definition or time dimension or succession process (Sharma; 1997). In family

businesses founders try to perpetuate their legacy and ensure continued control of the family with intergenerational transitions, by handing over the management and ownership of the businesses to their children. But only 30% manage to pass first generation and only 10 % pass to third generation (Miller et al; 2003, Chittor, Das; 2007).

The family members, the business, the founder, linking organizations as the board of directories are the subsystems of the family business system. These subsystems have their own identity and culture. The decision taking in family businesses should be made at various stages of the business like; the business should be sold or maintained, appointing successor to the top management, preparing for the founders retirement, and so. These questions are influenced by the series of forces like; the general business environment, businesses stage of development, organizations culture, family's culture, family's influence on he founder, the founders motivation and values (Beckhard, Dyer; 1983)

The total system wouldn't face any problems till the founder or owner is in the place .But the problem starts when the founder decides to sell the business or pass the leadership of the businesses. Beckhard and Dyer suggests that successful adaptation is influenced both by the conditions within the firm and family dynamics (Beckhard, Dyer; 1983).

According to Lansberg succession refers the transfer of the management and/or the control of the business. Ownership succession focuses on who will own the business, when and how will that happen. Management succession focuses on who will run the business, what changes will occur, when will they be accountable for results and how will results be realized. In case these two processes are not coordinated or at least both are addressed together the succession planning can be unsuccessful (Dunemann, Baret; 2004).

The complete process of family business succession includes both the transfer of management and ownership control from one generation to the next (Brun de Pontet, Wrosch, Gagne; 2007).

Beckhard and Dyer define the succession as passing of leadership baton from the founder-owner or incumbent-owner to a successor, who will either be a family member or a non family member that is a professional manager (Beckhard, Dyer; 1983). But in the family business context, the founder-owners wish their firm to continue in the hands of the family and also managed by a family member.

There are limitations to study the succession like; it doesn't occur many times, and the timeline is a long procedure. Although the succession process starts with the planning, according to the surveys (PwC) most of the owners doesn't make the plan. Reasons for not making the plan can be; the strong personal sense of attachment of the manager with the business. This issue comes up to be the reason for the research gap (Bruce Picard; 2006).

By mentioning succession that is passing the baton to the next generation's family member, in the literature there is a gap in studying the succession process to a professional manager (Chittor Das; 2007, Royer et al; 2008).

The research conducted by Royer et al (2008) suggests that in cases like family businesses, specific experiential knowledge is relevant, the preference of who will be the the successor is with in the family. But, if there is not any appropriate family member successor, there comes out a need to have a professional as the successor. The internal succession, that is the next generation family member, preferred when experiential knowledge is important. But on the other side when general/technical knowledge is preferred the outsiders may be preferred for the management succession (Royer et al; 2008).

3.1 “Succession Process” In Family Businesses

Sharma in her dissertation defines the succession process as; “the succession process extends from the time the first family member who is recognized as the potential successor joins the businesses on a full-time basis, to the time the existing president hands over the control of the businesses to a family member successor and retires from active involvement in the business” (Sharma; 1997,11).

Sharma rationalizes this definition by that, it includes two events that can be identified in different businesses and with the hand over management from predecessor to the successor, by not being involved in daily operation (Sharma; 1997).

The succession process is defined as actions, events, and organizational mechanisms by which leadership at the top of the businesses and often ownership are transferred (Miller, Miller, Steier; 2004).

Miller et al, states that the studies on succession are like studying different parts of an elephant. Studies are dealing with important but relatively small parts of the problem. As a result, some studies focus on qualities of successor, some on the family context and some on incumbent (Miller, Miller, Steier; 2004). The succession planning affects both the predecessor and the potential successor. Leaders desire to step outside and thinking of successor is ready for the management and successor readiness and desire to take control effects the succession (Matthews et al 1999)

The succession process requires attention from different perspectives; family management and ownership (Brockhaus; 2004). Lansberg puts out that the succession process changes in the family businesses; family relationships need to be realigned, traditional patterns of influence are redistributed, longstanding management and ownership structures should lead to new structures. Lansberg's studies demonstrate how succession affects the founder, the successor, the family, the managers, the owners, and stakeholders (Brockhaus; 2004).

The succession being a process has specific pre-arrival and post-arrival phases (Handler 1989). The components of the succession process starts with, desire of

predecessor to handover the business, the capabilities of next generation to handle the business, desire of the next generation to accept the responsibility (Günver; 2002).

Apart from the desired successions, that are planned by the aging of the predecessor and reasons like that, there are some triggers for the succession. Predecessor's unexpected death due to a health problem, or the predecessor's switching to another field of activity owing to some professional or personal issues are the triggers /hardships for succession (Neubauer; 2003).

The succession planning process is a combination of stages like; selecting and training the successor, developing a vision or a strategic plan for the company after succession, defining the role of the departing incumbent, communicating the decision to key stakeholders (Sharma, Chrisman, Chua; 2003).

The succession in family businesses is one of the most complex issues that they encounter. The multidimensional nature of the problem, that affects all the dynamics in the business, is the reason for the problem's being so complex. Family business succession is a process that is dynamic and affecting the family business in a wide variety of levels. In evaluating the succession process, regarding its multidimensional and dynamic nature, it is essential to take in account the business related, sociological, psychological, legal and other areas in the evaluation (Neubauer; 2003).

3.1.1 Conceptual Models on Family Business Succession

The models about the succession process; whether involving different groups of actors, or describe the steps in the organizations lifecycle, or interactions take place between the predecessor and the successor during the process all of the model presented are pointing out that succession issue is a complex issue that is over four different phases; initiation, integration, joint reign, and withdrawal. The ultimate aim is to ensure the survival of the business (Cadieux; 2007).

The three important conceptual models for the succession process in the literature are; the relay-race model developed by Dyck, Mauws, Starke and Miske in

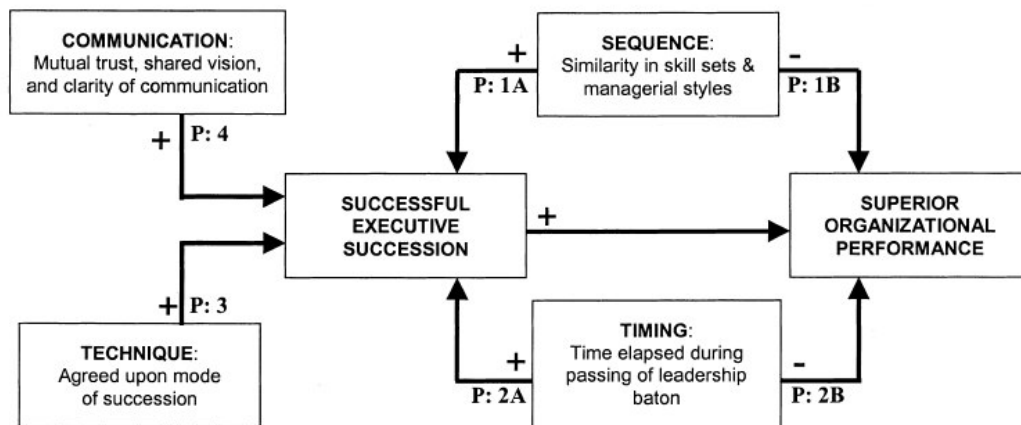
2002, the relationships model developed by Fox, Nilakant, and Hamilton in 1996 and stages of succession model developed by Handler in 1990 (Chittor, Das; 2007, Handler; 1990).

The relay race model

The Relay race model using the analogy of the relay race highlights 4 factors: Sequence, in selection of a proper successor, Timing of handover to the successor, Baton passing technique, following the right process for handover and communication between the successor and incumbent Comparing to the relay race the organizational parallels are defined in the model (Dyck, Mauws, Starke and Miske; 2002).

Figure 3.1.1.1. The relay race model

Source: (Dyck, Mauws, Starke and Miske; 2002).

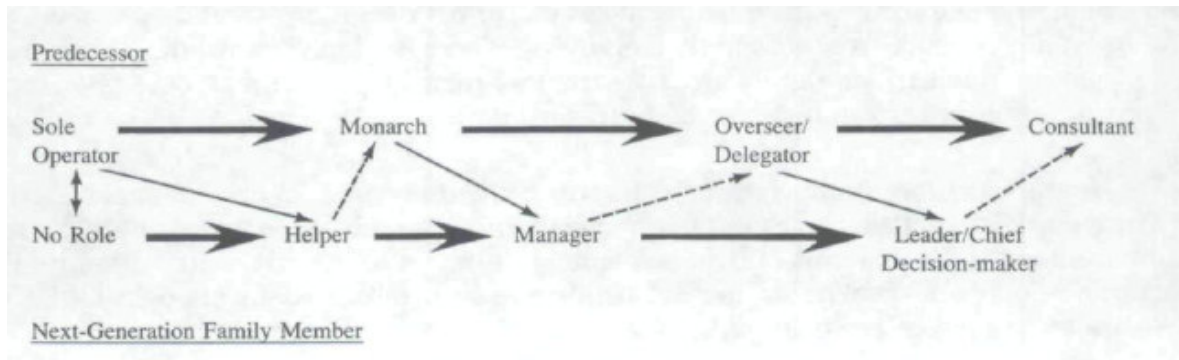


Stages of Succession model

The stages of succession model, mentions that the incumbent and the successor accomplishes specific roles in the succession process. These roles change over the stages of transition. The incumbent's roles change from "sole operator" to "monarch" to "overseer/delegator" to "consultant" and the successor's roles during the process are "having no role" to "helper" to manager" and "lead/chief decision maker" in the process (Handler; 1990).

Figure 3.1.1.2 stages of succession model

Source: Handler 1990



The Relationships model

In the relationships model the emphasis is given to the relationships in the family during the process. There are six relationships classified; The business and key stake holders, the business and incumbent, the business and the successor, the incumbent and the successor, the successor and the key stake holders, the incumbent and the key stakeholders (Chittor, Das; 2007).

3.2 Studies of Successful Successions in Family Business

Holding one third of the family business literature for the effectiveness of succession, in many studies, researchers tried to find out the factors that influence the succession process (Sharma; 1997). The research on the succession process is mainly conceptual and/or case based. There are some attempts classifying the factors associated with effective successions.

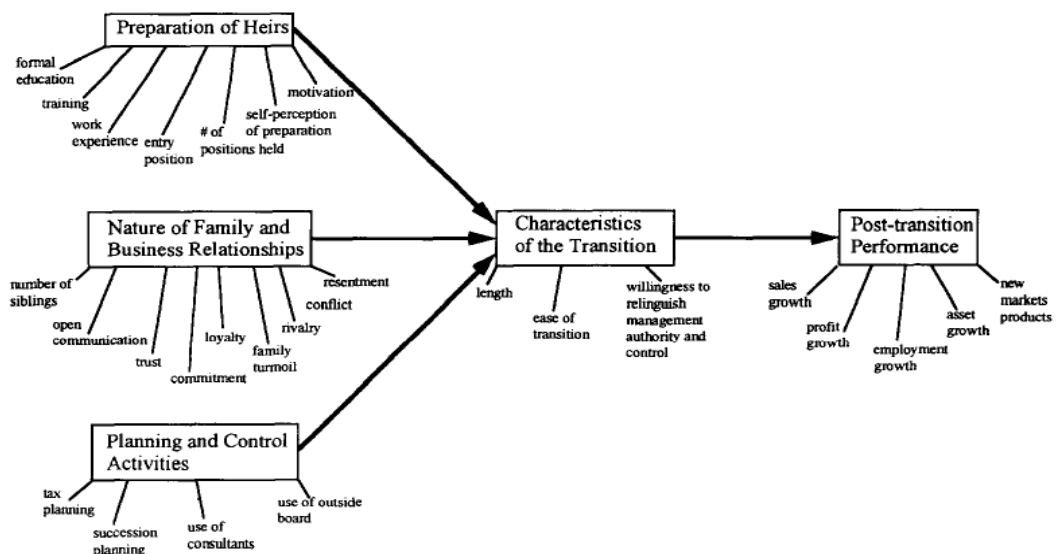
Since succession issue is so important, many researchers tried to find out the factors that affect the succession process. Focusing in different areas and concerns, the literature suggests a variety of factors which are affecting succession. The study of succession should take account the perspective of different stakeholders. Successful succession depends on multiple factors that influence its correct development and guarantee the viability of the business, the family integrity and the satisfaction of the participant's needs and interests (Suarez, Saa-perez, Almeida; 2001). The internal stakeholders of a business are founders or predecessors, the successor, other family members, and managers (Sharma; 2004).

It is important to point out the studies done in the literature concerning the success factors affecting the succession process to be successful. The Studies done in the issue are summarized below.

The study conducted by Morris, Williams Allen, and Avila “Correlates of success in the family business transitions” (Morris et al; 1997), which is based on review of literature and a serial of structured interviews with family business owners in order to find out determinants of successful business transitions. In their study the authors also found out factors that led to breakdowns in the succession process; problems in relationships among family members, heirs not being sufficiently prepared, issues related to planning and control activities.

The factors that they used in the conceptual model are; preparation of heirs, nature of family and business relations, planning and control activities. In the findings they point out that the transitions are better experienced when heirs are better prepared, where relationships among family members are more trust-based and affable. The dominant variable is the family relationships (Morris et al; 1997). Their model is presented in the figure 3.2.1.

Figure 3.2.1. : Determinants and outcomes of family business transitions model of Morris et al Source: Morris et al 1997

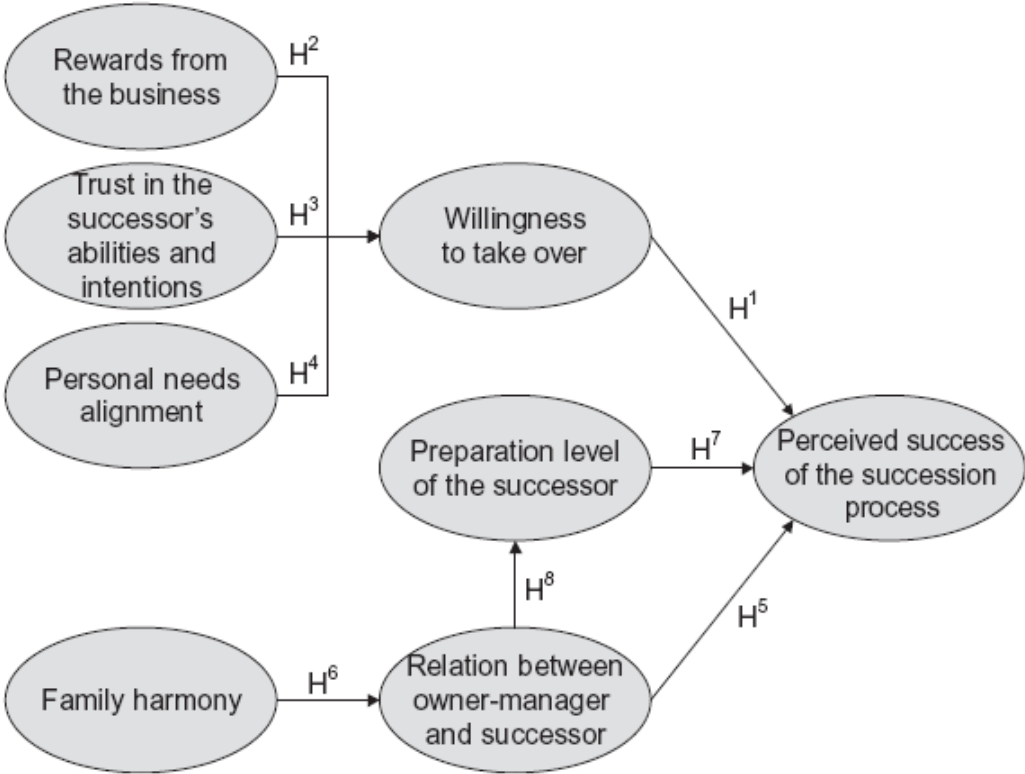


Venter, Boshoff, Mass consolidated and integrated the literature on various successor related factors and put out a theoretical model. By empirically testing this model they found out important relationships that can help successful successions if held properly.

According to the research, the factors which have influence on the succession process are; the willingness of successor to take over the business; the preparation level of the successor, and the relations between owner manager and successor. The antecedent variables are rewards from business; trust in successor's abilities and intentions, personal needs alignment, and family harmony (Venter, Boshoff, Maas; 2005).. The model of their study is presented in figure 3.2.2.

Figure 3.2.2.: Successor related factors that influence successful succession model of Venter et al.

Source: Venter et al 2005

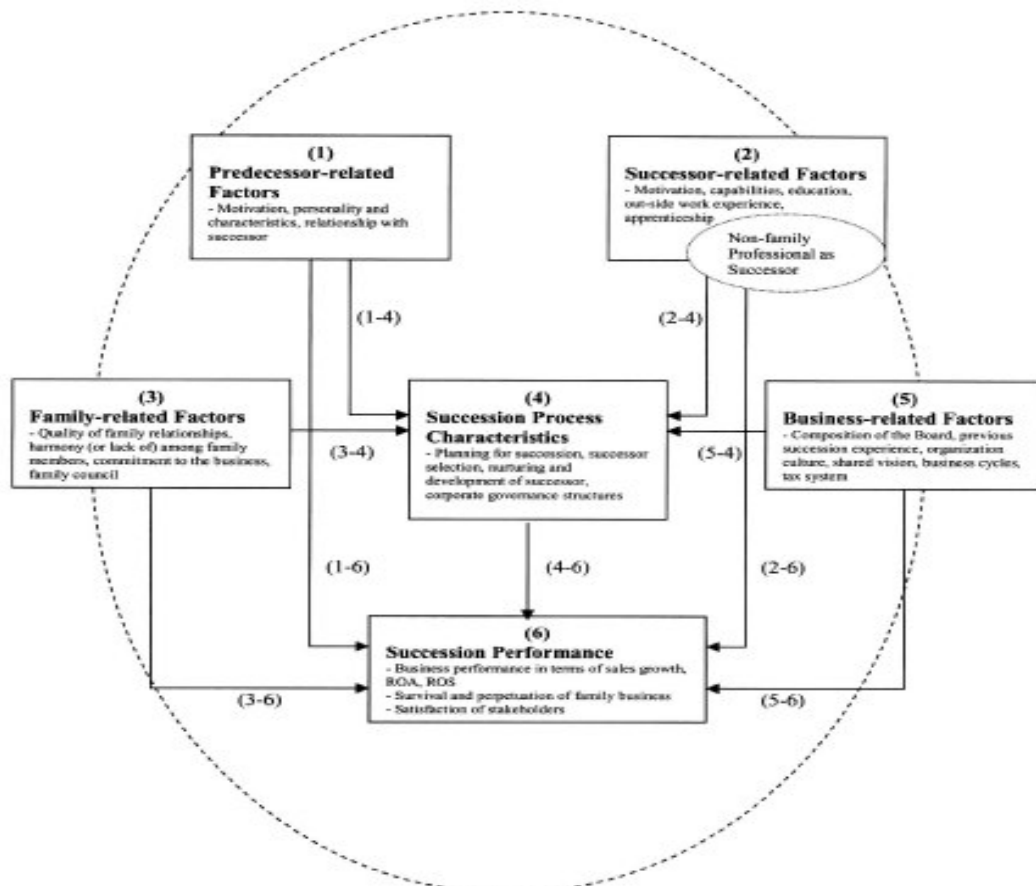


In their article, Chittor and Das in their article made an integrative framework for management succession about the interrelationships in the factors that are affecting the success of succession .The factors that are related to; predecessor, successor, family, business, and succession process (Chittor Das; 2007). Presented in the figure:
3.2.3

The successor related factors are studied but the succession to a non family member that is a professional is hardly explored. In the article presented by Chittor and Das, mentions that the management succession to a non family professional manager has a positive affect on succession performance (Chittor Das; 2007).

Figure 3.2.3: An integrative framework for management succession of Chittor & Das

Source: (Chittor Das; 2007)



(the dotted line denotes boundary conditions which include contextual and temporal factors such as who, where and when)

In the model developed by, Miller, miller and Steier,(2004) the systematic empirical and theoretical literature on positive successions are first investigated. By making logical connections, extrapolating, and interpolating, they derived a preliminary model of the succession process. Depending on the studies conducted, they found out the most mentioned variables in the literature. Groups which they found out the variables are; incumbent attributes successor, nurturing and development, ground rules for succession planning, incumbent phase out and successor phase out, and board of directors.

Then by integrating the findings using logic and a timeline they put out a preliminary model that can influence the success of succession. After that, in order to broaden the model, they included rich anecdotal accounts of the succession process,

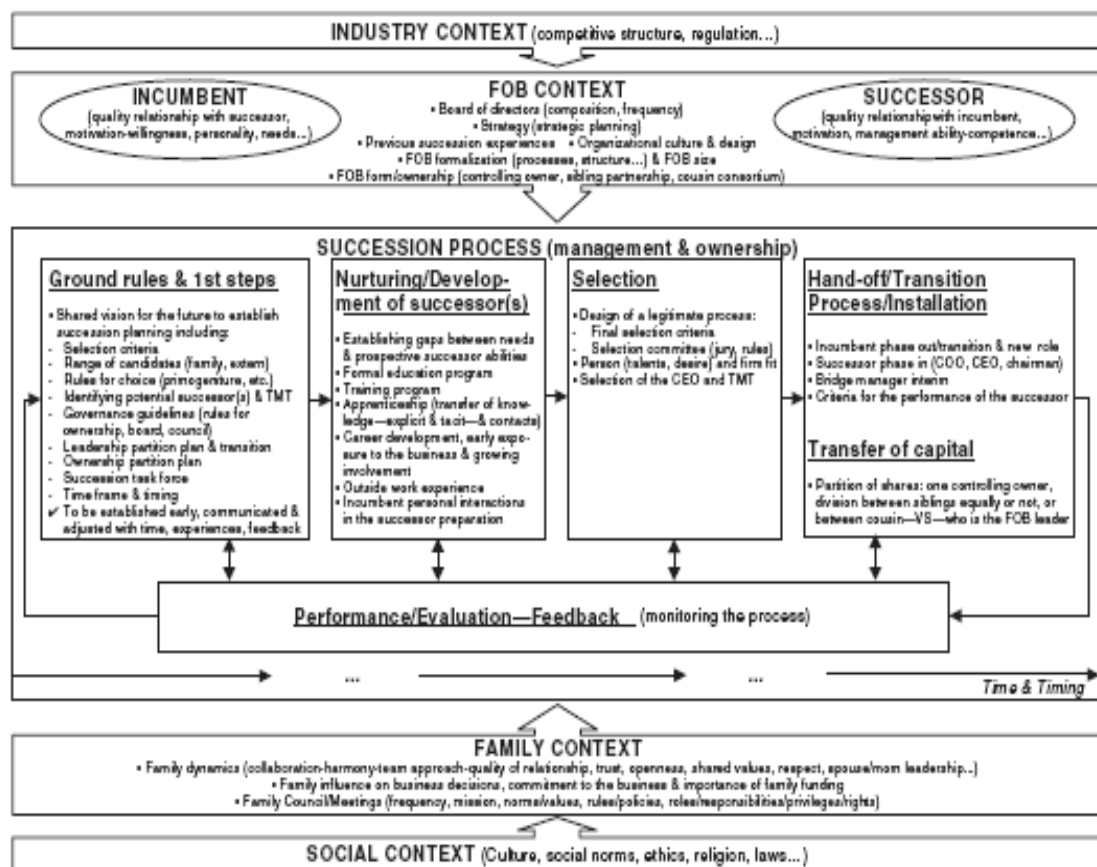
and variables explored by empirical and theoretical studies. By including these findings they developed the preliminary model that tells the complete story.

The model developed by Miller & Miller, Steier is presented in figure 3.2.4 (Miller et al; 2004). This model that describes the succession process, taking into account the contextual variables within the family, industry, and society should be empirically tested. But, the model gives a good understanding of the succession process (Sharma; 2004).

Figure 3.2.4: Integrative model for successful FOB successions of Miller et al

Source: Miller et al; 2004

Integrative Model For Successful FOB Successions



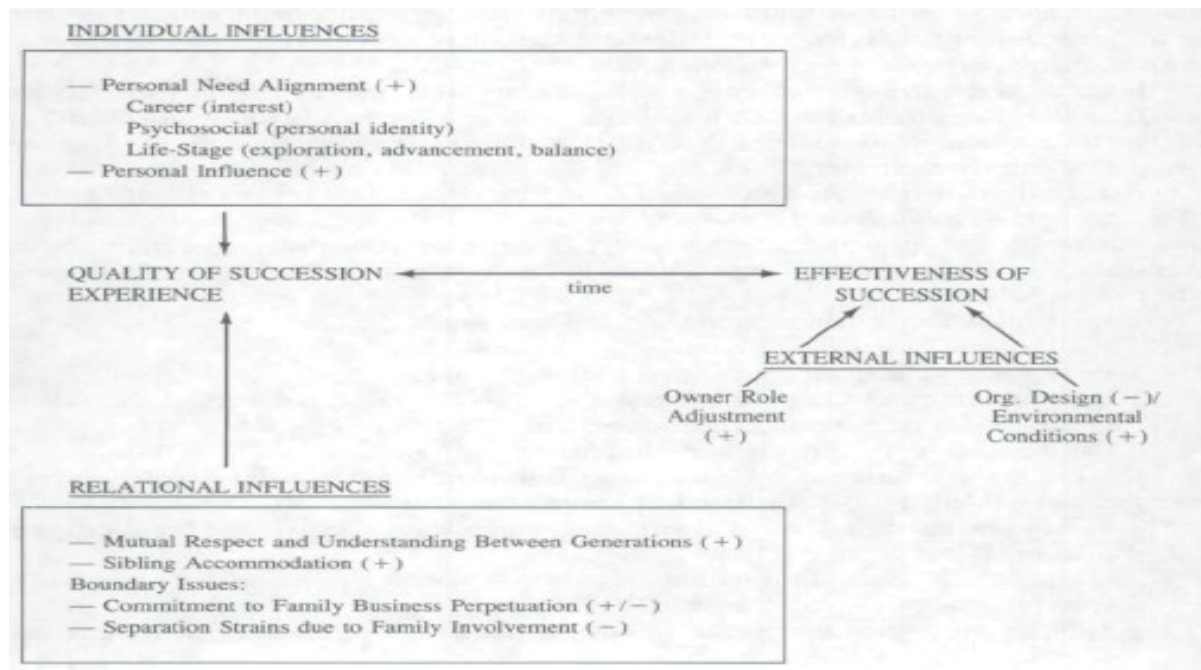
In the qualitative research done by Handler, which covers 32 next generation family members in 32 organizations, conceptualized the succession process as a mutual role adjustment between the predecessor and successor. She developed a descriptive framework that describes the factors shaping the succession experience from the perspective of the next generation family member (Handler; 1990).

There are three levels of influences in the framework that affects both the quality and the effectiveness of the succession. The three influences that affect the succession are: individual influences, relational influences, and external influences.

The individual factors are the intrapersonal level of analysis which includes the concepts of personal needs alignment and personal influence. The relational influences are the next generation family member's relations with other family members, the family, and the interconnectedness of the family and business. External influences are forces outside the individual that impact the effectiveness of the succession (Handler; 1990).

Figure 3.2.5: Descriptive framework for effectiveness of succession of Handler

Source: Handler;1990

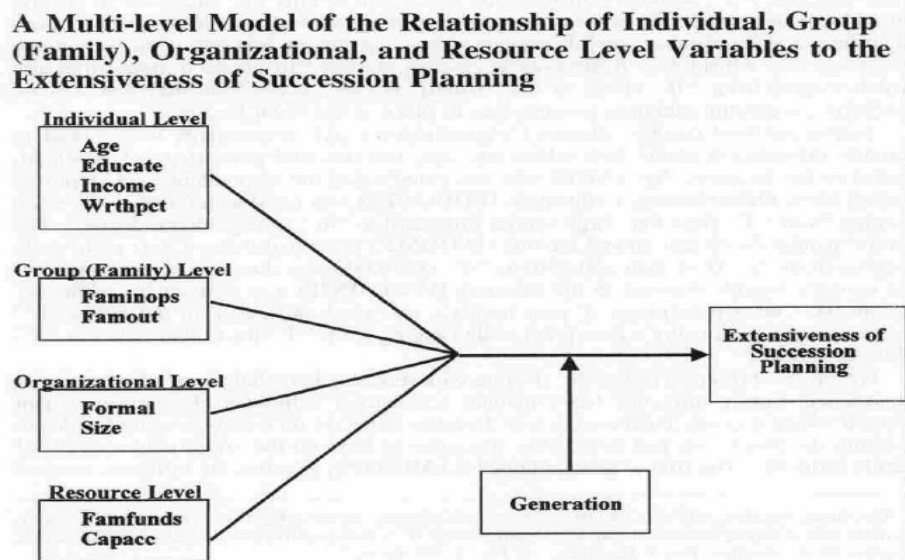


The succession model developed by Davis and Harveston (1998) involves steps in order to prepare the family business for succession. The authors developed a process model of succession.

On the individual level, formulated on the basis of the owner manager's age proposes that the older the predecessor, the easier the implementing of the succession process. On the group level, the family impact is considered. Furthermore, the organizational level is about the company and the resource level is the substantial influence on the organizations process. The generational effects are used as a moderator in order to make a better depict stages for the basic structure of the succession process.

Figure 3.2.6: Multi level model of Davis & Harveston

Source: Davis and Harveston, 1998



Concerning the family business succession literature, successors is one of the most studied issues. About this issue Chrisman Chua and Sharma (1998) conducted a study to indicate the important attributes of successors. As the literature suggests

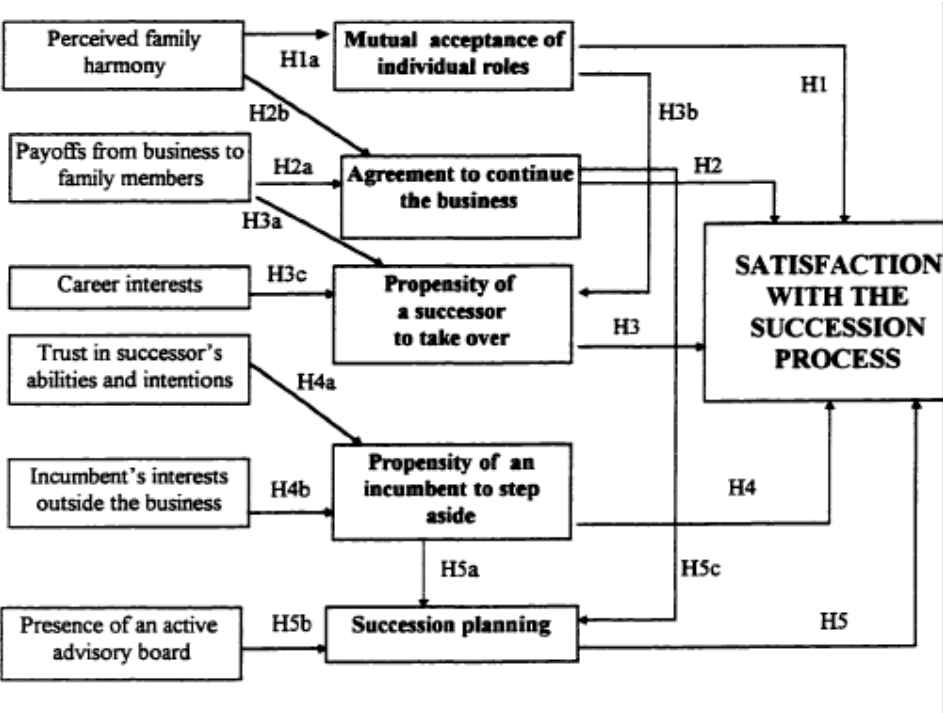
some desired attributes of successors, the authors made an empirical study concerning the most desired attributes of the successors. They divided the desired successor attributes into the six main groups; relationship to the incumbent, relationship to other members of family, family standing, competence, personality traits, current involvement in the business. For the results of the study respondents found out that integrity and commitment to business as the most important attributes of successors.

By following this research that is prior to the respondents and the culture the survey is conducted the finding may change. The study conducted by Günver (2002) made the same survey on Turkish family businesses. Concerning the results the most desired attributes were integrity, commitment to business, and decision making ability. Comparing the results in both cultures the desired attributes of successor were nearly same with the study conducted by Chrisman Chua and Sharma (1998) (Günver; 2002).

The model developed by Sharma (1997), mentions that the factors that are listed in the literature that affect the succession process in five basic groups: Mutual acceptance of the roles, agreement to continue the business, propensity of successor to take over, propensity of predecessor to step aside, succession planning. The main aim of her study was to consolidate the suggestions in the literature and develop a comprehensive framework of the factors that influence the succession process.

Figure 3.2.7: Determinants of satisfaction with the succession process model of Sharma

Source: Sharma1997 pg 61



All the models and studies mentioned are a result of studying the factors that affect the succession process. The factors which are related to the different dynamics in the family business, and studies in different aspects such as looking to the succession in one understanding make the literature challenging.

3.3. Success Factors of Succession in Family Business

The studies concerning the succession process is highly disjointed and non cumulative (Chittor, Das; 2007).The studies about the factors that affect the succession process investigate different parts and stages of the succession process. Although there are attempts to make a framework covering all these factors, (Miller et al; 2004, Chittor Das; 2007) the empirical testing of the models is not made. In this part, the factors about the succession process are mentioned.

Chittor and Das classified the factors that affect a successful succession in five broad categories which are; the predecessor related factors, Successor related factors, family specific factors, business specific factors, and the succession process related factors (Chittor, Das; 2007), Sharma classified the factors that affect succession in four aspects. These are Founder or owner manager related factors, successors, family influences, Organizational factors (Sharma; 1997). Morris, Williams, Nel organizes the factors in three general categories; preparation level of heirs, relationships among family and business members, planning and control activities (Morris, Williams, Nel; 1996).

The successful successions depend on various factors that influence its correct development and guarantee the viability of the business. That is the reason that studies on succession should consider perspectives of different stakeholders. The main stakeholders that interact in different levels in the succession process are the founder or predecessor, the successor, other family members other managers, the owners, and the other agents in the business environment (Cabrera-Suarez; 2001).

To better understand the studies about the effective succession, the success factors of succession process with its components is investigated in 4 groups. These groups are namely; predecessor related factors, Successor related factors, family related factors, succession performance related factors and company related factors.

In the study conducted by Miller et al (2004) reviewed literature on the effective succession processes and stated the most mentioned and less mentioned variables regarding the success of the succession process. They also stated the variables by the types of the study conducted, being empirical anecdotal or theoretical.

3.3.1 Predecessor related factors

The predecessor or the founder's impact on the succession process is not deniable. The management continuity is an issue that is under the control of the owner-manager (Sharma 1997 26). Ward claimed that the most important factors in the success of succession is the predecessor related factors., (Morris et al; 1999). The key finding of predecessor related factors is summarized as the predecessor preparing for

the succession, overcoming anxiety, willing to face mortality and ability to delegate, capacity to trust and share, mentoring, cooperative attitude, openness to new ideas, quality of relationships based on the mutual trust, and understanding between the predecessor and successor (Chittor, Das; 2007).

The studies concerning the founder can be seen in two parts; first one is the early life of the business and the founder by the aspect of the entrepreneurship literature and in the last era of the life of the predecessor. The scope of the family business studies in the literature are dealing with the last period of an owner's life in the business and near succession.

The predecessor's characteristic during the succession or just before the succession is important in the succession studies.

3.3.1.1 Desire of predecessor to step aside

The desire of the predecessor is basically, the motivation or willingness of the owner manager or predecessor to let the management and business to the successor by retiring.

Sharma defines the propensity of successor to step aside as the inclination of an incumbent family member manager; that is for the purpose of passing the leadership to a successor. A predecessor that cannot manage the critical business continuity issues endangers the long term business. The continuity of the business is mainly in the control of the predecessor. As Davis mentions, (1982) the unwillingness of the predecessor to leave the businesses can be seen as the biggest problem in the succession (Sharma; 1997 72).

The predecessors motivation about overcoming anxiety, about succession, and being willing to confront the succession and let go is suggested by many researchers like Dyer(1986), Handler (1990), and Lansberg (1988). Potts mentions that the predecessor should come across with fears in case of losing control, power, and even part of his or her identity and status in the community (Miller et al; 2004).

Especially the founder sees the business like his child, which is a big reason for owners to leave the control in the last era of their lives or even not leave until their health problems occur or to the end of their lives. This issue can be easily seen in the Turkish context.

Sharma suggests that the factors that may be helpful for the predecessor to step aside by retiring are; trust of predecessor's in the successor's capability and intentions, and predecessors outside business interest.

3.3.1.1.1 Trust in Successor's Capability and Intentions

Goldberg and Wooldridge suggest that the predecessors trust in successor's abilities is an important determinant for the effectiveness of the succession; because the predecessor would not leave the business unless he or she believes in the successor's willingness and desire to take control abilities for managing the business (Venter Boshoff Mass; 2005).

Lansberg (1988) suggests that, the willingness of the predecessor to step aside and leave the baton to the successor may be eroded by feeling of rivalry and jealousy towards the potential successor. The successor's credibility is crucial for his integration to the business in successful means, in order to gain legitimacy (Venter Boshoff Mass; 2005 287).

The trust in successor's intentions and capabilities refers to the degree of confidence that the predecessor has in the abilities and integrity of the successor. The predecessor's perception on the successors' characteristics like education, skills, problem solving ability, discipline values, the propensity of the predecessor to retire is higher (Sharma; 1997, 73).

3.3.1.1.2. Outside Business Interest

The predecessors distancing him or her during the succession process from the successor is suggested which is due to the reason that not sheltering and overprotection enable successor to become comfortable in his her new job.

Christensen (1953) suggested for the predecessor have interests and avocations outside the business to make this process less problematic. In this way, it would be easier for the predecessor to keep occupied with the activities outside the business. Sharma suggested that there is a positive relationship between the interests of a president outside the business and his or her retirement (Sharma 1997, 74)

3.3.1.2. The Relationship between the Predecessor and Successor

The importance of the relationship between the predecessor and the successors is mentioned by many researchers (Cabrera-Suarez; 2001, Handler; 1990 Sharma; 1997). They all found a positive link between the quality of relationship and success of the succession. A relationship based on the mutual respect and understanding makes individuals feel supported and recognized (Miller et al; 2004).

For a succession to be smooth, it requires the cooperation between the predecessor and the successor. A good personal relationship effect between these individuals will be positive to the training and development of the successor (Brockhaus; 2004). Handler (1990, 52) suggests that, succession represents a mutual role adjustment process between the predecessor and the successor. Stempler's empirical findings show that the succession process is strongly influenced from mutual respect, understanding, and complementary behavior between the predecessor and the successor. An understanding between each other leads to the success of succession process (Venter Boshoff Mass; 2005, 288).

The research done by Venter, Boshoff and Mass, depending on empirical results, emphasis on the importance of the relationship between the successor and the predecessor, and mentions that it is important for the effectiveness and continued profitably of the business. As two parties are in different stages of their lives, it is usual for them to have different priorities in their lives and understanding of the business. For not letting out a conflict, both of them should communicate openly and honestly. Also, they should share the business information and ideas with each other (Venter Boshoff Mass; 2005). As Lansberg(1988) suggests, one of the most important determinant of a successful succession is the predecessor's and successor's enjoyment on the relationship beyond the business environment. (Venter Boshoff Mass; 2005).

3.3.1.3 Predecessors Characteristics

Handler (1990) pointed out that the predecessor's capacity to trust and share are the key points in the succession process (Handler; 1990). Barach & Gantisky (1995) noted certain inhibiting characteristics that predecessors might have in the process. These are: tendency to mistrust, to control every detail, or to be negatively aggressive. Also, issues like mentoring, cooperative attitude, and openness to new ideas are that the predecessor should possess (Miller et al; 2004).

The demographic characteristics of a predecessor that influence the succession process are the age of the founder related to his/her health, and gender of the founder relative to that of successor's (Davis Harveston; 1998, Sharma; 1997). It is indicated that, as the predecessor's age increases, the consciousness of a need to prepare for the inevitable transition of ownership and control will lead to a concomitant increase in succession planning (Davis Harveston; 1998).

The education level of the predecessor is another factor that can influence the succession process. It is suggested and supported by the empirical studies of Davis Harveston (1998) that, as the education level of the predecessor increases the extensiveness of the succession planning increases.

3.3.1.4 Happiness to Work with the Successor

Erdogmus (2007) states that, before the succession process there is advantage of predecessor working together with the successor. That leads to make the predecessor happy, and increase the desire to pass the baton to the successor, gratification from passing the know-how to their children, predecessor, convenience of the predecessor leaving the business to safe hands, comfort of the predecessor from knowing that the successor will stick to the predecessors values and business, the trust for the successors managing the business in the way of the predecessor, decreasing

bureaucracy and fastening jobs, the belief that the development will be gained from working together with the successor. These factors would make the succession process easier from the aspect of the predecessor (Erdogmus; 2007).

3.3.2 Successor Related Factors

The studies concerning the successors hold a big portion of the factors that affect the successful successions. The successor is a key part of the succession process. The research on the successor or the next generation is grouped in three perspectives; desirable successors attributes by the predecessors, performance enhancing factors, and the reasons of the next generation about the decision of pursuing career in the family business (Sharma; 2004). The preparedness level of the next generation, and the relationship with the predecessor have important effects on the successor's performance (Morris et al; 1997). Chittor and Das put out that the motivation capabilities, education, outside work experience, and apprenticeship of the successor affect the succession performance (Chittor Das; 2007). The mentioned factors can be classified as following:

3.3.2.1 The Desire of Successor to Take Over

The successor as having that much importance as the predecessor, and legitimate claim on the business and a legitimate concern over the succession process (Sharma et al; 2001), and also the interest of the successor to take over are important in the succession process. The successor not desiring to take over the succession process is more likely to be unsuccessful regarding both anecdotal and empirical studies (Venter at al; 2005).

With a successor unwilling to take over the business the family's choice can be selling the business. The successor, which is not reluctant to take over or by having resistance to the succession the process would not be satisfactory and would not be smooth (Sharma et al; 2003). The Venter and others (2005) regarding to their empirical testing mention that the willingness of the successor to take over effects both the satisfaction of the succession process and continued portability of the business after

succession (Venter et al; 2005, 297). The willing and fully committed successor is correlated with the effective succession (Chittor Das; 2007).

A willing and fully committed successor is desired for the effectiveness of the succession. As the successor find more by the means of personal needs of career, personal identity, and life stage it results with a successful succession (Miller et al; 2004)

The strong desire of the successor in managing the business, being excited and finding it rewarding to work in the family business, being happy and proud to work in the business, finding more opportunities in the family business, feeling confident to manage the business, and putting effort to help the family business are the points that affects the desire of the successor (Venter et al; 2005).

The desire of the successor to take over the business is depending on some motivating factors. The career interests of a successor, motivation,, and rewards from the business effect the successors desire to be included in the succession process (Sharma; 1999). As more the successors personal needs and career interests are aligned with the business offers to the successor the desire of the successor will increase to join the family business (Venter et al; 2005). Handler suggests that for the successor to have a positive succession experience the career interest needs, psychological needs, and life stage needs should be satisfied (Handler; 1989).

The career interests of a successor should be met by the opportunities in the family business. The desire of successor to take over the business is effected by the fit of career interests in the offered family business (Sharma; 1997, 91).

It is important for the successor to join the business for right reasons. The parents should insist on their children only if they interested and possess the necessary qualifications. The career goals of the successors lets the successors make a right decision to join the family business (Venter et al; 2005, 297).

The enjoyment, personal satisfaction and financial security provided by the family business would make the family business more attractive for the successor. As

Dumas (1995) mentioned, the financial opportunities offered by the business to the successor, motivation factor to the successor to join the business. (Venter et al 2005)

3.3.2.1 Successor characteristics

The personal characteristics of the successor suggested by the literature have a long list. Aggressiveness, creativity, independence, integrity, intelligence, self-confidence, willingness to take risk is mentioned in the literature. The list also includes complex psychological characteristics, like locus of control, need for achievement (Chrisman et al; 1998). From the study conducted the most desired attributes of the successor' are ranked. The ranking includes; integrity, commitment to the business, respect from employees, decision making abilities and experience, interpersonal skills, intelligence, self-confidence, creativity having importance in the order its mentioned (Chrisman et al; 1998).

The demographic characteristics of the successor such as the age and the gender of the relative to the successors are determinants of the effectiveness of the succession process. The life staged clashes between the predecessor and the successor can affect the succession process. Other demographic factors that are suggested as having an effect on the succession process are the number of potential successors, birth order their relative position in the family business and age starting the business (Sharma; 1997).

The abilities of the successor affect the success of succession. The successors proven skills, performance and experience in leading the business are affecting the succession (Miller et al; 2004). By the study conducted Chrisman et al (1998) they stated 30 positive successor abilities. By their study the most desired attributes of the successor are decision making ability, and experience.

3.3.2.2 Preparation of the successor

The competence of the successor is a must for an affective succession process. The details of the competence in the literature are given as education, experience in

the family business, experience in the family business, and past performance. Education indicates the individual's knowledge, skills, receptivity to innovation, cognitive and problem solving abilities (Chrisman et al; 1998). As cited in Brockhaus (2004) Longenecker and Schoen (1978) states that the transfer of management is a long process that starts from the childhood depending on to staged; the entrance to the business in full time basis and by the time the leadership role is transferred. In the study conducted by Morris et al (1996) for the characteristics of successful successions mentioned that the successors should be well prepared by the means of educational background and experience. The well prepared successors start the family business from the bottom and spend years serving in variety of capacities in the organization.

Morris et al (1997) states that for a successful succession process the preparation of the successors are including formal education, training, work experience, entry position, number of positions held in the business, self-perception of preparation, and motivation.

The experience gained outside the family business context is suggested by many researchers. The suggestion of the consultants about outside work experience at least three years to five years. The reasoning for outside work experience is that successor can develop an identity and get prepared for a wider range of problems Also Brockhaus suggests the academic courses for family business members are tool for success on succession. By the emergence of the courses about the family businesses, that helps the successors to develop understanding about the dynamics of family businesses (Brockhaus; 2004).

In the study conducted by Venter et al (2005) found that there is a clear perception in the family members that the successor working outside the business, formal education, business related courses and seminars, and having a mentorship from an outsider of the family, will enable the successor to be better prepared to take over the business.

3.3.2.3 Relationship with predecessor and other family members

The relation of the successor with the family members plays a big role in the succession. The relation of the successor with other siblings is important by the means of agreement in each others role (Sharma; 1997). Handler (1989) refers this as “sibling accommodation”; mentioning the accommodation of the siblings is more important rather than the conflict that may occur, to have a positive succession experience of the individuals (Handler; 1989).

A good relationship of the successor with the predecessor, affects the learning process of the successor about the administrative skills to be transmitted (Sharma; 1997). Handler stated that the relationship mutual respect and understanding among the predecessor and the successor is important for the quality of the succession. A good sound understanding between the successor and the predecessor and a catering to each others needs affect the success of succession (Venter et al; 2005).

The successor should have a positive impact in the eyes of the relatives in the family business. Chrisman et al (1998) stated four variables that are related with the successor in the succession process: respect of family members actively involved in the business, the successor should have the respect from the family that are actively taking place in the business. The respect of non-involved family members, regarding to the most influential family members may not take place in the business. The trust of all family members and the ability of the successor to get along with the family members is important variables in the success of succession (Chrisman et al; 1998).

3.3.3 Family related factors

The subsystem of the family business being the family itself has an affect on directly the family business and the succession process. The literature is directed to understand the influence of the family in the business. The family characteristics that influence the succession process can be divided to five categories; family dynamics, ethnic background, life cycle of family business, types of families and culture in the families (Sharma 1997). All the mentioned dynamics has an affect on the succession process.

According to the literature there are four family dynamics that affect the succession process; family adaptability, family cohesion, communication links between the family members, and family harmony (Sharma 1997)

Concerning the family businesses any conflict in the family with in the family members may have an impact on the decisions concerning the business. Accordingly these conflicts and personal family issues affect the family business relation (Morris et al 1997).

Morris et al (1997) in their study suggest the success factors for succession concerning the family as; open communication among family members, trust, commitment, family turmoil. More over the finding of their study shows that family relationships is the dominant variable in the successful family business transitions, suggesting that the leaders of the succession process should give more emphasis on building trust, encouraging open communication, and making shared values among family members.

Family harmony is a factor that affects the succession planning by ensuring greater trust, mutual understanding and knowledge among the family members taking role in the dynamics of family business (Miller et al 2004, Handler 1990). The family harmony effect the process by the means of that the family businesses sole aim is financial gains but also the harmony among the family members whether they are active in the business or not. The harmony among the family members will let them desire to continue the family business and accordingly the success of succession process (Sharma et al 2001)

In the study by Miller et al (2004) the most mentioned variables in the literature for family are; family dynamics such as trust, openness, information sharing, conflict resolution processes, respect and shared values, family influence on business decisions, commitment to the business, family council and meetings, adaptability.

Agreement of family to continue the business will lead them have a better understanding of each other and desire to make a succession plan for the success of the business. If a family doesn't wish to continue the family business the siblings will look forward to work in other jobs. The family members that are not active in the

business but having an ownership also affect the succession process (Sharma et al 2001).

The desired family and business relationship enables the family businesses to have a better understanding of each other .The obstacles for a family business concerning the corporate culture for the success of the business are; family values and business values conflicting, family and business roles confusing and the attitudes of family members being apart from the business rules (Karpuzoglu; 2004). As the family values and business values willing to work together in order to make the business go further the commitment to the to the business occurs (Handler 1989)

3.3.4 Business And Succession Planning Performance Related Factors

The importance of the succession planning cannot be disregarded by assuming that the unplanned and sudden go away of a predecessor may cause chaos on power and authority, conflict on the family members and similar problems (Sharma Et al 2001). A well developed succession plan helps a smooth transition process (Morris et al 1997)

Succession planning helps the individuals in the business and family to better express them by providing sense of ownership to the family members, increasing the feelings of legitimacy, power, and stakes in the success of the business (Sharma et al 2001).Also the succession plan helps a better communication between the individuals and serves as a conflict solving institute.

Factors about the succession planning in the role of successful successions are not sufficiently developed in the literature but the importance of the plan for succession is stated in the factors affecting the succession (Miller et al 2004).The importance of development of a succession plan is mentioned by Morris et al (1997). The study on the succession plan includes the structure of the plan, people preparing the plan, the time of planning, contingency issues.

The presence of a formal or informal board of directors or consultant, consisting even from the outsiders helps the family business to help the predecessor and the family to give more attention to the succession plan (Sharma 1997).

The institutionalization level of the company is indicated as one of the reasons that family businesses continuity. The institutionalization refers to the businesses being free from depending to persons. In the study conducted by Karpuzoglu (2004) identified obstacles in the institutionalization of the family businesses. These obstacles in the institutionalization of the family businesses are grouped in three categories; management functions, corporate culture, and environmental. Unidentified future plans, lack of mission and vision statements are counted as obstacles in the institutionalization.

Chittor and Das (2007) in their study indicated the succession process characters and business related factors. Also Cabrera-Suarez et al (2001) indicates the importance of the succession planning.

The succession plan should ensure; guarantying the commitment of the family, encourage the family involvement, setup of the next generations and successors, develop efficient owners of the business. To make the family business continue the family council should be set up, preparation of the family constitution, presence of an actively working B.O.D., presence of mission and vision plans of the business, and writing the business values (Tileyoğlu; 2004)

According to the empirical study conducted by (Yalçın & Günel 2006) the family businesses managers doesn't think of transferring the leadership in their health's, even though they pay importance to the planning they don't have a plan prepared.

3.4 “Successful Successions”

The measurement of success on succession is the main aim of the most succession research, but there is not an agreed opinion about success of succession (Chittor, Das; 2007).

On a broad definition successful successions are those transferred the ownership and control to the next generation, or the one that in which all parties are satisfied with the outcomes of the succession (Sharma; 1997).

Some researchers; Goldberg (1996), Hume (1999) indicated that accordingly not only the satisfaction of some stakeholders with the succession process makes a succession successful but also the ability of the successor to keep the business healthy by the means of sustainable growth and continued profitability. Santiago suggests that if the succession being smooth doesn't distribute the family or the business it can be labeled successful (Venter, Boshoff, Mass; 2005).

A successful transfer is not only regarded with the measure of preservation. The empirical studies point out that after the succession process the new management follow expansions strategies involving changes in their range of goods or services and organizational adaptations. The changes come up with a dynamic growth in the business transferred (Neubauer; 2003).

The succession as being a process the satisfaction can be divided to two parts; initial-stage satisfaction and later-stage satisfaction. The initial stage satisfaction is the perceived satisfaction that is the post succession performance of the firm is known. The satisfaction of the process can be effected by the post succession performance of the business (Sharma, Chrisman, Pablo, Chua; 2001).

In evaluating the succession process; there are two interactive dimensions in success of management succession in family business; quality of experience that is how family members personally experience the process; this is a subjective assessment by the individuals about the process and decisions on the selection of the new top manager, based on perceptions rather than objective criteria's .(Sharma, Chrisman, Pablo, Chua; 2001) and the effectiveness of the succession which is how others judge the outcome of the transition on the objective criteria's like the performance of the business after the succession process (Sharma 2001;Handler 1989;Morris et al;1997).

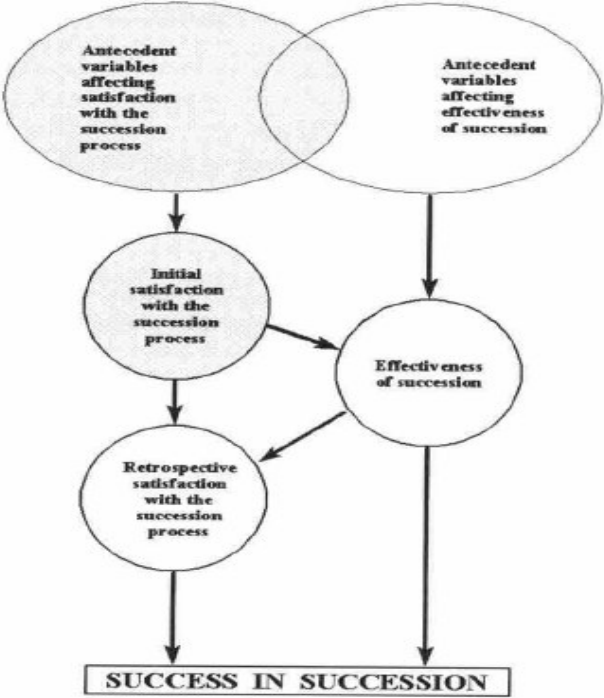
The success on the succession can be defined as the post succession performance of the businesses in professionally managed firms, but in family businesses the maintaining the good family relationship is more important. So this can be more important than having profitability to the family members (Sharma, Chrisman, Pablo, Chua; 2001).

Also Miller at al (1998) defined the success on successful succession as, first the subsequent performance of the firm and ultimate viability of the business and the satisfaction of stakeholders with the succession process. As the succession being a process the successful succession depends on multiple factors that effects the correct development and guarantee the viability of the business, the family integrity and the satisfaction of the participants' needs and interests (Cabrera-Suarez et al; 2001).

Sharma stated that the satisfaction of predecessor, successor, and other family members with the succession process can be used as indicators of the perceived success of the succession process (Sharma; 1997).

Figure 3.4.1 Success in Succession

Source: Sharma et al 2001



A conceptual argument mentioned by Sharma et al (2001) suggests that an interactive relationship between these two dimensions of success. The relationship between satisfaction and effectiveness is more to be inter-temporal in nature. Initial satisfaction will come before effectiveness, since the perceptions will be developed before the performance criteria's show up. As the satisfaction or dissatisfaction will affect the relationships in the family after the succession process, may affect the subsequent performance of the family business. As well the subsequent performance may also affect the satisfaction with the succession process (Sharma, Chrisman, Pablo, Chua; 2001).

In the figure the both satisfaction and effectiveness can be affected by a set of independent variables, apart from their interactive relationship with each other. The researchers indicate that concerning a succession process first the initial satisfaction should be studied (Sharma, Chrisman, Pablo, Chua; 2001).

4. An empirical study on the success factors of succession in Turkish family businesses

In the following sections, the aim of the research study, research question, hypotheses developed, theoretical framework, and research methodology including sample, data collection procedure, survey instrument and list of variables, analysis of data, findings, discussion, limitations and implications will be stated.

4.1. The aim of the research

In the family business literature, the topics can be organized in four levels of analyses, concerning the individual, interpersonal/group, organizational and social. Related to their level, each party in the family business dynamics are studied on their own dimensions. The topic of succession has taken a big portion of the studies (Sharma; 2004).

In the literature, concerning the success of the succession, many attempts have been made (Sharma; 1999, Morris et al; 1997, Miller et al; 2004, Davis & Harveston; 1998, Sharma et al; 2003, Venter et al; 2005). These studies are mainly theoretical (Miller et al; 2004) but some are subject to empirical testing (Sharma; 1999, Venter et al; 2005).

In evaluating the succession process; there are two interactive dimensions in success of management succession in family business; the quality of experience that is how family members personally experience the process; this is a subjective assessment by the individuals about the process and decisions on the selection of the new top manager, based on perceptions rather than objective criteria's (Sharma, Chrisman, Pablo, Chua; 2001), and the effectiveness of the succession which is how others judge the outcome of the transition on the objective criteria's like the

performance of the business after the succession process (Sharma 2001;Handler 1989;Morris et al;1997).

Regarding to the relevant literature, the success factors concerning the succession process in family firms are obtained, and a theoretical model is developed in this study. The aimed object is to find out the success factors that Turkish family businesses consider.

By mentioning the importance of the family businesses and the succession process, the success factors that affect the succession is pointed out. Using these factors that affect the succession there is developed a model for the success of succession from the literature.

The succession process being a vital issue for the family business should be studied in order to help the family businesses and to have an academic understanding of the issue. An unplanned or mismanaged succession process leads firms to change hands which can form the family or ends with bankruptcy. The studies in the academic area and by the organizations like chamber of commerce's are in order to keep the family businesses healthy and go over for long generations.

Turkey, as having 98 % of the businesses in the control of families, needs such researches. The aim of the study is to help family business owners to make their firms continue throughout generations. The continuity of the family business is a critical issue for the family business owners.

By forming a survey, in this study, I tired to reach as many family business owners as possible that have passed their firms to next generations which are preparing to hand over the business to the next generations.

The study conducted will enable the family business managers, which are near the succession process, to have an understanding of the succession process and will

help them formulate their businesses and relations concerning the success factors that would affect the future performance of the family business and satisfaction of stakeholders. For the academic arena, this study would help the researchers to develop an understanding for the dynamic of the family business, and pave the way for studying the family businesses for the benefit of the family business managers. The studies conducted in the academic arena should directly help the family business owners in keeping their dynamic and having success on their business.

4.2 Research Question

The main aim of the studies in the literature regarding family business is to make them live longer, and make it able to pass generations by the reason that the family businesses making the economic landscape of most nations. The importance of the family businesses is quite obvious.

The study is designed in order to find the factors that affect a succession process that leads it to be successful from the perspective of the owner manager as a family member. The research question is based on “what are the success factors that affect the successful successions in family businesses”.

Q.1. What are the factors that affect the success of the succession process in the Turkish family business owners?

To better understand the research question the definitions concerning the statement should be mentioned:

Family Business: The definition of the family business related to study is; a business that ownership and top management belongs to a family, most of the family members actively involved in different part of the business, and that are subject to the succession by the desire of the family members for business to live along generations.

Predecessor: The founder of the business or the incumbent generation owner manager from the family that is subject to pass the ownership and management to the coming next generations.

Successor: A family member that is subject to take over the business after the succession process from a predecessor within the family.

Succession process: A process that the ownership and management of the family owned business is passed to a family member.

Successful Successions: Is the satisfaction of the family members from the initial process and continuous performance of the family business after succession process.

4.3 Hypotheses

The independent variables that affect a succession to be successful are grouped in four categories. Predecessor related factors, successor related factors, family related factors, and succession process and business related factors. The grouping is stated in order to present each dynamic of the succession process. Each grouping deals with internal dynamics of the family business that has an affect on the business and the succession process. The hypotheses developed for a successful succession is based on the variables mentioned below and demographics.

H_0 : None of the independent variables has a positive relationship with the success of succession

H_a : At least one of the independent variables has a positive relationship with the success of succession

Than in order to test which of the variables has a positive relationship with the succession process the following hypotheses are developed.

Concerning the predecessor related factors:

H_{a1} : There is a positive relationship with the trust of the predecessor to the successor and success of the succession process

H_{a 2}: There is a positive relationship with the outside business interests of the predecessor and success of the succession process

H_{a 3}: There is a positive relationship predecessors desire to step outside the business and with the and success of the succession process

H_{a 4}: There is a positive relationship with the predecessor's openness to new ideas and success of the succession process

Concerning the successor related factors:

H_{a 5}: There is a positive relationship with the desire of successor to take over and success of the succession process

H_{a 6}: There is a positive relationship with the successor's relationship with the predecessor and success of the succession process

H_{a 7}: There is a positive relationship with the successors outside family business experience and success of the succession process

H_{a 8}: There is a positive relationship with the preparation level of the successor and success of the succession process

Concerning the family related factors:

H_{a 9} There is a positive relationship with the family harmony and success of the succession process

Concerning the succession process and business related factors:

H_{a 10} There is a positive relationship with the presence of a succession plan and success of the succession process

H_{a 11} There is a positive relationship with the preparation of a succession plan and success of the succession process

H_{a 12} There is a positive relationship with the presence of B.O.D. and success of the succession process

H_{a 13} There is a positive relationship with the institutionalization level of the business and success of the succession process

In order to find out the differences among respondents on the understanding of a successful succession process following hypotheses are developed on the demographic variables of; “type of the business”, “presence of B.O.D.”, “presence of family constitution”, “presence of outsiders from the family in the B.O.D.”. The expected differences in the hypotheses regarding to the demographics are thought as important.

H_{a 14} There is a difference between the joint stock companies and limited companies in terms of success of succession

H_{a 15} There is a difference between the companies having active B.O.D. and the one that do not have in terms of success of succession

H_{a 16} There is a difference between the companies having a family constitution and the ones not having a family constitution in terms of success of succession

H_{a 17}: There is a difference between the companies having outsiders in their B.O.D. and the ones that do not have outsider in the B.O.D. in terms of success of succession

4.4 Theoretical Framework

The theoretical model is constructed by the factors that are driven from the literature concerning the success of succession. The succession is a process that is vital for the family businesses. As the succession being a process the successful succession depends on multiple factors that effects the correct development and guarantee the viability of the business, the family integrity and the satisfaction of the

participants' needs and interests (Cabrera-Suarez et al 2001). The dynamics of the family business affects the succession process.

Factors that affect the succession are mentioned by many studies (Sharma 1999; Morris et al 1997; Miller et al 2004; Davis & Harveston 1998; Sharma et al 2003; Venter et al 2005). The most mentioned variables and the ones that are thought to affect to succession is taken to the model in order to find out the affect on the succession process concerning Turkish family businesses.

Factors are grouped in to four categories; Predecessor related factors, Successor related factors, Family related factors and succession process related factors. The grouping is made as for the suggestions of the relevant literature and in order to analyze the success factors depending on the different dynamics of the succession process and the family business.(Sharma 1997, Morris et al 2004)

The predecessor related factors in the theoretical framework are; Desire of predecessor to step aside, happiness of working together with the successor and Personality and characteristics of incumbent during the succession process. The desire of the predecessor to step aside is affected by the outside business interest of the predecessor and trust in successor's capabilities and intentions.

Desire of predecessor to step aside refers to the willingness of the predecessor to step aside from the management by giving the leadership baton to the successor (Sharma 1997, Venter et al 2005, Sharma et al 2003). The desire of the predecessors to step aside lets the succession plan to start. The fears of the predecessors in losing status in the community after the succession plan negatively affect the desire to step aside. The desire of the predecessors stepping aside is affected by the predecessors outside business interests and the trust in the successor's abilities to manage the business after the succession (Sharma 1997).

Happiness of working together with the successor leads to the satisfaction and acceptance of the predecessor from working together in the management during the succession process as much the predecessor will be happy with working with the succession process the succession process is more likely to be successful (Erdogmus;

2007). The Personality and characteristics of incumbent during the succession process is mentioned by many researchers (Handler 1990, Sharma 1997, Miller et al 2005). The personal characteristics and attitudes of the incumbent effects the succession process to be successful. The characteristics of the predecessors are being negatively aggressive, controlling every detail, openness to new ideas and tendency to mistrust are stated (Miller et al 2004).

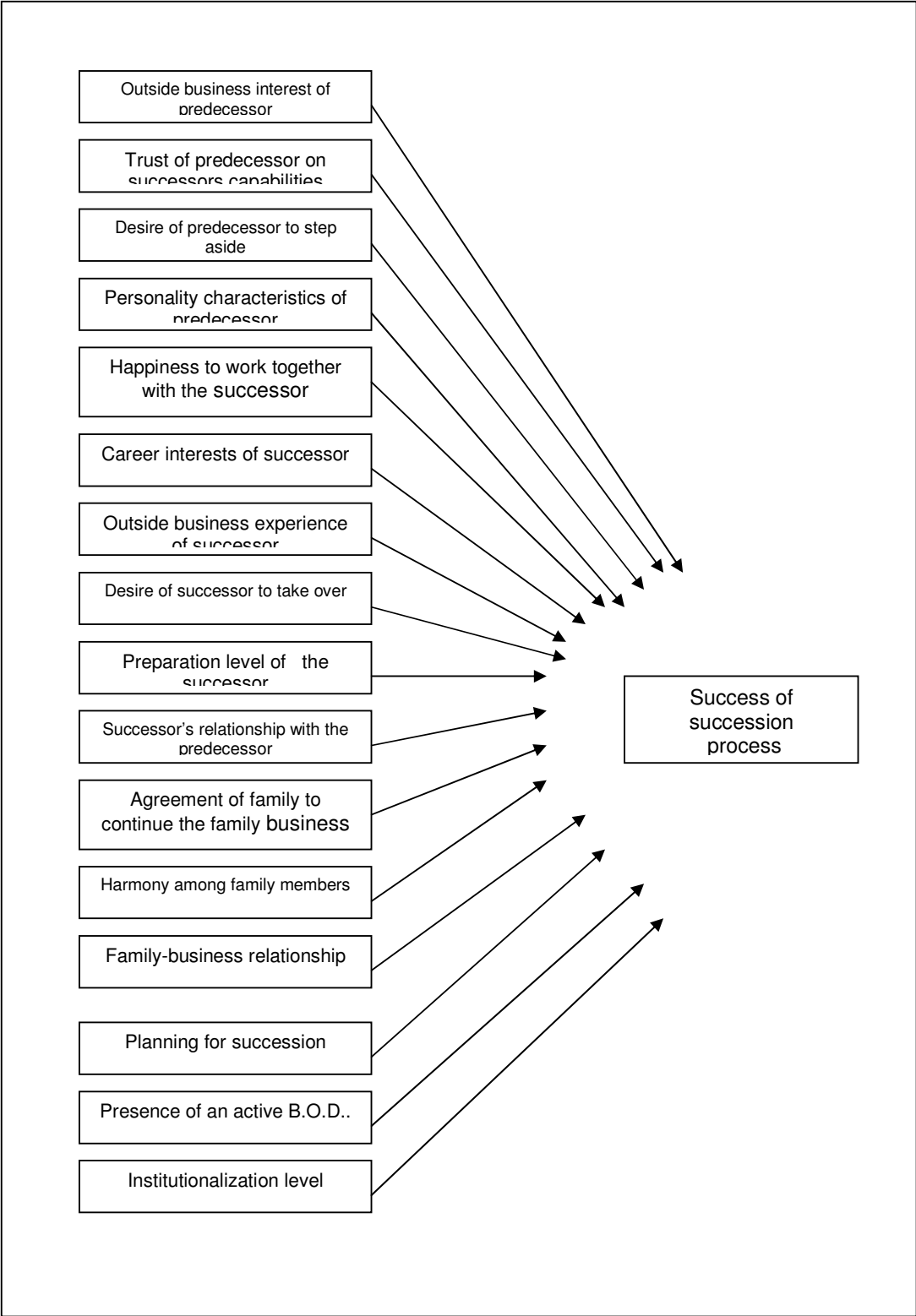
The successor related factors are, desire of successor to take over, that is affected by the career interests of the successor, the preparation level of the successor that is related with the outside work experience of the successor and the relationship of the successor to the predecessor. The desire of the successor is suggested by Sharma (2003), Venter et al (2005) Chittor & Das (2007) It refers to the desire of the successor to take over the business that is important for the success of succession process. The desire of successor to take over the business is affected by the career interests for the successor to join the business for right reasons (Venter et al 2005, 297). The preparation level of the successor indicated how the successor is trained before the succession process. Morris et al (1997) states that for a successful succession process the preparation of the successors are including formal education, training, work experience, entry position, number of positions held in the business, self-perception of preparation, and motivation. One of the most important issue is the relationship of the successor with the predecessor. A good relationship of the successor with the predecessor, affects the learning process of the successor about the administrative skills to be transmitted (Sharma; 1997). Handler stated that the relationship mutual respect and understanding among the predecessor and the successor is important for the quality of the succession. A good sound understanding between the successor and the predecessor and a catering to each others needs affect the success of succession (Venter et al; 2005).

Family related factors are agreement of family to continue the family business, harmony among family members, and the relationship between the family and business. Family harmony is a factor that affects the succession planning by ensuring greater trust, mutual understanding and knowledge among the family members taking role in the dynamics of family business (Miller et al 2004, Handler 1990). Agreement of family to continue the business will lead them have a better understanding of each

other and desire to make a succession plan for the success of the business. If a family doesn't wish to continue the family business the siblings will look forward to work in other jobs. The family members that are not active in the business but having an ownership also affect the succession process (Sharma et al 2001). The desired family and business relationship enables the family businesses to have a better understanding of each other. The obstacles for a family business concerning the corporate culture for the success of the business are; family values and business values conflicting, family and business roles confusing and the attitudes of family members being apart from the business rules (Karpuzoglu; 2004). As the family values and business values willing to work together in order to make the business go further the commitment to the to the business occurs (Handler 1989)

Concerning the succession process the factors that has affect on the succession are; existence of a plan for succession process, existence of an active advisory board or consultants and the institutionalization level of the company. The main point of the succession process; the preparation and existence of a plan is indicated as very important. Chittor and Das (2007) in their study indicated the succession process characters and business related factors. Also Cabrera-Suarez et al (2001) indicates the importance of the succession planning. And concerning the business factors; the presence of a formal or informal board of directors or consultant, consisting even from the outsiders helps the family business to help the predecessor and the family to give more attention to the succession plan (Sharma 1997).

Figure 4.4.1 Conceptual Model:



4.5 Research design and methodology

4.5.1 Sample

Despite the unclear definition of the family business, most of the businesses in Turkey are accepted as family businesses. The sample is then contains the registered family businesses that are managed by family members is subsequent generation. The businesses that accept themselves as family businesses and those experienced the succession process or those that will experience the succession process in a decade are accepted in the sample.

To reach the business owner managers the chamber of commerce's and other unions of businessman are used. As finding out the factors that are related to the success of the successions and succession being an issue that every family business desires to live, the sample covers the family business functioning in Turkey, regardless the city is operates. From one company only one generation family members is asked to respond the survey. The characteristics of the sample are the businesses that they have experienced the succession process or near to experience the succession process. Most of the responded companies are SME's. But not only SME's are included; Also big companies that are family owned and managed are accepted.

Regarding the difficulties in collecting data by the snowball-sampling technique is also used. The potential responders are asked to give the survey to the other firms that they know it is a family business.

4.5.2 Data collection

The sample data was collected from the companies reached through the data bases obtained from the unions of businessman. The survey developed from the literature is send to the top managers of family businesses. The top managers depending of the age of the business is first second or later generations.

The questionnaire is mailed to the businessman groups that are mainly containing family businesses as members. The mailing consisted of nearly 5.000 companies that are mainly SME's and a member of a businessman union. The return

of the mailing was quite less than expected. Later by calling the companies to ask them to participate in the survey was asked. Most of the data is obtained by reaching the managers by taking appointment by a reference that knows each party. Then the survey was send to the respondents, via mailing and faxing the survey. Also some managers despite their intensity of work accepted to answer the survey by appointments.

4.5.3 Survey Instrument

The Success factors for successful successions survey is developed based on the operational definitions in the literature and the selected dimensions from related success factors studies. The models developed by Miller et al (2004) Sharma (1997) Venter et al (2005) Morris et al (1997) Chittor and Das (2007) Handler (1990) Davis and Harveston (1998) Chrisman Chua Sharma (1998) Cabrera-Suarez (2001) and thesis written related to the subject. The questions are developed by the surveys that are conducted mentioned in the literature. Some of the variables mentioned in the literature for the successful successions are empirically tested where some are not.

Some of the questions about the factors are developed from the surveys done related to the variable and some are developed by self regarding to the definitions in the literature.

The questions are mainly constructed on the empirical studies of Sharma (1999) and Venter et al (2005). Regarding to the literature the questions are developed by adopting some questions specific to the study and self constructed depending on the literature. The literature review specific to the survey development is given in appendix.

Our survey consists of close ended questions which are directed to the respondents for defining the importance of the given statements concerning the factors related to the success of the succession process. Likert scale is used ranking from 1 (not important) to 6 (totally important) for analyzing the importance of the statement to the respondents. The respondents are asked to answer the survey regarding their perceptions of a succession process. The variables that are related to four different categories the respondents views are collected related to four groups. As a

predecessor as a successor as a family members and concerning he succession process. As the roles changing and experiencing different roles in the family business the respondents are assumed to have opinions about all the questions asked.

By using 6 categories of likert scale, different degrees of importance are presented to the respondents. By that the not only the overall evaluation of the respondents about the factors that affect the succession process is not indicated but they had a chance to give rating to the questions depending on its importance. Being neutral category is not included to avoid the tendency to choose this option automatically.

The surveys starts with a cover letter mentioning the importance of the issue and guaranteeing the privacy of the data collected from the companies. The questions are grouped in two categories, first starting by the demographic variables. To evaluate the business by the demographic variables, 27 questions are asked concerning the characteristics of the business. Later by a total of 107 questions the dependent and independent variables are asked.

The dependent variable, success of the succession process is evaluating the perceived satisfaction of the succession process by the experiences that they encountered or by the perception regarding the process that is to be encountered. The respondents are asked to evaluate the statements about the satisfaction of the succession process by using the scale given.

The independent variables presented in the theoretical framework are asked respondents to evaluate by mentioning its importance. Total of 88 items are included in the survey.

4.5.3.1 List of variables

List of the variables that are considered to affect the successful successions and their item numbers in the survey are given below:

Dependent variable :Success of succession	Item number
The criteria's used in the determination of the successor	89
The satisfaction of family members after the successor takes over the management	90
The process in determining the successor	91
The improvement of the business performance after the successor takes over	92
Relationship after the successor takes over the management	93
Keeping the relations with stakeholders after the successor takes over the business	94
The manner of the succession process managed	95
The manner of the choice of the successor communicated to the managers in the business that are from the family	96
The education process of the successor in the business	97
The successors satisfaction from the succession process	98
The successor maintaining the continuity of the family business	99
The criteria used to determine the ownership after the succession process	100
The suitability of the successor to the business	101
The support of the family to the business after the succession process	102
The financial arrangement for the retiring predecessor about continuing his life	103
The process of the successor familiarizing to the business	104
The satisfaction of the predecessor from the succession process	105
The manner of the choice of the successor communicated to the managers in the business that are not from the family	106
The satisfaction of the family members about the incomes and profitability of the business after the succession process	107

**Independent variables
number**

Item

Predecessor related factors;

Desire of predecessor to step aside

The thought that the next generation should take over the business for continuity and success of business	24
Tiredness of business life	18
Not having any thought rather than being successful in the business life	20
Refuse to give up the leadership	22
The feeling of the predecessor that the presence of self is important in keeping the business running	16
Desire to pass the management of the business	19
The fear of losing status in the family and the community	26

Outside business interest

Desire of the predecessor to involve activities outside the business context	17
Spending most of the time in issues related to the business	25
Sparing time for the activities outside the business	21
Taking role in the associations and organizations after the retirement	23

Trust in successor's capability and intentions

great deal of trust in the ability of the successor to run the business	29
The educational background of the successor appropriate for the business	30
The prior work experience relevant to the business	28
The reliability on honesty	27

Happiness of working together with the successor

Enjoying Working together	31
Pleasure from passing the knowledge	34
Believe of working together will make the development in the business	32
Ease of successors commitment to the business	33

Personality and characteristics of incumbent during the succession process

To control every detail about the business	35
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Being aggressive	36
Openness to new ideas	37
Openness to change	39
Thought of knowing every thing better than others	38

Successor related factors;

Desire of successor to take over

Desire of taking over the management of the family business	43
Confidence of managing the family business	47
Happiness by working in the family business	53
Putting great deal of effort for the business to be successful	52
Proud in being in the family business	50
Belief of being useful for the development of the family business	55

Career interests

Belief of career needs can be actualized in the family business	40
Career needs and interest areas are fit to the family business	46
The opportunities in the family business is more effective than working outside	45

Preparation level of successor

Getting prepared to the management by someone outside the family	51
Gained academic adequacy	48
Working in the family business before the succession	42
Learning the business from the bottom	41
Seminars and courses taken about the family businesses and management	56

Outside work experience

Work experience gained outside the family business	44
The sense of identity gained by outside work experience	54
The self confidence developed by outside family business work experience	49

Successor incumbent relationship

Having a mutually supportive relationship	60
Being cooperative rather than competing	57
Sharing information	58
Values being similar and parallel	59

Family related factors;

Agreement to continue the family business

Desire of the predecessors to keep the business in the family	78
Desire of predecessors wish for his/her children to enter the business	77
Commitment of the family members actively taking role in the business to the continuity of the business	76
Commitment of the family members not taking role in the business to the continuity of the business	79

Harmony among family members

Being emotionally bounded to each other	88
Being trusted to each other	83
Having respect to each other	84
Being in harmony with each other	81
Having an open communication	86

Family-business relation

The tendency of the successor being from the family	82
Family values and business values conflicting	80
Assessment of family roles apart in the business	87
Attitudes in the business being apart form the office discipline	85

Succession process related factors;

Planning for succession

Having a written succession plan	61
Presence of a plan even if not written	68
Preparing a list of potential successors	63
Having an explicit criteria for defining who will be the successor	74
Efforts made to train the successor for the roles that will take	62
Effort for familiarizing the potential successor to the business	69
Effort for familiarizing the potential successor to the employees	66
Clear declaration of who will be the successor to the family members actively taking role in the business	72
The clear declaration of who will be the successor to non family managers	64

Presence of a formal plan for the predecessor's roles and responsibilities after the retirement.	65
Presence of a informal plan for the predecessor's roles and responsibilities after the retirement.	75
Decisions about the ownership after the potential successor takes over the management	71
Having an idea about the business strategy after the succession process	73
Presence of an explicit plan for the business after the management transition	67
Preparation of a financial package for the retiring predecessor	70

Presence of an active B.O.D.

Presence of an formal active BOD	8
Presence of an informal BOD	15
Board of directors playing an active role in giving strategy of the business	2
Regular meetings of the BOD	6
Important decisions taken by the elder family members	4
Inclusion of outsiders in taking important decisions regarding the business	10

Institutionalization level

Presence of mission and vision statements	1
Presence of long term goals	12
Inviolability of the hierarchy principles	5
Inviolability of responsibilities and authorization	11
Presence of decision taking mechanisms	14
Existence of the Human resources policies	3
Presence of the reporting system in the business	7
Definition of workflows clearly	13
Important decisions taken outside the business	9

Demographic variables (D1-D27)

- Defining as family business
- Field of activities
- Type of the business
- Establishment date of the business
- Generation in management
- Employees including the management
- Family members in the management

- Employees in the management out of the family
- Presence of an active B.O.D.
- Education level of the respondent
- Education level of the founder
- Education level of the predecessor (If more than 3rd generation)
- Predecessors retirement age
- Predecessors retirement reason
- Presence of family constitution
- Number of people in the B.O.D. from out of the family
- Planned retirement year of the predecessor
- Preparation of a potential successor
- Age
- Title in the business
- Consultancy taken in the succession process
- 2006 revenue
- Facility cities
- Business dealing with export
- Shareholders outside the family
- Potential successors number
- Family members taking role in the business

4.5.4. Data analysis methods

The frequency distributions are used in order to describe the sample according its demographic characteristics and the status of the business. The status of the business would give an understanding about the characteristics of the family businesses in the sample. Then statistical methods like exploratory factor analysis, multiple regressions, independent t-test is used through computer statistical package program (SPSS) version 15.00 and significance level of 0.05 is considered for statistical analyses.

4.6 Findings

4.6.1 Demographics

To give a brief summary about the respondents that attended to the survey, the following frequency tables are given and explained. The demographics include 27 questions.

Table 4.6.1.1

Frequency distribution of defining the business

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	86	100,0	100,0	100,0

All the respondents' attendant to the questionnaire defined their businesses as family businesses.

Table 4.6.1.2

Frequency distribution of field of activities

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1-2-3-4	1	1,2	1,2	1,2
1-2-3	2	2,3	2,3	3,5
1-2	3	3,5	3,5	7,0
1-3-4	1	1,2	1,2	8,1
1-3	12	14,0	14,0	22,1
1	25	29,1	29,1	51,2
2-3-4	3	3,5	3,5	54,7
2-3	1	1,2	1,2	55,8
2-4	2	2,3	2,3	58,1
2	8	9,3	9,3	67,4
3	17	19,8	19,8	87,2
4	4	4,7	4,7	91,9
5	7	8,1	8,1	100,0
Total	86	100,0	100,0	

The respondents are asked to mention their field of activities. The fields are production (1), service (2), commerce (3), construction (4), the companies facilitating out of the mentioned sectors are defined as other (5). Respondents are let to multiple choices.

Table 4.6.1.3
Frequency distribution of business types

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Joint stock company	37	43,0	43,0	43,0
Limited company	40	46,5	46,5	89,5
Commandit company	2	2,3	2,3	91,9
Single Proprietorship	7	8,1	8,1	100,0
Total	86	100,0	100,0	

The legal types of the business of the respondents are mainly joint stock companies and limited companies. 37 of the respondents company is Joint Stock Company and 40 of the companies are limited companies

Table 4.6.1.4
Frequency distribution of establishment date

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Younger than 25	44	44,0	53,0	53,0
25 to 50 years	27	27,0	32,5	85,5
50 to 100 years	8	8,0	9,6	95,2
Older than 100 years old	4	4,0	4,8	100,0
Total	83	83,0	100,0	
Missing System	3	17,0		
Total	86	100,0		

Four of respondent's companies are being held by the family members longer than 100 years. Eight of them are ranging from fifty to hundred years and 31 of them are younger than 50 years up to 100 years. And 40 of them are younger than 25 years. This table shows us that more than half of the companies are older than 50 years and assured their continuity probably more than two generations.

Table 4.6.1.5
Frequency distribution of generation in management

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-2	22	25,6	25,6	25,6
	1	12	14,0	14,0	39,5
	2-3	7	8,1	8,1	47,7
	2	30	34,9	34,9	82,6
	3-4	1	1,2	1,2	83,7
	3	11	12,8	12,8	96,5
	4	1	1,2	1,2	97,7
	5	2	2,3	2,3	100,0
	Total	86	100,0	100,0	

Some of the family businesses that responded to the survey are being managed by multiple generations. Thirty of them are managed by two generations, the predecessor and the successor together. Only fifteen of them are older than third generation. Mainly the respondents had a succession process by passing the management to the subsequent generations and the 12 companies are expected to have the succession process.

Table 4.6.1.6

Frequency distribution of employees in the business including the management team

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-49	53	53,0	62,4	62,4
	49-150	10	10,0	11,8	74,1
	150-up	22	22,0	25,9	100,0
	Total	85	85,0	100,0	
Missing	System	1	1		
Total		86	100,0		

According to the Kosgeb's definition 53 of the companies are small sized, 10 of the are medium sized and 22 of them are large sized.

Table 4.6.1.7

Frequency distribution of people working in the management of the business from the family

		Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	1,00	7	8,1	8,5	8,5	
	2,00	23	26,7	28,0	36,6	
	3,00	13	15,1	15,9	52,4	
	4,00	19	22,1	23,2	75,6	
	5,00	4	4,7	4,9	80,5	
	6,00	6	7,0	7,3	87,8	
	7,00	5	5,8	6,1	93,9	
	8,00	2	2,3	2,4	96,3	
	10,00	1	1,2	1,2	97,6	
	11,00	1	1,2	1,2	98,8	
	19,00	1	1,2	1,2	100,0	
	Total		82	95,3	100,0	
	Missing	System	4	4,7		
Total		86	100,0			

This table presents the numbers of employees working in the management team of the business that are from the family. All the companies have family members working in the business.

Table 4.6.1.8
Frequency distribution of people working in the management of the business from out of the family

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	none	29	33,7	33,7	33,7
	working	57	66,3	66,3	100,0
	Total	86	100,0	100,0	

29 of the companies have no one else from the family in the management team of their business. Generally the management is handled by the members from the family.

Table 4.6.1.9
Frequency distribution of existence of active BOD

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	47	54,7	55,3	55,3
	no	38	44,2	44,7	100,0
	Total	85	98,8	100,0	
Missing	System	1	1,2		
Total		86	100,0		

Being one of the factors that affect the succession process and the institutionalization of the family businesses 47 of the companies has a board of directors that are active.

Table 4.6.1.10**Frequency distribution of education level**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Elementary and middle school	6	7,0	7,1	7,1
	high school	13	15,1	15,3	22,4
	collage/university	55	64,0	64,7	87,1
	post graduate	11	12,8	12,9	100,0
	Total	85	98,8	100,0	
Missing	System	1	1,2		
Total		86	100,0		

The education levels of the respondents are mainly in the university or collage level. We can say that considering the respondents is mainly the 2nd generation the education level is higher from the founders.

Table 4.6.1.11**Frequency distribution of education level of the founder**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Elementary and middle school	36	41,9	42,9	42,9
	high school	21	24,4	25,0	67,9
	collage/university	25	29,1	29,8	97,6
	post graduate	2	2,3	2,4	100,0
	Total	84	97,7	100,0	
Missing	System	2	2,3		
Total		86	100,0		

The education level of the founder is asked to the respondents considering finding out the education level of the entrepreneurs starting the business. Thirty six of

them are elementary or middle school graduate. It can be said that the educational level is lower in the entrepreneurs.

Table 4.6.1.12

Frequency distribution of education level of the predecessor

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Elementary and middle school	12	14,0	35,3	35,3
	high school	9	10,5	26,5	61,8
	collage/university	13	15,1	38,2	100,0
	Total	34	39,5	100,0	
Missing	System	52	60,5		
Total		86	100,0		

This question is asked regarding to learn the educational level of the predecessor If the business is in third or more generations. 52 of the respondents didn't reply due to their business in first or second generation.

Table 4.6.1.13

Frequency distribution of predecessors retirement age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	40-55	10	11,6	25,6	25,6
	55-75	25	29,1	64,1	89,7
	75-up	4	4,7	10,3	100,0
	Total	39	45,3	100,0	
Missing	System	47	54,7		
Total		86	100,0		

The retirement age of the predecessor is an indicator for the desire of the predecessor to step aside in the succession process. 4 of the retired predecessor out of 39 left the business after their 75. Generally the predecessors leave the business in 55-75 in the respondents.

Table 4.6.1.14

Frequency distribution of predecessors leaving business reason

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Passing away	12	14,0	14,0	14,0
Succession	4	4,7	4,7	18,6
Health problems/ oldness	13	15,1	15,1	33,7
retirement	10	11,6	11,6	45,3
continuing	47	54,7	54,7	100,0
Total	86	100,0	100,0	

Another indicator for the predecessor to step aside is the retirement reason. 47 of the predecessors is continuing the business, actively or involving by some degree. 12 of the didn't leave the business in their live hood. And only 10 of them accepted to transfer the management in their health.

Table 4.6.1.15

Frequency distribution of presence of a family constitution

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	26	30,2	30,2	30,2
no	60	69,8	69,8	100,0
Total	86	100,0	100,0	

Out of the respondents only 26 of them have a family constitution. The presence of the family constitution is a need to keep the business health and manage the dynamics of the family business.

Table 4.6.1.16**Frequency distribution of Number of people in the BOD out from the family**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	,00	55	64,0	64,0
	1,00	14	16,3	80,2
	2,00	8	9,3	89,5
	3,00	7	8,1	97,7
	4,00	1	1,2	98,8
	5,00	1	1,2	100,0
Total	86	100,0	100,0	

According to the responds 55 of the family business have no outsiders in their B.O.D. 31 of them indicated that they have outsiders in their Board of Directors.

Table 4.6.1.17**Frequency distribution of planned predecessors retirement time**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-2 year	8	9,3	9,8
	2-5 year	10	11,6	22,0
	5-8 year	10	11,6	34,1
	10 and more	15	17,4	52,4
	Not defined	23	26,7	80,5
	Life long	16	18,6	100,0
Total		82	95,3	
Missing	System	4	4,7	
Total		86	100,0	

Respondents are asked to mention the planned time of the retirement of the predecessor in order to learn their expected succession time. 16 of them indicated that the predecessor will continue the management as life long, 23 indicated that they didn't have a thought to leave the business and 43 of them indicated a planned year. Mainly, the predecessors think of leaving the business, in next 10 years time period.

Table 4.6.1.18**Frequency distribution of preparation of a potential successor**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	56	65,1	65,9	65,9
	no	29	33,7	34,1	100,0
	Total	85	98,8	100,0	
Missing	System	1	1,2		
Total		86	100,0		

56 of the respondents are preparing a potential successor to take over the business. 29 of them don't have a preparation for the coming manager of the family business.

Table 4.6.1.19**Frequency distribution of age**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-40	45	52,3	52,3	52,3
	40-60	35	40,7	40,7	93,0
	60-up	6	7,0	7,0	100,0
Total		86	100,0	100,0	

The ages of the respondents are mainly, between 20 and 40. Thirty five of them are in 40 to 60 and 6 of them are aged more than 60.

Table 4.6.1.20**Frequency distribution of title in the company**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Chairman of B.O.D.	20	23,3	23,5	23,5
	Member of B.O.D.	17	19,8	20,0	43,5

	General manager	22	25,6	25,9	69,4
	Vice General manager	10	11,6	11,8	81,2
	Other	16	18,6	18,8	100,0
	Total	85	98,8	100,0	
Missing	System	1	1,2		
Total		86	100,0		

The titles of the respondents in the business are 20 of them are chairman of B.O.D., 17 member of the B.O.D., 22 are general manager in the business and 10 of them are vice general manager. 16 of the respondents replied as other to the title in the business.

Table 4.6.1.21

Frequency distribution of consultancy taken in the succession process

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	21	24,4	25,0	25,0
	no	63	73,3	75,0	100,0
	Total	84	97,7	100,0	
Missing	System	2	2,3		
Total		86	100,0		

21 of the companies took consultancy in the succession process and 63 of them didn't take or didn't have the succession process yet.

Table 4.6.1.22

Frequency distribution of 2006 sales

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-1Million YTL	8	9,3	9,8	9,8
	1-3 million YTL	24	27,9	29,3	39,0
	3-5 million YTL	7	8,1	8,5	47,6

5-7 million YTI	6	7,0	7,3	54,9
7-10 million YTI	8	9,3	9,8	64,6
10-20 million YTI	6	7,0	7,3	72,0
20-30 million YTI	4	4,7	4,9	76,8
30 million YTI more	19	22,1	23,2	100,0
Total	82	95,3	100,0	
Missing System	4	4,7		
Total	86	100,0		

The 2006 revenues are asked to the respondents. Being secret information in the business owners the reliability of the answer are discussible. 19 of them indicated that their revenue is more than 30 million YTL's.

Table 4.6.1.23
Frequency distribution of cities facility

	Freque ncy	Percent	Valid Percent	Cumulative Percent
Valid Türkiye	15	17,4	17,4	17,4
Other cities	71	82,6	82,6	100,0
Total	86	100,0	100,0	

15 of the businesses are operations are covering all the cities in Turkey. Other specified as Istanbul, Bursa, Antalya Kayseri, Konya and some other cities. Most of them are operating in Istanbul.

Table 4.6.1.24
Frequency distribution of shareholder from out of the family

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	15	17,4	17,4	17,4
no	71	82,6	82,6	100,0
Total	86	100,0	100,0	

15 of the businesses attended to the survey have shareholders outside the business, and 71 on them are totally family owned.

Table 4.6.1.25

Frequency distribution of export

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	47	54,7	54,7	54,7
	No	39	45,3	45,3	100,0
	Total	86	100,0	100,0	

47 of the companies are making export and 39 of them are not making.

Table 4.6.1.26

Frequency distribution of presence of a potential successor in the next 10 years

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	,00	1	1,2	1,2	1,2
	1,00	28	32,6	33,3	34,5
	2,00	33	38,4	39,3	73,8
	3,00	14	16,3	16,7	90,5
	4,00	4	4,7	4,8	95,2
	5,00	1	1,2	1,2	96,4
	8,00	2	2,3	2,4	98,8
	11,00	1	1,2	1,2	100,0
	Total	84	97,7	100,0	
Missing	System	2	2,3		
Total		86	100,0		

Except one of the businesses all the family business have a potential successor in next ten years. 28 of them have one candidate and others have more than one candidate for the management of the business.

4.6.2 Exploratory Factor analyses

The exploratory factor analysis is used in order to describe the interrelationships between the items. The factors are classified in four groups and each group is analysed separately in the exploratory factor analyses; the predecessor related factors, successor related factors, family related factors, and succession planning factors to evaluate the factors separately. For each set of the exploratory factor analyses the Kaiser-Meyer-Olkin is used to check for the adequacy of sampling, if the chosen data set of variables to be entered for factor analysis is homogeneous or not. Bartlett's test is also used and the significant value $0,000 < 0,050$ is used. In the anti image correlation table the items that the value are less than 0.500 are deleted. Depending on the rule that the eigenvalue to be greater than or equal to one, exploratory principal component analysis with varimax rotation is conducted since it maximizes high loadings and minimizes low loadings. Factor loadings less than 0,50 are selected to be excluded from the analysis since 0.50 is considered as the significant factor loading. The reliability analysis is made to the each factor and the factors with Cronbach α of reliability coefficient less than 0.70 is not included.

In the first set of variables; the predecessor related factors, (item numbers; 17,25,21,23,29,30,28,27,24,18,20,22,16,19,26,35,36,37,38,39,31,32,33,34) by the initial analysis KMO is found $0,731 > 0,50$ and Bartlett's test indicated significant value which is $0,000 < 0,050$. In this step 6 factors are found as a result of this step. The item 39 is excluded for the reasoning the anti-image correlation is 0.406 less than 0.500. Later the factor analysis is performed 4 times with the remaining items and item numbers 31,34,35,23,33,32,34 are deleted since the factor loading are less than 0,500 or loadings are very close to other items under different factors. Although Item 36 having a high factor loading (0.863) it is deleted because there are no other items loaded in the same factor. Items 22 and 26 gathered in a factor are deleted due to the Cronbach α value is 0.345. The remaining items (29, 28, 27, 18, 17, 21, 19, 37, 38, 20, 16, 25) are subjected to factor analysis again and KMO result changed to $0,641 > 0,50$ so the adequacy of the sampling is still approved, the data set variables used in the factor analysis is homogeneous and Bartlett's test for these variables, has also indicated significant value which is $0,000 < 0,050$. The four factors under the predecessor related factors collectively account for 68,872 % of the total variance.

In the second group of factors; the successor related factors, (item numbers; 40, 45, 46, 44, 54, 49, 43, 47, 50, 52, 53, 55, 51, 48, 42, 41, 56, 57, 58, 59, 60,) by the initial analysis KMO is found $0,823 > 0,50$ and Bartlett's test indicated significant value which is $0,000 < 0,050$. In this step 5 factors are found as a result of this step. Later items 47, 56, 41 are deleted since the factor loading are less than 0,500 or loadings are very close to other items under different factors. In the next step Although Item 42 having a high factor loading (0.875) it is deleted because there are no other items loaded in the same factor. The remaining items (53, 43, 40, 45, 55, 50, 52, 60, 59, 57, 58, 44, 49, 54, 46, 48, 51) are subjected to factor analysis again and KMO result changed to $0,836 > 0,50$ so the adequacy of the sampling is still approved, the data set variables used in the factor analysis is homogeneous and Bartlett's test for these variables, has also indicated significant value which is $0,000 < 0,050$. The four factors under the successor related factors collectively account for 67,123 % of the total variance.

In the third group; the family related factors (item numbers; 76, 77, 78, 79, 81, 83, 84, 86, 88, 80, 82, 85, 87) by the initial analysis KMO is found $0,801 > 0,50$ and Bartlett's test indicated significant value which is $0,000 < 0,050$. The item 85 is excluded for the reasoning the anti-image correlation is 0.439 less than 0.500. Later the factor analysis is performed 4 times with the remaining items. And item numbers 83, 82, 78, 84, 81 are deleted since the factor loading are less than 0,500 or loadings are very close to other items under different factors. The remaining items (76, 86, 77, 79, 87, 88) are subjected to factor analysis again and KMO result changed to $0,758 > 0,50$ so the adequacy of the sampling is still approved, the data set variables used in the factor analysis is homogeneous and Bartlett's test for these variables, has also indicated significant value which is $0,000 < 0,050$. One factor remained under the family related factors collectively account for 45,856 % of the total variance.

In the last set of variables; the succession planning and business related factors,(item numbers; 61, 62, 63, 64, 65, 68, 74, 69, 66, 72, 75, 71, 73, 67, 70, 8, 15, 2, 6, 4, 10, 1, 12, 5, 11, 14, 3, 7, 13, 9) by the initial analysis KMO is found $0,835 > 0,50$ and Bartlett's test indicated significant value which is $0,000 < 0,050$. In this step 7 factors are found as a result of this step. The item 15 is excluded for the reasoning the

anti-image correlation is 0.466 less than 0.500. Later the factor analysis is performed 5 times with the remaining items and item numbers 73, 7, 5, 11, 75, 61, are deleted since the factor loading are less than 0,500 or loadings are very close to other items under different factors. Items 10 and 74 gathered in a factor and items 4 and 9 are deleted due to the Cronbach α values are respectively 0.90 and 0.283. The remaining items (64, 65 ,63 ,71 ,72 ,70 ,68 ,69, 66, 67, 62,2 ,1 ,8 ,6 ,3 ,14, 13, 12) are subjected to factor analysis again and KMO result changed to 0,860>0, 50 so the adequacy of the sampling is still approved, the data set variables used in the factor analysis is homogeneous and Bartlett's test for these variables, has also indicated significant value which is 0,000< 0,050. The four factors under the succession planning and business related factors collectively account for 70,862 % of the total variance.

Factor loadings, which reflects the contribution of items to the related factor; percent of variance for each factor, which reflects important factors in the factor analyses and reliability coefficients of the items loaded on each factor are presented in the table 4.6.2.1.

Table 4.6.2.1 Success of Succession Factor Analysis Report

Predecessor Related Factors					
Factor name		Items	Factor loadings	% of variance explained	Cronbach α
<i>Trust to Successor</i>	S29	The predecessors great deal of trust in the ability of the successor to run the business	0.865	19.327	0.772
	S28	The predecessors thought in the prior work experience of successor is relevant to the business	0.824		
	S27	The predecessors reliability on successors honesty	0.742		
	S30	The thought of the	0.630		

		predecessor on the successors educational background appropriate for the business			
Outside Business interest of the predecessor	S18	Tiredness of business life	0.801	19.282	0.781
	s17	Desire of the predecessor to involve activities outside the business context	0.740		
	S21	Sparing time for the activities outside the business	0.728		
	S19	Desire to pass the management of the business	0.720		
Desire of predecessor to step aside	s20	Not having any thought rather than being successful in the business life	0.774	15.032	0.651
	s16	The feeling of the predecessor that the presence of self in important in keeping the business running	0.743		
	s25	Spending most of the time in issues related to the business	0.717		
Openness to new ideas	s37	Openness to new ideas	0.927	15.141	0.902
	s38	Openness to change	0.875		
Total:				68,782	
KMO= 0,641, , χ^2 Bartlett test (78)= 439,794,p= 0,000					

Successor Related Factors					
Factor name	Items		Factor loadings	% of variance explained	Cronbach α
<i>Desire of successor to take over</i>	53	Happiness by working in the family business	0.832	22.479	0.870
	43	Desire of taking over the management of the family business	0.797		
	40	Belief of career needs can be actualized in the family business	0.677		
	45	The opportunities in the family business is more effective than working outside	0.653		
	55	Belief of being useful for the development of the family business	0.625		
	50	Proud in being in the family business	0.611		
	52	Putting great deal of effort for the business to be successful	0.594		
<i>Successors relationship with the predecessor</i>	s60	Having a mutually supportive relationship with the predecessor	0.865	18.222	0.854
	s59	Values of the predecessor and the successor being similar and parallel	0.794		
	s57	Being cooperative rather than competing	0.777		
	s58	Sharing information	0.721		

Outside work experience	44	Work experience gained outside the family business	0.848	14.790	0.812
	49	The self confidence developed by outside family business work experience	0.793		
	54	The sense of identity gained by outside work experience	0.764		
Total: 67,123					
Preparation level of successor	46	Career needs and interest areas are fit to the family business	0.782	11.632	0.713
	48	Gained academic adequacy	0.776		
	51	Getting prepared to the management by someone outside the family	0.606		
KMO= 0,836, , χ^2 Bartlett test (136)= 771,002,p= 0,000					

Family Related Factors					
Factor name	Items		Factor loadings	% of variance explained	Cronbach α
Family Harmony	S76	Commitment of the family members actively taking role in the business to the continuity of the business	0.836	45.856	0.739
	S86	Having an open communication	0.743		
	S77	Desire of predecessors wish for his/her children to enter the business	0.695		
	S79	Commitment of the family members not taking role in	0.609		

the business to the continuity

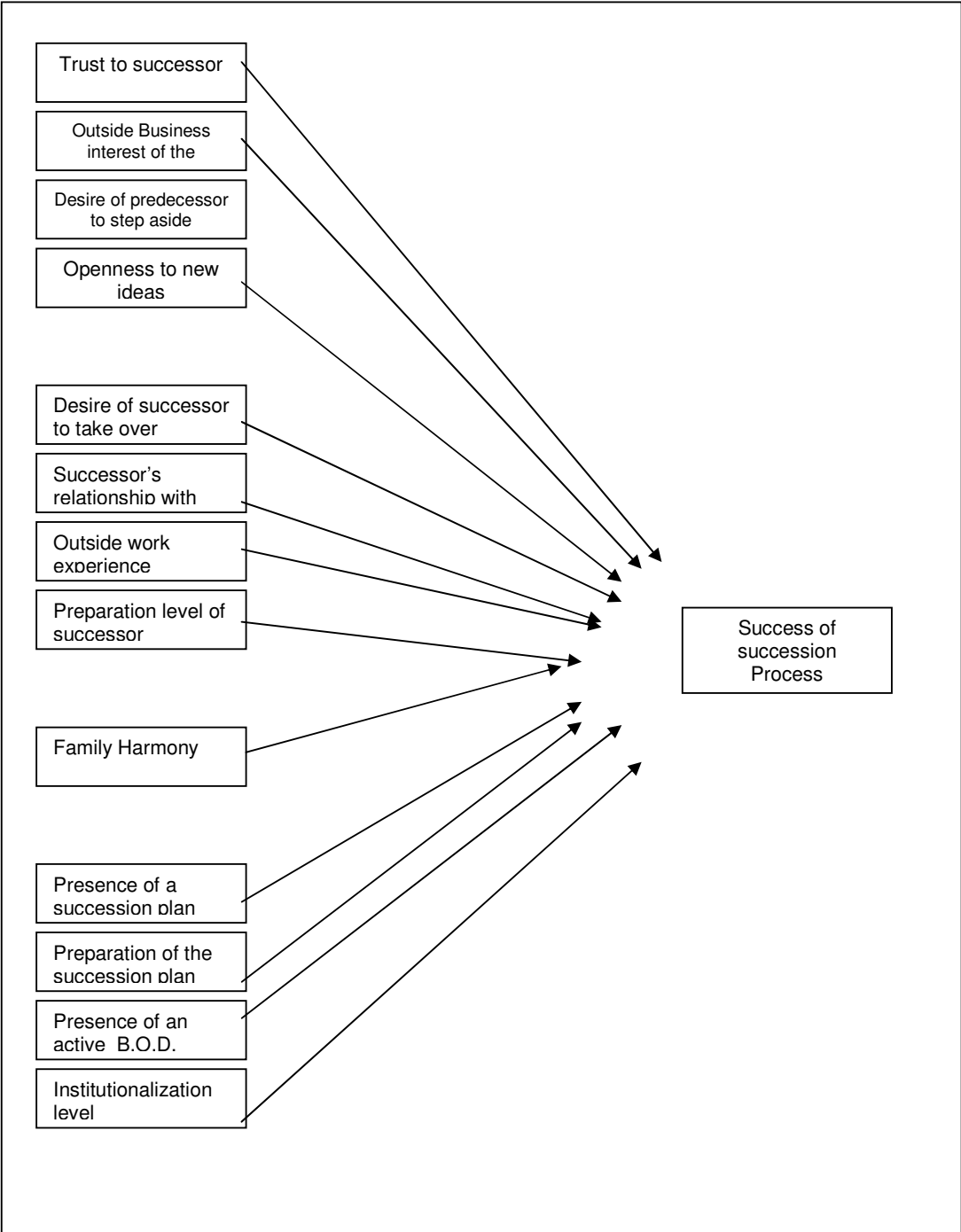
		of the business			
	S87	Assessment of family roles apart in the business	0.586		
	S88	Being emotionally bounded to each other	0.551		
Total:				45,856	
KMO= 0,758 , $\chi^2_{\text{Bartlett test}}(15)= 119,609,p=0,000$					

Succession Plan and Business Related Factors					
Factor name	Items		Factor loadings	% of variance explained	Cronbach α
<i>Presence of a succession plan</i>	s68	Presence of a plan even if not written	0.869	21.036	0.929
	s69	Effort for familiarizing the potential successor to the business	0.857		
	s66	Effort for familiarizing the potential successor to the employees	0.842		
	s67	Presence of an explicit plan for the business after the management transition	0.794		
	s62	Efforts made to train the successor for the roles that will take	0.618		
	s65	Presence of a formal plan for the predecessor's roles and responsibilities after the retirement	0.792	21.036	0.883
	s64	The clear declaration of who will be the successor	0.788		

Preparation of the succession plan		to non family managers		15.928	0.81
	s63	Preparing a list of potential successors	0.769		
	s71	Decisions about the ownership after the potential successor takes over the management	0.700		
	s72	Clear declaration of who will be the successor to the family members actively taking role in the business	0.686		
	s70	Preparation of a financial package for the retiring predecessor	0.602		
Presence of BOD	s2	Board of directors playing an active role in giving strategy of the business	0.831	15.928	0.81
	s1	Presence of mission and vision statements	0.802		
	s8	Presence of an formal active BOD	0.687		
	s6	Regular meetings of the BOD	0.625		
	S3	Existence of the Human resources policies	0.534		
Institutionalization level	s14	Presence of decision taking mechanisms	0.877	12.726	0.843
	s13	Definition of workflows clearly	0.845		
	s12	Presence of long term goals	0.653		
Total:			70,862		
KMO= 0,853, , χ^2 Bartlett test (171)= 1116,428,p= 0,000					

Our modified research model of success of succession is presented by the following figure:

Figure: 4.6.2.1: Modified research model for success of succession after the Factor analysis



4.6.3 Multiple Regression

By the factor scores calculated, they are examined in order to search for the linearity and multicollinearity effects. They are found to be significantly correlated and with the success of succession and no multicollinearity exist between them since their r values are less than 0, 70 and the Pearson correlations are significant. As the factors being independent from each other, multiple regression analysis can be conducted by using all the 13 factors. Thus they are placed in a multiple regression analysis in order to analyze the contribution to the success of the succession.

In the first step, the dependent variable, the success of succession process, representing the understanding of the family businesses by the means of success in the succession process and the independent variables are entered simultaneously. As the contributions of Trust to Successor, Outside Business interest of the predecessor, Desire of predecessor to step aside, Openness to new ideas, Successors relationship with the predecessor, Outside work experience, Presence of a succession plan, Preparation of the succession plan, Institutionalization level are found insignificant (0,156, 0,503, 0,647, 0,234, 0,856, 0,425, 0,276, 0,218, 0,352 respectively), these factors are excluded from the analysis. Multiple regression analyses is conducted again and the table 4.6.3 represents the final results of the regression analysis at the end of one time iteration, standardized beta coefficients show the importance of these factors on the family businesses perceptions of success is the succession process.

Our model containing four factors namely, “the family harmony”, “desire of successor to take over”, “presence of board of directors”, and “preparation level of the successor” is significant and its R square is 70 % which means that variations in the external variables explain 70 % of the variations in the success of succession. According to the results “the family harmony”, “desire of successor to take over”, “presence of board of directors”, and “preparation level of the successor” all have significant contributions to the success of succession process. The most important factor is the family harmony in the success of succession. Follows, the desire of successor to take over, presence of B.O.D. and preparation level of the successor.

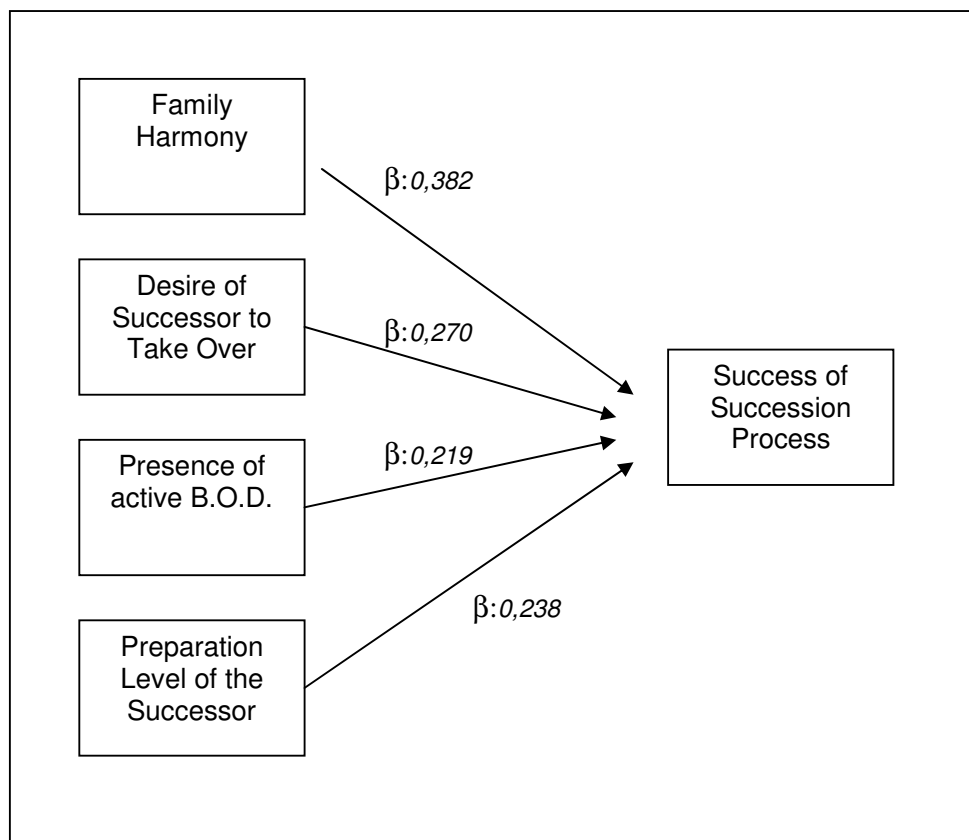
According to the standardized beta coefficients, our final research model is developed by rating the significant factors in order of their importance to the contribution to the success of succession process. The final model is represented in the figure 4.6.3

Table 4.6.3 Multiple regression Results

Dependent Variable: Success Of Succession			
Independent variables	Beta	t Value	p Value
Family Harmony	0,382	4,907	0,000
Desire Of Successor To Take Over	0,270	3,430	0,001
Presence Of B.O.D.	0,219	3,033	0,003
Preparation Level Of The Successor	0,238	3,643	0,000

R=0.839; R²=0,704; F Value=48,072; p Value=0,000
 Insignificant Values are not added to the table.

Figure 4.6.3 Our Final Research Model of Success of Succession after Multiple Regression



4.6.4 Test of hypotheses

Multiple regression is used in order to test the general hypothesis and the other hypothesis related with independent variables of success of succession under the four categories.

Initially, in order to test our general hypothesis, the significance level of our final regression model with respect to the 0.05 significance level is considered to reject or accept the null hypothesis

H₀: None of the independent variables has a positive relationship with the success of succession

H_a: At least one of the independent variables has a positive relationship with the success of succession

Sig. = , 000 < 0.05 **reject H₀**.

H_a is accepted at the 0.05 significance level. Thus, at least one of the independent variables has a positive relationship with the success of succession.

Since there is at least one independent variable affecting the success of succession, we consider the significance levels of these independent variable coefficients in order to see which are included in the general hypothesis we accept. They form the criteria for the rejection or acceptance of the null hypothesis we accept. Following hypotheses are tested.

H₁: H₀: There is not a positive relationship with the trust of the predecessor to the successor and success of the succession process

H_a: There is a positive relationship with the trust of the predecessor to the successor and success of the succession process

Sig. = 0,156 < 0.05 **fail to reject H₀**.

Ha is not accepted at the 0,05 significance level. Thus the trust of predecessor to the successor has not have a positive relationship with the success of succession.

H₂: H₀: There is not a positive relationship with outside business interests of the predecessor and success of the succession process

H_a: There is a positive relationship with outside business interests of the predecessor and success of the succession process

Sig. = 0,503 > 0.05 **fail to reject H₀**.

Ha is not accepted at the 0,05 significance level. Thus outside business interests of the predecessor have not a positive relationship with the success of succession.

H₃: H₀: There is not a positive relationship with predecessor's desire to step aside the business and success of the succession process

H_a: There is a positive relationship with predecessor's desire to step aside the business and success of the succession process

Sig. = 0,647 > 0.05 **fail to reject H₀**.

Ha is not accepted at the 0,05 significance level. Thus predecessor's difficulties of stepping out the business have not a positive relationship with the success of succession.

H₄: H₀: There is not a positive relationship with predecessor's openness to new ideas and success of the succession process

H_a: There is a positive relationship with predecessor's openness to new ideas and success of the succession process

Sig. = 0,234 > 0.05 **fail to reject H₀**.

Ha is not accepted at the 0,05 significance level. Thus predecessor's openness to new ideas has not a positive relationship with the success of succession.

H₅: H₀: There is not a positive relationship with the desire of successor to take over and success of the succession process

H_a: There is a positive relationship with the desire of successor to take over and success of the succession process

Sig. = 0,004 < 0.05 **reject H₀**.

Ha is accepted at the 0,05 significance level. Thus the desire of successor to take over has a positive relationship with the success of succession.

H₆: H₀: There is not a positive relationship with successor's relationship with the predecessor and success of the succession process

H_a: There is a positive relationship with successor's relationship with the predecessor and success of the succession process

Sig. = 0,856 > 0.05 **fail to reject H₀**.

Ha is not accepted at the 0,05 significance level. Thus successor's relationship with the predecessor has not a positive relationship with the success of succession.

H₇: H₀: There is not a positive relationship with successors outside family business experience and success of the succession process

H_a: There is a positive relationship with successors outside family business experience and success of the succession process

Sig. = 0,425 > 0.05 **fail to reject H₀**.

Ha is not accepted at the 0,05 significance level. Thus successors outside family business experience have not a positive relationship with the success of succession.

H₈: H₀: There is not a positive relationship with the preparation level of the successor and success of the succession process

H_a: There is a positive relationship with the preparation level of the successor and success of the succession process

Sig. = 0,048 < 0.05 **reject H₀**.

H_a is accepted at the 0,05 significance level. Thus preparation level of the successor has a positive relationship with the success of succession.

H₉: H₀: There is not a positive relationship with the family harmony and success of the succession process

H_a: There is a positive relationship with the family harmony and success of the succession process

Sig. = 0,004 < 0.05 **reject H₀**.

H_a is accepted at the 0,05 significance level. Thus family harmony has a positive relationship with the success of succession.

H₁₀: H₀: There is not a positive relationship with the presence of a succession plan and success of the succession process

H_a: There is a positive relationship with the presence of a succession plan and success of the succession process

Sig. = 0,276 > 0.05 **fail to reject H₀**.

H_a is not accepted at the 0,05 significance level. Thus the presence of a succession plan has not a positive relationship with the success of succession.

H₁₁: H₀: There is not a positive relationship with the preparation of a succession plan and success of the succession process

H_a: There is a positive relationship with the preparation of a succession plan and success of the succession process

Sig. = 0,218 > 0.05 **fail to reject H0.**

H_a is not accepted at the 0,05 significance level. Thus preparation of a succession plan has not a positive relationship with the success of succession.

H₁₂: H₀: There is not a positive relationship with the presence of B.O.D and success of the succession process

H_a: There is a positive relationship with the presence of B.O.D and success of the succession process

Sig. = 0,019 < 0.05 **reject H0.**

H_a is accepted at the 0, 05 significance level. Thus the presence of B.O.D has a positive relationship with the success of succession.

H₁₃: H₀: There is not a positive relationship with institutionalization level of the business and success of the succession process

H_a: There is a positive relationship with institutionalization level of the business and success of the succession process

Sig. = 0,352 > 0.05 **fail to reject H0.**

H_a is not accepted at the 0, 05 significance level. Thus institutionalization level has not a positive relationship with the success of succession.

In order to analyze the possible significant differences between the groups on their perceptions of success of succession, independent sample-t test is used for demographic variables of, "type of the business", "presence of B.O.D.", "companies having a family constitution", "presence of outsider in the B.O.D.". For each demographic characteristic two groups are created so, Independent sample-t test are

appropriate measurement method for the test of each hypothesis for the comparison of two groups. They are explained in the following part.

H₁₄: H₀: There is no difference between the joint stock companies and limited companies in terms of success of succession

H_a: There is difference between the joint stock companies and limited companies in terms of success of succession

An Independent Sample t-test is used to see in there is any significant difference between the means of joint stock companies and limited companies. In this hypothesis, the grouping variables is the type of the business and the test variable is the dependent variable, success of succession. Initially, Levene’s test for the equality of variance is conducted so that the correct t-test to be used is decided upon. The variance of the groups must be relatively similar for the t-test to be used.

	Levene's Test for Equality of Variances		t-test for Equality of Means		
	F	Sig.	t	df	Sig. (2-tailed)
Equal variances assumed	,866	,355	,362	75	,719
Equal variances not assumed			,365	73,312	,716

Significance level for Levene’s test is calculated as 0.355 which is above 0,050 so the “Equal Variances” test is applied.

According to t-test results, there is an insignificant difference between the mean scores of joint stock companies, representing 4.8094 and limited companies representing 4, 7289. (p=0,719)

Since $p=0,719 \geq 0,050$ the null hypothesis is failed to be rejected at the 0,05 significance level and the alternative hypothesis is not accepted. These findings show that there is no difference in the perception of success between the different types of businesses; the joint stock companies and limited companies. The results of the test are presented in the below table;

Table 4.6.4.1 Independent Sample T-Test Between Joint Stock Companies And Limited Companies

Type of the business	N	Mean	P value
Joint Stock Company	37	4,8094	0,719
Limited company	40	4,7289	

H₁₅: H₀: There is no difference between the companies having active B.O.D. and the one that do not have in terms of success of succession

H₁: There is difference between the companies having active B.O.D. and the one that do not have in terms of success of succession

An independent Sample T-test is used to see in there is any significant difference between the means of businesses having an active Board of directors and the ones that doesn't have an active B.O.D. In this hypothesis, the grouping variable is the Presence of B.O.D. and the test variable is the dependent variable, success of succession. Initially, Levene's test for the equality of variance is conducted so that the correct t-test to be used is decided upon. The variance of the groups must be relatively similar for the t-test to be used.

	Levene's Test for Equality of Variances		t-test for Equality of Means		
	F	Sig.	t	df	Sig. (2-tailed)
Equal variances assumed	,137	,712	,612	82	,542
Equal variances not assumed			,627	81,814	,533

Significance level for Levene's test is calculated as 0.712 which is above 0,050 so the "Equal Variances" test is applied.

According to t-test results, there is an insignificant difference between the mean scores of Businesses having an active B.O.D., representing 4.8309 and businesses not having an active B.O.D. representing 4, 7041. ($p=0,542$)

Since $p=0,542 \geq 0,050$ the null hypothesis is failed to be rejected at the 0,05 significance level and the alternative hypothesis is not accepted. These findings show that there is no difference in the perception of success between the businesses having an active B.O.D. and the ones that don't have an active B.O.D. The results of the test are presented in the below table;

Table 4.6.4.2 Independent Sample T-Test Between The Businesses Having An Active B.O.D. And The Ones That Don't Have An Active B.O.D.

Presence of B.O.D.	N	Mean	P value
Yes	47	4,8309	0,542
No	37	4,7041	

H₁₆: H₀: There is no difference between the companies having a family constitution and the ones not having a family constitution in terms of success of succession

H₁: There is a difference between the companies having a family constitution and the ones not having a family constitution in terms of success of succession

An independent Sample T-test is used to see in there is any significant difference between the means of companies having a family constitution and the ones that doesn't have. In this hypothesis, the grouping variables are businesses having a family constitution and the test variable is the dependent variable, success of succession. Initially, Levene's test for the equality of variance is conducted so that the correct t-test to be used is decided upon. The variance of the groups must be relatively similar for the t-test to be used.

	Levene's Test for Equality of Variances	t-test for Equality of Means
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	F	Sig.	t	df	Sig. (2-tailed)
Equal variances assumed	,617	,434	,701	84	,485
Equal variances not assumed			,747	55,475	,458

Significance level for Levene's test is calculated as 0,434, which is above 0,050 so the "Equal Variances" test is applied.

According to t-test results, there is an insignificant difference between the mean scores of family businesses having a family constitution, representing 4.8968 and family businesses not having a family constitution representing 4, 7421. ($p=0,485$)

Since $p=0,485 \geq 0,050$ the null hypothesis is failed to be rejected at the 0, 05 significance level and the alternative hypothesis is not accepted. These findings show that there is not difference in the perception of success between family businesses having a family constitution, and family businesses not having a family constitution. The results of the test are presented in the below table;

Table 4.6.4.3 Independent Sample T-Test Between The Family Businesses Having A Family Constitution And Not Having A Family Constitution

Existence of a family constitution	N	Mean	P value
Yes	26	4,8968	0,485
No	60	4,7421	

H₁₇: H₀: There is no difference between the companies having outsiders in their B.O.D. and the ones that do not have outsider in the B.O.D., in terms of success of succession

H₁: There is a difference between the companies having outsiders in their B.O.D. and the ones that do not have outsider in the B.O.D., in terms of success of succession

An independent Sample T-test is used to see in there is any significant difference between the means of businesses having outsider in the board of directors and the ones that doesn't have. In this hypothesis, the grouping variables is the independent variable is the outsiders in the B.O.D and the test variable is the dependent variable, success of succession. Initially, Levene's test for the equality of variance is conducted so that the correct t-test to be used is decided upon. The variance of the groups must be relatively similar for the t-test to be used.

	Levene's Test for Equality of Variances		t-test for Equality of Means		
	F	Sig.	t	df	Sig. (2-tailed)
Equal variances assumed	,014	,907	,852	84	,397
Equal variances not assumed			,887	69,975	,378

Significance level for Levene's test is calculated as 0,907, which is above 0,050 so the "Equal Variances" test is applied.

According to t-test results, there is an insignificant difference between the mean scores of having outsiders in their B.O.D, representing 4.8536 and the ones not having outsiders in their B.O.D representing 4, 6740. ($p=0,397$)

Since $p=0,397 \geq 0,050$ the null hypothesis is failed to be rejected at the 0,05 significance level and the alternative hypothesis is not accepted. These findings show that there is not difference in the perception of success between businesses having outsiders in their B.O.D. and the ones that do not have outsider in the B.O.D. The results of the test are presented in the below table;

Table 4.6.4.4 Independent Sample T-Test between the Businesses Having Outsiders in Their B.O.D. And The Ones That Do Not Have Outsider In The B.O.D.

Excistance of outsiders in the B.O.D.	N	Mean	P value
No	55	4,8536	0,397
Yes	31	4,6740	

4.7 Discussion

Succession process is a vital issue for the continuity of the family businesses, and mismanaged and succession plans that are not affective leads family businesses to collapse. Therefore many researchers indicated the importance of the topic in the relevant literature. Concerning the succession literature and the studies done on the successful succession there is lack of empirical studies. Concerning the importance of the topic and the lack of empirical studies in Turkey this specific study is prepared and conducted. The success factors for a succession process to be successful are obtained from the relevant literature and the survey is developed in order to measure the relationship with the success of succession in the Turkish family business owner's aspect. In is hoped that this study will enable the family business owner prepare better for a successful succession process and the academicians attention will be driven. After all the studies in the relevant literature is to make family businesses successful and make them better understand the internal dynamics of the family business to make it live throughout generations.

The findings of the study put out the important factors of a succession process. The findings will be discussed in this part with respect to the findings of the relevant researches. It is important to indicate that the perceptions of family business are differing according to the time and place the study is conducted.

The finding of the specific study is that in the sample studied they see the mentioned factors important in the success of the succession process: the family harmony", "desire of successor to take over", "presence of board of directors", and "preparation level of the successor". Where as in the overall the Trust to Successor, Outside Business interest of the predecessor, Desire of predecessor to step aside, Openness to new ideas, Successors relationship with the predecessor, Outside work experience, Presence of a succession plan, Preparation of the succession plan, Institutionalization level factors are found insignificant in the Turkish family business owners aspect.

The family harmony which is found as the most important factor in the analyses represents the main structure of the business to continue the existence by the succession is affected by the harmony among family members. It is suggested by Sharma et al (2001) that the family harmony effect the process by the means of that the family businesses sole aim is financial gains but also the harmony among the family members whether they are active in the business or not. The harmony among the family members will let them desire to continue the family business and accordingly the success of succession process. Miller et al mentions that the family harmony helps the succession process by making greater trust, mutual understanding and knowledge among the family members (Miller et al 2004 311). Morris et al in their study that the family relationships as the dominant variable of successful successions (Morris et al 1997 398).

Considering the affect of family in the Turkish family business context it is not surprising to find the family harmony important in the success of successions. The unsuccessful family businesses or in other word the family businesses that fail to pass generations biggest problem is the undesired competition among the family members taking active role in the business or not taking active role. The importance of the harmony among the members that are not taking role in the business is important as well. Many family businesses encounter the problems causing from the competition or jealousy of the family members.

Desire of successor to take over is found important in our study. With a successor unwilling to take over the business the family's choice can be selling the business. The successor, which is not reluctant to take over or by having resistance to the succession the process would not be satisfactory and would not be smooth (Sharma et al; 2003). The Venter and others (2005) regarding to their empirical testing mention that the willingness of the successor to take over effects both the satisfaction of the succession process and continued portability of the business after succession (Venter at al; 2005, 297). The willing and fully committed successor is correlated with the effective succession (Chittor Das; 2007).

A willing and fully committed successor is desired for the effectiveness of the succession. As the successor find more by the means of personal needs of career, personal identity, and life stage it results with a successful succession (Miller et al; 2004 311) The strong desire of the successor in managing the business, being excited and finding it rewarding to work in the family business, being happy and proud to work in the business, finding more opportunities in the family business, feeling confident to manage the business, and putting effort to help the family business are the points that affects the desire of the successor (Venter et al; 2005).

The successor is an important part of the family business successions. The successors unwillingly to take over the business would let the businesses fail. The successors career needs is also in important issue in the willingness to take over the business. In the Turkish family business context the new generations impact on the continuity of the business is important. Developing markets and technologies would make the successor to be involved in a different market than the family business is in.

Also presence of board of directors is found important in our study. The presence of a formal or informal board of directors or consultant, consisting even from the outsiders helps the family business to help the predecessor and the family to give more attention to the succession plan (Sharma 1997). An active and well designed board with clear responsibilities and authority, including outsiders is useful for a succession process. The board can help in monitoring the succession process, starting it, and keep the interests of the participants. (Miller et al 2004 311)But the most important point here is that the predecessor should be regarding the board of directors and let them do their business. The presence of board of directors influencing the succession process is suggested by many researchers.

In the Turkish content the board of directors in family businesses is dominated by the spouses of the founder or controlling owners. The impact of the board of directors is so not in the desired point. The existence of outsider in the board of directors will give the business an aspect from out. The members of board of directors or consultants would make the processes in the business fairer and prevent conflicts among the family members.

In the Turkish holdings the boards of directors are dominated by the family members. Apart from the family members there are two different types of individuals in the Turkish holdings' B.O.D.. The first option is including some people that has an effect to the company by the means of public relations. In order to maintain and keep good relationships with the stakeholders and other environmental aspects, people such as a famous professor, a retired politician or old military members are included in the B.O.D. of Turkish family owned holdings. The other option is including people that have close relations with the family. Generally in the B.O.D of companies that are under the control of Turkish family owned holdings, they are treated as if they are just a council of consultant. Their opinions are not regarded in the B.O.D of the holding (Buğra; 2007, 286)

The role of the consultants is also important. The outsider or consultant is a tool for solving the conflicts that may arise in the succession process. But as suggested the vital issue here is that the predecessors or family members commitment to the outsider in the family business.

Lastly the preparation level of the successor is found important. Morris et al (1997) states that for a successful succession process the preparation of the successors are including formal education, training, work experience, entry position, number of positions held in the business, self-perception of preparation, and motivation. In the study conducted by Morris et al (1996) for the characteristics of successful successions mentioned that the successors should be well prepared by the means of educational background and experience. The well prepared successors start the family business from the bottom and spend years serving in variety of capacities in the organization. In the study conducted by Venter et al (2005) found that there is a clear perception in the family members that the successor working outside the business, formal education, business related courses and seminars, and having a mentorship from an outsider of the family, will enable the successor to be better prepared to take over the business.

A well prepared successor by all means has very importance. The successor that hasn't developed abilities to manage the business or not having a self confidence would not be successful after the transfer of the management takes place. Also, choice of the successor is important. According to Collins in his research in finding out the

principles for companies being successful points out the importance of choosing successor. The right people appointed as a successor carries the company to success(Collins 2004).

The success of succession is measured by the initial satisfaction of the parties in the family and the satisfaction from the performance criteria's. The meaning of success in the family business succession can differ from one family to other. But the most important issue to be considered is the continuity of the family business.

In order to analyze the perception of success of succession the effect of demographic characteristics is also tested. According to the findings none of the groupings have a significant difference between each other. The perception was to find a difference between the groups stated.

The family business issue having such importance as mentioned in the different part of the thesis simultaneously the emphasis given in the research should be increased. As the results of this specific study points out the family harmony should be obtained in the family businesses and more importance to the successor should be given before they take over the management of the business. Each family members whether involved in the business or not should be proud of being a member of an important organization and help to the family business to continue as long as it can.

4.8 Limitations and Implications

The family business literature is has come far but also needs more development. The literature is highly fragmented and descriptive (Zahra, Sharma 2004) .The research done in the family business is not proportional to the numbers of family businesses in the countries (Morris et al 1997). As mentioned in the literature only 30 % of the family firms survive to the second generation and 15 % to the third generation (Findikçi 2005, Miller et al 2004). By that reason the succession held a big portion in the family business studies.

Morris et al (1997) suggest that more attention should be driven to the human element in the family business The research on the succession process, the ones that are published depend on anecdotal and depending on one or two factors.(Morris et al 1997)

The researches on the succession of family businesses is explained like studying different part of an elephant; each study investigating an important issue but comparatively smaller and different part of the topic (Miller et al 2004). The study on factors affecting the success of succession process doesn't provide a unified perspective (Sharma et al 2001).

The issue of measuring the success of succession is also a limitation. The family business owner may have not be truthful in measurement of success, although it is measured as the satisfaction from the succession process and the satisfaction from the performance indicators after the successor takes over the business.

The limitation resulting from reaching the literature is a big problem also. As for studies concerning family business in Turkey is not in the portion that it should be; only a small portion of the literature is provided by the university libraries. The family business review magazine, being biggest source for family business studies, it is quite difficult to reach the old volumes of the magazine from many of the university libraries in Istanbul. The reason for the inadequate number of the references used in this study is mainly about the literature covering the successful successions are not in the desired numbers and also the inability to reach to the some articles and publishes due to lack

of reachable ones. The relevant literature is repeating itself and also needs more empirical studies.

Concerning the survey the difficulties in reaching the businessman resulted in a low numbers of surveys turned back. The reason for the low response rate is due to unwillingness of the respondents to answer the survey. Even though reaching to the businessman clubs and associations and also the chamber of commerce's in İstanbul, Konya, Kayseri , Antalya and Bursa which is assumed to have more family businesses, the family business owners refused to take part in the survey or didn't answer because of lack of time.

Another reason for the number of the surveys collected is that the survey is asked to answer from one family member from a family business. That means that 86 businesses attended the survey. The total number of questionnaires is accepted as an acceptable number depending on covering 86 family businesses in the research.

The family business owners are scared to give information about their companies and families. They keep all the knowledge to themselves. This results in making a survey to the family business owners. Also absence of an union that gathers the family businesses in Turkey is a limitation. Such unions are present in other countries. The only research centre in Turkey about the family business is AGMER founded by Kultur University. The courses thought in the universities are also quite limited. The seminar programs mainly are about the institutionalization process of family businesses.

By not having enough understanding of importance of family businesses to the economic landscape of the country the researches tried to be conducted will be limited. The academic studies concerning the family business is also lacking in Turkey.

Also the attitudes of family business owners in keeping their doors closed to the academic researchers will disable any studies conducted. Concerning the succession process being a process that occurs in a long time Sharma et al (2001) suggest longitudinal studies. But concerning the lack of knowledge that can be taken from the family businesses make it difficult.

One of the major limitations for the specific study was the numbers of questions. The family business owners, complaining from lack of time, scared from the length of the survey. But in order to test the factors given by the literature for the success of succession the numbers of questions were acceptable. Regarding some questions the respondents holded back like the revenues. As the survey depends on the perceptions of the respondents about the success of the succession the reality can be far from the answers.

In order to reach the family business owners know-who is used. To have an appointment for the survey or just for asking them to answer the survey was obtained mainly by reaching the owner by someone that each party knows.

The family business owners can use this data in order to better understand the succession process and the need for planning. As seen in many Turkish family businesses the succession process is left to chance and the predecessors don't think of a succession process. But if they want their business to continue through out generation to keep the wealth of the business and let the business be a dynamic of the family they should consider the key success factor about the succession process.

The siblings of the founder should also understand the essence of the family businesses and pretend accordingly. The successors should make up their career paths according to the business and indicated the possible desire to join or not to join the business for the sake of continuity of the business.

Concerning that only a small portion of the founded businesses can pass to second generations the founders should pay more attention to the dynamics of business and plan he strategies and policies of the business, family and the ownership issues, if they wish their business to pass to next generations as a heritage.

The forthcoming studies on the family business should concentrate regarding the needs of individuals in the family business. But in order to achieve this family business should be more interested in the academic researches done. An institute that gathers the family business owner for the benefit of them should be founded also

enabling the researchers reach the sampling easier. Also the definitional ambiguity should be dismissed in order to identify the family businesses easier.

The need of studying the family business in the academic arena should be underlined. The family business owners should accept the helps of the researchers. The researches done should be more empirical to test the perceptions of the family businesses. Concerning the succession process the studies should be longitudinal in order to see the improvement in the family businesses.

Concerning the succession process the models developed should be tested in more number of respondents. Also the family members have an important role in the academic researches increasing. They should spare time for the surveys and researches to make tem better understand the family business dynamics.

5. CONCLUSION

It is quite obvious that the studies on the issue of family business need more attention. Concerning that nearly 95% of the businesses in Turkey is family businesses, and due to that they fail in the second or third generation; they need help from the academicians and researchers to carry on their existence. In Turkey it is assumed that many of the family businesses will experience the succession in the near future. Furthermore, every family business will face the issue of succession in their life cycles.

The family business literature is highly fragmented and the issues studied cannot be gathered to be helpful to the family businesses. Although, there are many points needing attention in the study area of family businesses, there is a lack of empirical studies. Turkish researchers and related parties should give more importance to this study area; reasoning the high percentage of family businesses in the economic landscape and their contribution to the economy. From the Turkish aspect, families are respected and the relations in the families are constructing the social norms of the society. Having importance in both economically which also concerns the family, and sociologically the family businesses' importance is quite obvious.

The researches done should aim to be helpful to the family business members. The family business system dynamics are quite different from any other organization by involving emotions more than any other organization. In the Turkish aspect, there is only one institute under the University for the Studies in the family businesses and mainly chamber of commerce's and businessman clubs are trying to have an understanding of the issue. Their efforts are appreciated but, the researches should involve in the issue more.

This specific study is done to find out the success factors in the succession process, hoping that will be useful for the family business owners and will encourage the researcher to study the succession issue specifically. The success factors for succession is grouped into four categories; The predecessor related factors, successor related factors, family related factors and succession planning and business related factors. The reasoning for this grouping is to find out the perceptions in every dynamic of the issue.

The success of succession is an issue that has ambiguity; the succession being a process, the initial satisfaction and the objective performance indicators after the process are accepted as the success criteria. But being a critical issue, in the specific study to measure the perception of the respondents is regarded in the satisfaction of the process and satisfaction from the performance indicators after the succession process.

As a result of the empirical study the factors affecting the succession process is given below under categories.

- Family harmony
- Desire of successor to take over
- Preparation level of the successor
- Presence of B.O.D.

By the factors listed it is seen that every part of the succession process has responsibilities for the desired success of the succession process. The predecessor should open the way to the successor that is willing to take over the management, by having the desired harmony among family members that is also important as the success of the succession process. And in the succession plan level the presence of the plan and a well prepared succession plan leads to the success of the succession process by the company having B.O.D. and obtaining an institutionalization level.

To have a success in the succession process all the parties should to their best and prepare for the process.

The multiple regression is also conducted to find out their importance in their contribution to the success of succession. Findings of the study reveal that the factors “the family harmony”, “desire of successor to take over”, “presence of board of directors”, and “preparation level of the successor” have significant contribution to the success of succession. The factors; trust to successor, outside business interest of the predecessor, desire of predecessor to step aside, openness to new ideas, successors relationship with the predecessor, outside work experience, presence of a succession

plan, preparation of the succession plan, institutionalization level are insignificant. Thus, hypotheses H_{a5}, H_{a8}, H_{a9}, and H_{a12} are accepted but H_{a1} , H_{a2} , H_{a3} , H_{a4} , H_{a6} , H_{a7} , H_{a10} , H_{a11} , H_{a12} , H_{a13} , are rejected.

Considering the demographic characteristics; the difference between the joint stock companies and limited companies, companies having active B.O.D., having a family constitution, and having outsiders in their B.O.D., are found insignificant in the perception of success of succession. So the hypotheses H_{a14}, H_{a15}, H_{a16}, and H_{a17} are rejected.

The family businesses achieving the succession process and being successful, the outcomes will be effective for the specific family and as well as to the economy that the business is in. The continuity and success of the family businesses in Turkey is a responsibility for every one that is in the family business or researching the family businesses. So hopefully this research will be helpful and encourage the forthcoming studies in the family business. It should be underlined that the success of family businesses in our country is for the benefit for every citizen. The researches done in the issue should be helpful to the family businesses by informing them about the results and making them understand the fundamentality of them. Hope that this study will give an understanding to the complex succession process and the family members will benefit from it.

APPENDICES

Appendix 1. List of Largest Family businesses in the World.

In the research done by the family business review magazine they listed world's largest family businesses. They listed 250 companies in the world. In the following list 50 of the largest family businesses is given.

Company name	Foundation Year	Revenues*	Employees
Wal-Mart Stores	1962	244.5	1.4 million
Ford Motor Co.	1903	163.4	350.321
Samsung	1938	98.7	175.000
LG Group		81.000	130.000
Carrefour Group		72.035	396.662
Fiat Group		61.014	186.492
Ifi Istituto Finanziario Industriale S.p.A.		59.239	198.764
PSA Peugeot Citroën S.A		57.054	198.600
Cargill Inc.	1865	50.8	97.000
BMW (Bayerische Motoren Werke AG)		44.315	101.395
Hyundai Motor		40.111	49.855
Koch Industries	1918	40.000	11.000
Robert Bosch GmbH		36.659	224.341
SCH	1857	32.524	114.927
ALDI Group		30.000	
Auchan Group		28.888	143.000
Pinault-Printemps Redoute		28.692	113.453
Ito-Yokado	1974	28.436	125.400
Tengelmann Group		28.227	183.396
J Sainsbury		27.433	174.500
Motorola	1928	26.679	97.000
Viacom	1954	24.606	120.630
Novartis Group		23.453	71.116
Tyson Foods	1935	23.367	120.000
Bouygues		23.317	121.604
Roche Group		21.422	69.959
Bertelsmann		19.193	80.632
Weyerhaeuser	1900	18.521	57.000
Loew's	1919	17.495	25.800
News Corp.	1923	17.474	35.000
		* Billion \$	

Appendix 2. List of World's oldest family businesses

“Before the multinational corporation, there was family business. Before the Industrial Revolution, there was family business. Before the enlightenment of Greece and the empire of Rome, there was family business” (O’Hara 2004)

Some of the World's oldest companies are listed in the following table:

Company name	Facility	Establishment date	Generation
Kongo Gumi	Temple Construction	578	40 th
Hoshi Ryokan	Inkeeping	718	46 th
Château de Goulaine	Wineyard	1000	
Founderia pontificia marinelli	Bell foundry	1000	
Barone Ricasoli	Wine and olive oil	1141	
Barovier & Toso	Glass making	1295	20 th
Hotel Pilgrim Haus	Inkeeping	1304	
Richard de Bas	Pepar	1326	
Torrini Firenze	Goldsmith	1369	
Antinori	Wine	1385	19 th
Camuffo	Shipbuilding	1438	18 th
Baronnie de Coussergues	Wine	1495	16 th
Grazia Deruta	Ceramics	1500	
Fabbrica D’Armi Pietro Beretta S.p.A.	Firearms	1526	14 th
William prvm gmbH and Co	Copper	1530	
John Brooke & Sons	Woolens	1541	15 th
Codorniu	Wine	1551	
Fonjallaz	Wine	1552	13 th
von Poschinger Manufaktur	Glassmaking	1568	13 th
Wachsendustrie Fulda Adam Gies	Candles	1589	
Bernberg Bank	Banking	1590	
R. Durtnell & Sons	Construction	1591	12 th
J.P. Epping of Pippsvadr	Grocers	1595	
Eduard Meier	Shoes	1596	13 th
Toraya	Confectioners	1600	17 th
Tissiman & Sons Ltd.	Tailors and outfit	1601	
Enshu sado scholl	Ceremonial tea scholl	1602	13 th
Takenaka	Construction	1610	
Mellerio dits Meller	Jewellery	1613	15 th
Cartiera Mantovana		1615	

Zildjian Cymbals	Cymbals	1623	14 th
Kikkoman	Soy sauce	1630	
Sumitomo Corp.	Conglomerate	1630	
Akerblads	Hotel	1630	21 th
Tuttle Farm	Agriculture	1635	11 th
Gekkeikan	Sake	1637	13 th
Shirley plantation	Historical site	1638	11 th
Hugel et Fils	Mine	1639	12 th
James Lock & Co.	Patters	1642	
Barkers farm	Dairy & apple	1642	11 th
G.C. Fox & Co.	Shipping agnet	1646	
R.H. Levey & Son	Funeral services	1649	
William Adams & Sons	Potters	1650	12 th
Ulefos Jernvaerk	Metals	1657	
Van eagen	Trading	1662	14 th
Schwarze & Schlichte	Dissilery	1664	12 th
The seaside inn and cottages	Innkeeping	1667	12 th
Early's of Witney	Blanklet	1669	
C. Hoare & Co.	Banking	1672	11 th
Firmin & Sons Ltd.	Uniforms and insignia	1677	

Appendix 3. List of oldest Turkish Family businesses

The list of old family business in Turkey is taken form the AİK congress book and Capital magazine.

Company name	Establishement	Generation
Hacı bekir lokum ve şekerleme	1777	5
Sekerci cafer erol	1807	
Gökçen grup	1858	
İskender	1860	3
Hafız Mustafa	1864	
Vefa bozacısı	1870	4
Kurukahveci mehmet efendi ve mahdunları	1871	3
Karaköy güllüoğlu	1871	5
Sabuncakıs	1874	3
Tanınmış helvacı	1875	
Komili	1878	3
Erden gıda ve sanayi	1878	3
Birlik mensucat	1880	3
Hamamcıoğlu	1880	
Koşer deri	1880	
Saffet Abdullah Gullaçları	1881	
Cemilzade a.ş.	1883	3
Çöğenler helvacılık	1883	4
İmam çağdaş	1887	3
Cukurova sanayi	1888	3
Hacı abduallah	1888	3
Tuzcuoğlu nakliyet	1893	3
Teksima tekstil	1893	4
Konyalı lokantası	1897	3
Alevli a.ş.	1898	3-4-5
Özsümer gıda sanayii	1900	
Abalıoğlu	1900	
Arkas denizcilik	1902	4
Bebek badem ezmecisi	1904	2
Malcılar	1905	
Hacı şükrü kebabcısı	1907	
Koska helvacıı	1907	

Bilol tekstil...	1911	2
Abdi ibrahim	1912	3
Yenigün	1914	
Üçer mağazacılık ve parakende satış	1915	4
Karavelioğlu şirketler grubu	1916	
Broderi narin	1917	3
Dedeman	1918	
Ördekçioğlu	1919	
Yanyalı fehmi lokantası	1919	
Tarihi sultanahmet köftçisi	1920	
Ulusoy ticari yatırımlar holding	1920	
E.R. roditi halefleri	1923	3
Yırlacı un fabrikası	1923	2
Mustafa nevzat ilaç sanayi	1923	3
Baylan pastanesi	1923	2
Eyup sabri tuncer	1923	3
Kamil koç otobus işletmeleri	1923	3
Kılıçoğlu gruu	1923	4
Nuri beğendik ve oğulları koll.sir.	1923	4
Yırcalı	1923	
Hatemoğlu	1924	
Sabancı holding	1925	
Doluca sarapçılık	1926	2
Zeyneller ev tekstil ve ticaret	1926	3
Koç Holding	1926	
Evyap sabun	1927	2
Tahincioğlu Kent Gıda	1927	2
Ali arif ilaçları	1928	3
Hasoğlu halıcılık	1928	5
Ünlü pastırma sucuk	1928	2
Münir şahin ilaç	1929	3
Numune-i terraki	1930	3
Dedeman infaat	1930	2
Kafkas şekerleme	1930	3
Obasan	1930	
Özgörkey	1930	
Rengin manifatura	1930	2
Kültür eğitim kurumları	1932	

Heznedar ateş tuğla	1933	3
Şen sapka vakko	1934	2
Maraşoğlu yağ sanayi	1935	2
Bayraktarlar	1935	4
Ibrahim uzal	1935	3
Mimataş tekstil	1936	3
Balkanoğlu	1937	2
Küçükçalık	1937	2
Koç ticaret	1938	3
Baki cafer abalıoğlu tabakhanesi	1938	2
Ulusoy kollektif	1938	
STFA	1938	2
Aktaş gurup	1938	3
C.S.A grubu	1941	
Eczacıbaşı	1942	
Öz-has	1942	2
Nuh çimento	1942	3
Hilal tekstil	1943	4
Ender çikolata	1943	2
Istikbal ticaret	1944	2
Ülker	1944	2
Bizim bakkaliye	1945	3
Mutlu akü	1945	2
İstanbul corap	1945	2
Uludağ maden suları	1948	3
Apaydınlar otomotiv ve tarım	1949	3
Özerler ayakkabı ve lastik	1949	2
Yeni sivas emniyet	1950	2
Ekrem elginkan muhendislik	1950	2
Aytuğ corap	1950	2
Izmir özel turk koleji	1950	2
Özler ziraai ticaret	1951	3
Ege yıldız	1951	3
Paksoy	1951	2

Appendix 4 Literature review specific to the survey development.

PREDECESSOR RELATED FACTORS			
V1	source	Original	Turkish
desire of predecessor to step aside	Sharma (1997)	The outgoing president of our business was getting tired of running the business	İşin devamlılığı ve başarısı için gelecek nesil in, işi devralması gerektiğini düşünmesi
	Sharma (1997)	The outgoing president of our business was getting tired of running the business	İş hayatı yorgunluğu
	Sharma (1997)	There was nothing else that the outgoing president of our business wanted to accomplish with respect to the business	“İş hayatında başarılı olmaktan” başka bir düşüncesinin olmaması
	Venter et al (2005)	I was not willing to put myself out for the firm	Liderliği bırakmak istememesi
	Sharma (1997)	The outgoing president of our business felt that his or her presence in the business was necessary to keep it running	Kendi varlığının, şirketin devamı için gerekli olduğunu düşünmesi
	Sharma (1997)	The outgoing president of our business felt that other family members should take over the leadership role for the good of the business	Şirket yönetimini devretme isteği
	Sharma et al (2001)	An incumbent may fear losing status in the family and the community.	Şirketten ayrılma durumunda kimlik kaybı korkusu yaşaması

V2	source	Original	Turkish
outside business interest	Sharma (1997)	The outgoing president of our business was heavily involved in the activities outside the context of business	İş dışındaki konularla ilgilenme isteğinin varolması
	Sharma (1997)	Most of the time of our outgoing president was spent in work related to the business	Zamanın çoğunu iş ile ilgili konularda geçirmesi
	Sharma (1997)	The outgoing president of our business was looking forward to the pursuit of activities outside the business	İş dışındaki faaliyetlere vakit ayırması
		Self developed depending on the literature	Emeklilik sonrası ilgilenebileceği dernek ve kuruluşlarda görev alması

V3	source	Original	Turkish
Trust in successors capability and intentions	Sharma (1997)	The outgoing president of our business had a great deal of trust in the ability of the successor to run the business	İşletmeyi yönetebileceğine olan inancı
	Sharma (1997)	The educational background of the successor was not appropriate for the business	Eğitim düzeyinin işletmeye uygun olduğunu düşünmesi
	Sharma (1997)	The successor's prior work experience was relevant to the business	Önceki iş tecrübesinin işletmeye uygun olduğunu düşünmesi
	Sharma (1997)	The outgoing president of our business had a great deal of confidence in the integrity of the successor	Dürüstlüğüne güvenmesi

V4	source	Original	Turkish
Happiness of working together with the successor	Erdogmus (2007) pg 126	Kurucunun işlerini emin ellere teslim etmekten duydukları rahatlık	Aile bireyi ile beraber çalışmaktan zevk alması

	Erdogmus (2007) pg 126	<i>Bilgi birikimini cocuklarla paylaştırmaktan duyulan haz.</i>	Aile bireyine bilgi birikimini aktarmaktan duyduğu hoşnutluk
	Erdogmus (2007) pg 126	Cocuklarla çalışmanın şirkette beklenen gelişmeyi sağlayacağına duyulan inanç	Aile bireyi ile birlikte çalışmanın şirkette gelişmeyi sağlayacağına olan inancı
	Erdogmus (2007) pg 126	Cocuklarının kurucuya ve işletmeye bağlı kalacağını bilmenin verdiği huzur	Aile bireyinin işletmeye bağlı kalacağından duyulan huzur
V5	source	Original	Turkish
Personality and characteristics of incumbent during the succession process	Miller et al (2004)	control every detail,	İşletme ile ilgili detayları kontrol etme isteği
	Miller et al (2004)	negatively aggressive	Sınırlı olması
	Miller et al (2004)	openness to new ideas	Yeni fikirlere açık olması
	Miller et al (2004)	a tendency to mistrust	Her şeyi ben daha iyi bilirim düşüncesi
		Self developed depending on the literature	Değişime açık olması

SUCCESSOR RELATED FACTORS			
V6	source	Original	Turkish
Desire of successor to take over	Venter et al (2005)	At the time of succession I had a strong desire to take over the family business	Yönetimi devralma isteği
	Sharma (1997)	The successor had a great deal of confidence in his or her ability to run the business	İşletmeyi yönetme becerisi ve kabiliyeti konusunda kendine güveni

	Venter et al (2005)	At the time of succession I was happy to work in the family business	Aile işletmesinde çalışmaktan duyduğu mutluluk
	Venter et al (2005)	At the time of succession I was willing to put in a great deal of effort beyond that normally expected in order to help the family business be successful	Aile işletmesinin başarılı olması için gayret göstermesi
	Venter et al (2005)	At the time of succession I was proud to tell others that I was part of the family business	Aile işletmesinde bulunmasından dolayı duyduğu gurur
	Morris villiams nel	I felt pride being a part of the family firm	İşletmenin gelişimine faydalı olacağına inanması

V7	source	Original	Turkish
Preparation level of successor	Venter et al (2005)	During the succession process I was mentored by someone other than my father/mother who prepared me to take over the family business	Aile dışarısından biri tarafından şirket yönetimine hazırlanması
	Venter et al (2005)	At the time of succession I had relevant business experience other than that obtained in the family business that prepared me to take over the family business	Sahip olduğu akademik yeterlilikler
	Morris et al (1996)	Years in family business prior to taking control	Aile işletmesinde devir sürecinden önce de çalışıyor olması
	Morris et al (1996)	Children who join the business should start from bottom	Aile işletmesini en alt kademedden öğrenmesi
	Venter et al (2005) Sharma (1997)	-At the time of succession I had an academic qualification(s) that prepared me to take over the family business -During the succession	Aile İşletmeleri ve işletme bilimi ile ilgili aldığı seminerler ve eğitimler

		process I regularly attended business-related courses/seminars that prepared me to take over the family business	
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V8	source	Original	Turkish
Outside work experience	Miller et al (2004)	develop a knowledge base	Aile şirketi dışında başka firmalarda edindiği iş tecrübesi
	Miller et al (2004)	sense of identity	Aile şirketi dışında edindiği iş hayatı tecrübesinin kişilik gelişimine sağladığı katkı
	Miller et al (2004)	self confidence	Aile şirketi dışında edindiği iş hayatının özgüveninin gelişimine sağladığı katkı

V9	source	Original	Turkish
Career interests	Sharma (1997)	The successors career needs and interests were closely aligned with the opportunities in the business	Kariyer beklentilerinin aile işletmesinde gerçekleştirebileceğine olan inancı
	Sharma (1997)	One of the major reasons that the successor joined the business was the opportunity for personal growth available in the business	Kariyerinin ve ilgi alanlarının aile şirketinin faaliyet alanları ile ilişkili olması
	Sharma (1997)	The opportunities available to the successor from working in our family firm were much higher than those available from other careers	Aile işletmesinde çalışmasının sağlayacağı fırsatların başka bir firmada çalışmaktan daha etkili olacağına ilişkin inancı

V10	source	Original	Turkish
Successor incumbent relationship	Venter et al (2005)	During the succession process the retired owner-manager and I had a mutually supportive relationship	Destekleyici ve olumlu ilişkiler içinde olması
	Venter et al (2005)	During the succession process I preferred to cooperate with the retired owner-manager rather than compete with him/her	Rekabet içinde değil işbirliği içinde olması
	Venter et al (2005)	During the succession process the retired owner-manager and I were willing to share information with each other	Bilgi paylaşımı
	Morris et al (1996)	I found my values were similar to the predecessor	Değer yargılarının ve değerlerinin paralel olması

FAMILY RELATED FACTORS			
V11	source	Original	Turkish
Agreement to continue the family business	Sharma (1997)	The outgoing president of our family business was deeply committed to continuing the business	İş devreden yöneticinin aile şirketini devam ettirme isteği
	Sharma (1997)	The outgoing president of our family business wanted his/her children to enter the business	Aile şirketi sahiplerinin çocuklarının işe girmesi isteği
	Sharma (1997)	All family members actively involved in the business were deeply committed to continuing the business	İşletmede yer alan aile bireylerinin şirketin devamlılığına bağlı olması
	Sharma (1997)	Members of our family who are not actively involved in the business were deeply committed to continuing the business	İşletmede yer <i>almayan</i> aile bireylerin şirketin devamlılığına bağlı olması

V12	Source	Original	Turkish
Harmony among family members	Sharma (1997)	Emotionally bounded with each other	Duygusal olarak birbirlerine bağıllığı
	Sharma (1997)	Trusted each other	Birbirlerine güveniyor olmaları
	Sharma (1997)	Respected each other	Birbirine saygı duymaları
	Sharma (1997)	In harmony with each other	Birbiri ile uyum içinde olmaları
	Sharma (1997)	Communicated openly with each other	Birbirleri ile açık iletişim kurmaları

V13	source	Original	Turkish
Family-business relation	Self developed from the literature	Management successors should be chosen from the family	Gelecek nesil yöneticinin de aile içerisinde olması yönünde ki tutumu
	Karpuzoğlu (2004) pg 47	Aile değerleri ile iş değerlerinin iç içe geçmesi	Aile değerleri ve işletme değerlerinin iç içe geçmesi
	Karpuzoğlu (2004) pg 47	Aile ve iş rolleri birbirine karışması	İşletme içerisinde aile rollerinin ayrı değerlendirilmesi
	Karpuzoğlu (2004) pg 47	Davranışların işyeri disiplininden uzak olması	Şirket içi davranışlarının işyeri disiplininden uzak olması

SUCCESSION PROCESS RELATED FACTORS			
V14	source	Original	Turkish
Planning for succession	Sharma (1997)	We did not have any written succession plan for passing on the management control of our business to the successor	Yazılı bir devir planının olması

Sharma (1997)	We had an unwritten succession plan for transferring the management control of our business to the successors	Yazılı olmasa da bir planının olması
Sharma (1997)	A list of potential successors were developed.	Olası gelecek nesil yöneticilerin listesinin çıkartılması
Sharma (1997)	Explicit succession criteria were developed for identifying the best successor	Gelecek nesil yöneticinin seçiminde kesin kriterlerinin belirlenmesi
Sharma (1997)	Explicit efforts were made to train the potential successor for their future role in the business	İşletmede alacağı roller için gelecek nesil yöneticinin hazırlanmasında çaba sarf edilmesi
Sharma (1997)	Explicit attention was given to familiarize the potential successors with business prior to the succession.	Gelecek nesil yöneticinin işletmeye alışması için çaba sarf edilmesi
Sharma (1997)	Explicit attention was given to familiarize the potential successors with the employees of the business prior to the succession	Gelecek nesil yöneticinin çalışanlara alışması için çaba sarf edilmesi
Sharma (1997)	The decision of who the successor would be was clearly communicated to family members active in the business	Gelecek yöneticinin kim olacağını aile işletmesinde aktif olan bireylere açıkça belirtilmesi
Sharma (1997)	The decision of who the successor would be was clearly communicated to key non family managers.	Aileden olmayan insanlara gelecek nesil yöneticinin kim olacağını açıkça belirtilmesi
Sharma (1997)	We had a formal plan regarding the roles and responsibilities of the outgoing president in the business once leadership	Ayrılan yöneticinin ayrıldıktan sonraki görev ve sorumlulukları için

		was transferred to the successor	resmi bir planın varlığı
	Sharma (1997)	We had an unwritten understanding of the roles and responsibilities of the outgoing president in the business once leadership was transferred to the successor	Ayrılan yöneticinin görev ve sorumlulukları için resmi <i>olmayan</i> bir planın varlığı
	Sharma (1997)	Explicit decisions were made about how ownership of our business would be distributed after the successor takes over	Gelecek nesil yönetici devraldıktan sonra şirket hisselerinin dağılımı hakkında kararların olması
	Sharma (1997)	We had an understanding of what the business strategy would be after leadership was transferred to the successor	Yönetim devrinden sonra iş stratejisinin ne olacağı hakkında fikrin oluşması
	Sharma (1997)	We had an explicit plan for the business after the transfer of leadership to the successor	Yönetim devrinden sonra iş hakkında kesin bir planının varlığı
	Sharma (1997)	we developed A financial package for the outgoing presidents retirement	Emekli olan yönetici için finansal bir paket hazırlanması

V15	source	Original	Turkish
Presence of an active advisory board or consultants	Sharma (1997)	We had a formal board of directors	Resmi bir yönetim kurulunun varlığı
		We had an informal board of directors	Resmi olmayan bir yönetim kurulunun varlığı
		Our board of directors didnot play an active role in determining the strategic direction to our business	Yönetim kurulunun işletmeye stratejik olarak yön verilmesinde aktif bir rol oynaması
		Our board met several times a year	Yönetim kurulunun düzenli olarak toplanması

	Family members made major business decisions	Önemli kararların aile büyükleri tarafından alınması
	We didnot involve outsiders for the most important decisions related to our business	İşletme ile ilgili önemli kararların alımında dışardan olan insanların dahil edilmesi

V16	source	Original	Turkish
Institutionalization level	Karpuzoğlu (2004) pg 144	Misyon vizyon amaç ve hedefler	Misyon ve vizyon tanımlarının olması
		Plan süresi uzun <i>orta kısa</i> Uzun vadeli deeflerinin olmaması	Uzun vadeli hedeflerin tanımlı olması
		Hiyerarşi ilkelerinin ihlal edilmesi by-pass ların yaşanması	Hiyerarşi ilkelerinin ihlal edilmemes
		Yetki ve sorumluluk lalanlarının ilal edilmesi	Yetki ve sorumluluk alanlarının ihlal edilmemesi
		Yöneticinin şirketi ilgilendiren konularda tek başına olması	Karar verme mekanizmasını n olması
		İnsane kaynakları pollitikalarında kan bağının önemli olması	İnsan kaynakları politikalarının olması
		Raporlama sisteminin zayıf olması	Şirket içi raporlama sisteminin olması
		İş akışlarının açık ve net şekilde çizilmemesi	İş akışlarının açık ve net şekilde çizilmesi
		Aile üyelerinin sistemli ve programlı toplantılardan ziyade sohbetlerde karar almaları	Önemli kararların iş ortamı dışındaki mercilerde alınması

DEPENDENT	SOURCE	ORIGINAL	TURKISH
	Sharma (1997)	The manner in which the succession process was managed.	Yönetim devir sürecinin ele alınış usulü
	Sharma (1997)	The process used to determine the potential candidates for the future leadership	Yönetimi devralacak aile bireyinin belirlenme süreci
	Sharma (1997)	The criteria used to select the successor.	Yönetimi devralacak aile bireyinin belirlenmesinde kullanılan kıstaslar
	Sharma (1997)	The process used to train the successor	Yönetimi devir alacak devralacak aile bireyinin işletme içerisindeki eğitim süreci
	Sharma (1997)	The process used to familiarize the successor with the business	Yönetimi devralacak aile bireyinin işletmeye alıştırılması süreci
	Sharma (1997)	The suitability of the chosen successor for your firm.	Yönetimi devralacak aile bireyinin işletmeye uyumluluğu
	Sharma (1997)	The manner which the choice of successor was communicated to family members actively involved in the business	Aile işletmesindeki aileden olan yöneticilere yönetimi devralacak aile bireyinin seçiminden haberdar edilme tarzı
	Sharma (1997)	The manner which the choice of successor was communicated to the non-family managers.	Ailenden olmayan şirket yöneticilerinin yönetimi devir alacak aile bireyinin seçiminden haberdar edilme tarzı

	Sharma (1997)	The financial arrangements for the outgoing president of your firm upon his/her retirement	Ayrılan yöneticinin emekliliğindeki yaşamını devam ettirmesi için öngörülen finansal düzenlemeler
	Sharma (1997)	The criteria used for the determining the distribution of ownership after the transfer of leadership to the successor.	Şirket hissedarlığının yönetimi devralacak aile bireyinin işi devraldıktan sonraki belirlenme kriterleri
	Venter et al (2005)	The family business has performed as well or better since the management/leadership of the business was handed over to me	Yönetimi devralan aile bireyinin işi devralmasından sonra şirket performansının artması
	Venter et al (2005)	The family business has proved to be sustainable since the management/leadership of the business was handed over to me	Yönetimi devralan aile bireyinin şirketin devamlılığını sağlaması
	Venter et al (2005)	The relationships among family members are positive after the management/leadership of the business was handed over to me	Yönetimi devralan aile bireyi ile aile bireyleri arasındaki ilişkiler
	Venter et al (2005)	The relationships with stakeholders (networks, suppliers, etc.) are intact after the management or leadership of the business was handed over to me	Aile bireyinin yönetimi devir almasından sonra şirket paydaşları ile ilişkilerin korunması
	Venter et al (2005)	All family members involved in the family business are satisfied with the succession process	Aile bireyinin yönetimi devralmasından sonra işletme içindeki aile bireylerinin devir sürecinden memnuniyeti
	Venter et al (2005)	I am satisfied with the succession process	Gelecek yöneticinin geçiş sürecinden memnuniyeti

	Venter et al (2005)	The family supports the family business after the management/leadership of the business was handed over to me	Aile bireyinin yönetimi devralmasından sonra diğer aile bireylerinin işletmeyi desteklemesi
	Venter et al (2005)	The retired owner-manager is satisfied with the succession process	Emekli olan yönetici devretme(süreklilik) sürecinden memnuniyeti
	Venter et al (2005)	I improved/increased the revenues and profits of the family business after the management/leadership of the business was handed over to me	Yönetim devrinden sonra aile bireylerinin şirketin gelirleri ve kârlılığında memnuniyeti

Appendix 5. Survey in Turkish

Sayın Yönetici;

Bu anket T.C. Marmara Üniversitesi Sosyal Bilimler Enstitüsü, Yönetim ve Organizasyon (İngilizce) Yüksek Lisans Programı öğrencilerinden Yahya Zahid Şensoy'un "Aile işletmelerinde sürekliliği sağlayan başarı faktörleri" isimli yüksek lisans tezi çalışmasına aittir.

Tez ile ilişkili bu araştırmanın konusu aile işletmelerinin sürekliliğidir. Aile işletmelerinin sürekliliği, nesiller arası yönetim devri üzerinde daha çok düşünülmesi ve çalışılması gereken bir konudur.

Ekteki anket çalışması, aile şirketlerinde nesiller arası yönetim devrinin başarılı olması için önem verilmesi gereken faktörleri tespit etmek amacı ile düzenlenmiştir.

Aile işletmelerinin bir nesilden diğerine geçmesi ve varlıklarını sürdürmesine hizmet etmesini hedeflediğimiz bu akademik çalışmanın etkin ve faydalı olması adına vereceğiniz objektif bilgiler, çalışmalarımız için büyük önem taşımaktadır.

Sizden alınacak tüm bilgiler tamamen gizli tutulacak, sadece akademik çalışma için kullanılacaktır. Tez çalışmasına verdiğiniz destek için şimdiden teşekkür ederim.

Doç. Dr. Gülrüh Gürbüz
Tez Danışmanı

1. Firmanızı aile işletmesi olarak tanımlıyor musunuz?

Evet Hayır

2. Firmanızın faaliyet gösterdiği sektör(ler) :

Üretim Hizmet Ticaret İnşaat Diğer.....

3. Firmanızın şekli:

A.Ş. Ltd. Komandit Kollektif Şahıs firması

4. Firmanızın kuruluş yılı :

5. Aile firmanız kaçınıcı nesilde yönetimde(birden çok işaretlenebilir):

1.nesil 2.nesil 3.nesil 4. nesil 5.nesil

6. Firmanızın yönetim kademesi dahil çalışan sayısı :

7. Aile firmanızda yönetim kademesinde çalışan aileden olan bireylerin sayısı:

.....

8. Aile firmanızda yönetim kademesinde çalışan aileden olmayan bireylerin sayısı:

9. Aktif ve düzenli çalışan bir yönetim kurulunuz var mı?

Evet Hayır

10. Eğitim durumunuz:

İlk-orta Lise Yüksek okul/üniversite Yüksek lisans/doktora

11. Kurucunuzun eğitim durumu :

İlk-orta Lise Yüksek okul/üniversite Yüksek lisans/doktora

12. Sizden önceki yöneticinin eğitim durumu(3. nesil sonrası ise):

İlk-orta Lise Yüksek okul/üniversite Yüksek lisans/doktora

13. Kurucunuzun ve/veya bir önceki yönetici işten ayrılma yaşı :

14. Kurucunuzun ve/veya bir önceki yönetici işten ayrılma sebebi :

.....

15. Aile anayasanız var mı?

Evet Hayır

16. Yönetim kurulunuz da aileden olmayan bireylerin sayısı:

17. Şu anda yönetim kurulu başkanı veya yönetimde en üst düzey aile bireyinin yaklaşık ne zaman emekli olacak?

1-2 yıl 2-5 yıl 5-8 yıl 10-üstü Belirsiz Yaşadığı sürece

18. Gelecekte şirketin başına geçme ihtimali olan bir kişi yönetime hazırlanıyor mu?

Evet Hayır

19. Sizin yaşıınız:

20. Firmadaki Unvanınız:

Yönetim Kurulu Başkanı Yönetim Kurulu üyesi Genel müdür
 Genel müdür Yardımcısı Diğer.....

21. Yönetim devri sürecinde danışmanlık desteği alındı mı?

Evet Hayır

22. Firmanın 2006 yılı cirosu:

0-1 milyon YTL 1-3 milyon YTL 3-5 milyon YTL 5-7 milyon YTL
 7-10 milyon YTL 10-20 milyon YTL 20-30 milyon YTL 30 milyon YTL-üstü

23. Faaliyet gösterdiğiniz şehir(ler):

24. Firmanız ihracat yapıyor mu?

Evet Hayır

25. Firmanızın aile dışından hissedarları var mı?

Evet Hayır

26. Ailenizde gelecek 10 yıl içerisinde yön. Kur. başkanı veya genel müdür olmaya aday kaç kişi var?

27. Şirkette aktif olarak rol alan(alabilecek) aile bireyleri kimlerdir?

Erkek çocuk/çocuklar Kız çocuk/çocuklar Erkek kardeş /ağabey
 Kız kardeş /abla Yeğenler Amca ve teyzeler
 Dayı ve halalar Gelinler Damatlar

Aile Şirketlerinin devamlılığı ve yönetimin bir nesilden diğer nesile geçiş sürecinin başarılı olmasında aşağıda belirtilen ifadelerin önem derecesini belirtiniz							
1=hiç önemli değil 2=az önemli 3=biraz önemli 4= oldukça önemli 5= önemli 6=tamamen önemli							
Aile işletmesinde;		1	2	3	4	5	6
1	Misyon ve vizyon tanımlarının olması						
2	Yönetim kurulunun işletmeye stratejik olarak yön verilmesinde aktif bir rol oynaması.						
3	İnsan kaynakları politikalarının olması						
4	Önemli kararların aile büyükleri tarafından alınması						
5	Hiyerarşi ilkelerinin ihlal edilmemesi						
6	Yönetim kurulunun düzenli olarak toplanması						
7	Şirket içi raporlama sisteminin olması						
8	Resmi bir yönetim kurulunun varlığı						
9	Önemli kararların iş ortamı dışındaki mercilerde alınması						
10	İşletme ile ilgili önemli kararların alımında dışardan olan insanların dahil edilmesi						
11	Yetki ve sorumluluk alanlarının ihlal edilmemesi						
12	Uzun vadeli hedeflerin tanımlı olması						
13	İş akışlarının açık ve net şekilde çizilmesi						
14	Karar verme mekanizmasının olması						
15	Resmi olmayan bir yönetim kurulunun varlığı						
Devir sürecinde ,yönetimi devredecek olan aile bireyi yöneticinin ;		1	2	3	4	5	6
16	Kendi varlığının, şirketin devamı için gerekli olduğunu düşünmesi						
17	İş dışındaki konularla ilgilenme isteğinin varolması						
18	İş hayatı yorgunluğu						
19	Şirket yönetimini devretme isteği						
20	"İş hayatında başarılı olmaktan" başka bir düşüncesinin olmaması						
21	İş dışındaki faaliyetlere vakit ayırması						
22	Liderliği bırakmak istememesi						
23	Emeklilik sonrası ilgilenebileceği dernek ve kuruluşlarda görev alması						
24	İşin devamlılığı ve başarısı için gelecek nesil in, işi devralması gerektiğini düşünmesi						
25	Zamanın çoğunu iş ile ilgili konularda geçirmesi						
26	Şirketten ayrılma durumunda kimlik kaybı korkusu yaşamaması						
Yönetimi devredecek olan aile bireyinin ,yönetimi devralacak aile bireyinin;		1	2	3	4	5	6
27	Dürüstlüğüne güvenmesi						
28	Önceki iş tecrübesinin işletmeye uygun olduğunu düşünmesi						
29	İşletmeyi yönetebileceğine olan inancı						
30	Eğitim düzeyinin işletmeye uygun olduğunu düşünmesi						
Yönetimi devredecek olan aile bireyinin,geçiş sürecinde yönetimi devralacak,		1	2	3	4	5	6

31	Aile bireyi ile beraber çalışmaktan zevk alması						
32	Aile bireyi ile birlikte çalışmanın şirkette gelişmeyi sağlayacağına olan inancı						
33	Aile bireyinin işletmeye bağlı kalacağından duyulan huzur						
34	Aile bireyine bilgi birikimini aktarmaktan duyduğu hoşnutluk						
Geçiş sürecinde yönetimi devredecek olan aile bireyinin;		1	2	3	4	5	6
35	İşletme ile ilgili detayları kontrol etme isteği						
36	Sinirli olması						
37	Yeni fikirlere açık olması						
38	Değişime açık olması						
39	Her şeyi ben daha iyi bilirim düşüncesi						
Yönetimi devralacak aile bireyinin;		1	2	3	4	5	6
40	Kariyer beklentilerinin aile işletmesinde gerçekleştirebileceğine olan inancı						
41	Aile işletmesini en alt kademeden öğrenmesi						
42	Aile işletmesinde devir sürecinden önce de çalışıyor olması						
43	Yönetimi devralma isteği						
44	Aile şirketi dışında başka firmalarda edindiği iş tecrübesi						
45	Aile işletmesinde çalışmasının sağlayacağı fırsatların başka bir firmada çalışmaktan daha etkili olacağına ilişkin inancı						
46	Kariyerinin ve ilgi alanlarının aile şirketinin faaliyet alanları ile ilişkili olması						
47	İşletmeyi yönetme becerisi ve kabiliyeti konusunda kendine güveni						
48	Sahip olduğu akademik yeterlilikler						
49	Aile şirketi dışında edindiği iş hayatının özgüveninin gelişimine sağladığı katkı						
50	Aile işletmesinde bulunmasından dolayı duyduğu gurur						
51	Aile dışarısından biri tarafından şirket yönetimine hazırlanması						
52	Aile işletmesinin başarılı olması için gayret göstermesi						
53	Aile işletmesinde çalışmaktan duyduğu mutluluk						
54	Aile şirketi dışında edindiği iş hayatı tecrübesinin kişilik gelişimine sağladığı katkı						
55	İşletmenin gelişimine faydalı olacağına inanması						
56	Aile işletmeleri ve işletme bilimi ile ilgili aldığı seminerler ve eğitimler						
Yönetimi devralacak aile bireyinin önceki yönetici ile;		1	2	3	4	5	6
57	Rekabet içinde değil işbirliği içinde olması						
58	Bilgi paylaşımı						
59	Değer yargılarının ve değerlerinin paralel olması						
60	Destekleyici ve olumlu ilişkiler içinde olması						
Devir planlama sürecinde;		1	2	3	4	5	6
61	Yazılı bir devir planının olması						
62	İşletmede alacağı roller için gelecek nesil yöneticinin hazırlanmasında çaba sarf edilmesi						
63	Olası gelecek nesil yöneticilerin listesinin çıkartılması						
64	Aileden olmayan insanlara gelecek nesil yöneticinin kim olacağını açıkça belirtilmesi						
65	Ayrılan yöneticinin ayrıldıktan sonraki görev ve sorumlulukları						

	için resmi bir planın varlığı						
66	Gelecek nesil yöneticinin çalışanlara alışması için çaba sarf edilmesi						
67	Yönetim devrinden sonra iş hakkında kesin bir planının varlığı						
68	Yazılı olmasa da bir planının olması						
69	Gelecek nesil yöneticinin işletmeye alışması için çaba sarf edilmesi						
70	Emekli olan yönetici için finansal bir paket hazırlanması						
71	Gelecek nesil yönetici devraldıktan sonra şirket hisselerinin dağılımı hakkında kararların olması						
72	Gelecek yöneticinin kim olacağını aile işletmesinde aktif olan bireylere açıkça belirtilmesi						
73	Yönetim devrinden sonra iş stratejisinin ne olacağı hakkında fikrin oluşması						
74	Gelecek nesil yöneticinin seçiminde kesin kriterlerinin belirlenmesi						
75	Ayrılan yöneticinin görev ve sorumlulukları için resmi <i>olmayan</i> bir planın varlığı						
Yönetim devri sürecinde;		1	2	3	4	5	6
76	İşletmede yer alan aile bireylerinin şirketin devamlılığına bağlı olması						
77	Aile şirketi sahiplerinin çocuklarının işe girmesi isteği						
78	İşi devreden yöneticinin aile şirketini devam ettirme isteği						
79	İşletmede yer <i>almayan</i> aile bireylerin şirketin devamlılığına bağlı olması						
Aile bireylerinin devir sürecinde;		1	2	3	4	5	6
80	Aile değerleri ve işletme değerlerinin iç içe geçmesi						
81	Birbiri ile uyum içinde olmaları						
82	Gelecek nesil yöneticinin de aile içerisinde olması yönünde ki tutumu						
83	Birbirlerine güveniyor olmaları						
84	Birbirine saygı duymaları						
85	Şirket içi davranışlarının işyeri disiplininden uzak olması						
86	Birbirleri ile açık iletişim kurmaları						
87	İşletme içerisinde aile rollerinin ayrı değerlendirilmesi						
88	Duygusal olarak birbirlerine bağlılığı						
<p>Aile Şirketlerinin devamlılığı ve yönetimin bir nesilden diğer nesil'e geçiş sürecinin başarılı olmasında aşağıda belirtilen ifadelerin önem derecesini belirtiniz.</p> <p>1=hiç önemli değil 2=az önemli 3=biraz önemli, 4= oldukça önemli 5= önemli 6=tamamen önemli</p>							
		1	2	3	4	5	6
89	Yönetimi devralacak aile bireyinin belirlenmesinde						

	kullanılan kıstaslar							
90	Aile bireyinin yönetimi devralmasından sonra işletme içindeki aile bireylerinin devir sürecinden memnuniyeti							
91	Yönetimi devralacak aile bireyinin belirlenme süreci							
92	Yönetimi devralan aile bireyinin işi devralmasından sonra şirket performansının artması							
93	Yönetimi devralan aile bireyi ile aile bireyleri arasındaki ilişkiler							
94	Aile bireyinin yönetimi devir almasından sonra şirket paydaşları ile ilişkilerin korunması							
95	Yönetim devir sürecinin ele alınış usulü							
96	Aile işletmesindeki aileden olan yöneticilere yönetimi devralacak aile bireyinin seçiminden haberdar edilme tarzı							
97	Yönetimi devir alacak devralacak aile bireyinin işletme içerisindeki eğitim süreci							
98	Gelecek yöneticinin geçiş sürecinden memnuniyeti							
99	Yönetimi devralan aile bireyinin şirketin devamlılığını sağlaması							
100	Şirket hissedarlığının yönetimi devralacak aile bireyinin işi devraldıktan sonraki belirlenme kriterleri							
101	Yönetimi devralacak aile bireyinin işletmeye uyumluluğu							
102	Aile bireyinin yönetimi devralmasından sonra diğer aile bireylerinin işletmeyi desteklemesi							
103	Ayrılan yöneticinin emekliliğindeki yaşamını devam ettirmesi için öngörülen finansal düzenlemeler							
104	Yönetimi devralacak aile bireyinin işletmeye alıştıırılması süreci							
105	Emekli olan yönetici devretme(süreklilik) sürecinden memnuniyeti							
106	Ailenden olmayan şirket yöneticilerinin yönetimi devir alacak aile bireyinin seçiminden haberdar edilme tarzı							
107	Yönetim devrinden sonra aile bireylerinin şirketin gelirleri ve kârlılığında memnuniyeti							

Appendix 6 Survey in English

Dear manager;

This survey belongs to the master thesis of Yahya Zahid Sensoy named "Success Factors Affecting The Succession Process", student of T.C. Marmara University Social Sciences institute Management and Organization program.

The research topic is continuity of the family businesses. The succession in family businesses is a topic that should be studied.

The following questionnaire is designed in order to find out the success factors in the succession process. The objective information that you would give for the questionnaire, has big importance in the effectiveness of the academic research.

All results would be kept confidential and used only for academic purposes. Thanks for your support to this academic research.

Gürbüz

Assoc. Prof. Dr.. Gülrüh

1. Do you define your business as family business?

Yes No

2. What are the fields of activities of your company?

Production Service Commerce Construction Other

3. Type of your business

Joint stock company Limited company limited partnership
 Open company Single Proprietorship

4 What is the establishment date of your business? :

5. In which generation your business is (Can be coded more than one)

1. Generation 2. Generation 3. Generation 4. Generation 5.
Generation

6. Number of people working in your business including the management

7. Number of people working in the family business management those from the family

8. Number of people working in the family business management that is not from the family?.....

9. Do you have an active B.O.D.?

Yes No

10. Educaiton level

Elementary and middle school high school collage/university post
graduate

11. Education level of the founder

Elementary and middle school high school collage/university post
graduate

12. Education level of predecessor (if more than 3. generation)

Elementary and middle school high school collage/university post
graduate

13. Founders or predecessors quitting the business age:

14. Founders or predecessors quitting the business reason:

15. Do you have a family business constitution?

Yes No

16. Number of people that are not from the people in the B.O.D.:

17. When will the top management of your business, which is from the family, will get retired?

1–2 years 2–5 years 5–8 years 10–more uncertain life long

18. Is there any one getting prepared for handing the management of the business ?

yes no

19. Your age:

20. Title in the business:

Chairman of the board of directors member of the board of directors
 general manager
 Vice general manager other.....

21. Did you take consultancy during succession process?

Yes No

22. 2006 revenue:

0–1 million YTL 1–3 million YTL 3–5 million YTL 5–7 million YTL
 7–10 million YTL 10–20 million YTL 20–30 million YTL 30 million YTL more

23. Cities facilitating:

24. Does your business make export?

Yes no

25. Are there share holders out from the family?

Yes no

26. How many candidates are there for the top management of the business?

27. Who are the people that can or are taking role in the business?

Son/s Daughter/s Brothers
 Sisters Nephews Uncles and Aunts
 Brides Bridegroom

State the importance of the given statements according to the continuity of the family business and succession process.							
1=not important at all 2=of little importance 3= 4= 5=important 6=very important							
In the family business;		1	2	3	4	5	6
1	Presence of mission and vision statements						
2	Board of directors playing an active role in giving strategy of the business						
3	Existence of the Human resources policies						
4	Important decisions taken by the elder family members						
5	Inviolability of the hierarchy principles						
6	Regular meetings of the BOD						
7	Presence of the reporting system in the business						
8	Presence of an formal active BOD						
9	Important decisions taken outside the business						
10	Inclusion of outsiders in taking important decisions regarding the business						
11	Inviolability of responsibilities and authorization						
12	Presence of long term goals						
13	Definition of workflows clearly						
14	Presence of decision taking mechanisms						
15	Presence of an informal BOD						
The predecessor during the succession process;		1	2	3	4	5	6
16	The feeling of the predecessor that the presence of self in important in keeping the business running						
17	Desire of the predecessor to involve activities outside the business context						
18	Tiredness of business life						
19	Desire to pass the management of the business						
20	Not having any thought rather than being successful in the business life						
21	Sparing time for the activities outside the business						
22	Refuse to give up the leadership						
23	Taking role in the associations and organizations after the retirement						
24	The thought that the next generation should take over the business for continuity and success of business						
25	Spending most of the time in issues related to the business						
26	The fear of loosing status in the family and the community						
The predecessors about the successor		1	2	3	4	5	6
27	The reliability on honesty						
28	The prior work experience relevant to the business						
29	great deal of trust in the ability of the successor to run the business						
30	The educational background of the successor appropriate for the business						
The predecessor during the succession process about the successor		1	2	3	4	5	6

31	Enjoying Working together						
32	Believe of working together will make the development in the business						
33	Ease of successors commitment to the business						
34	Pleasure from passing the knowledge						
The predecessor during the succession process;		1	2	3	4	5	6
35	To control every detail about the business						
36	Being aggressive						
37	Openness to new ideas						
38	Openness to change						
39	Thought of knowing every thing better than others(tendency to mistrust)						
The successors;		1	2	3	4	5	6
40	Belief of career needs can be actualized in the family business						
41	Learning the business from the bottom						
42	Working in the family business before the succession						
43	Desire of taking over the management of the family business						
44	Work experience gained outside the family business						
45	The opportunities in the family business is more effective than working outside						
46	Career needs and interest areas are fit to the family business						
47	Confidence of managing the family business						
48	Gained academic adequacy						
49	The self confidence developed by outside family business work experience						
50	Proud in being in the family business						
51	Getting prepared to the management by someone outside the family						
52	Putting great deal of effort for the business to be successful						
53	Happiness by working in the family business						
54	The sense of identity gained by outside work experience						
55	Belief of being useful for the development of the family business						
56	Seminars and courses taken about the family businesses and management						
The successors with the predecessor;		1	2	3	4	5	6
57	Being cooperative rather than competing						
58	Sharing information						
59	Values being similar and parallel						
60	Having a mutually supportive relationship						
During the succession planning process;		1	2	3	4	5	6
61	Having a written succession plan						
62	Efforts made to train the successor for the roles that will take						
63	Preparing a list of potential successors						
64	The clear declaration of who will be the successor to non family managers						
65	Presence of a formal plan for the predecessor's roles and responsibilities after the retirement.						
66	Effort for familiarizing the potential successor to the						

	employees						
67	Presence of an explicit plan for the business after the management transition						
68	Presence of a plan even if not written						
69	Effort for familiarizing the potential successor to the business						
70	Preparation of a financial package for the retiring predecessor						
71	Decisions about the ownership after the potential successor takes over the management						
72	Clear declaration of who will be the successor to the family members actively taking role in the business						
73	Having an idea about the business strategy after the succession process						
74	Having an explicit criteria for defining who will be the successor						
75	Presence of a informal plan for the predecessor's roles and responsibilities after the retirement.						
During the succession process;		1	2	3	4	5	6
76	Commitment of the family members actively taking role in the business to the continuity of the business						
77	Desire of predecessors wish for his/her children to enter the business						
78	Desire of the predecessors to keep the business in the family						
79	Commitment of the family members not taking role in the business to the continuity of the business						
Family members during the succession process;		1	2	3	4	5	6
80	Family values and business values conflicting						
81	Being in harmony with each other						
82	The tendency of the successor being from the family						
83	Being trusted to each other						
84	Having respect to each other						
85	Attitudes in the business being apart form the office discipline						
86	Having an open communication						
87	Assessment of family roles apart in the business						
88	Being emotionally bounded to each other						
Define the importance of the given statements in the success of succession process.							
1= 2= 3= 4= 5= 6=							

		1	2	3	4	5	6
89	The criteria's used in the determination of the successor						
90	The satisfaction of family members after the successor takes over the management						
91	The process in determining the successor						
92	The improvement of the business performance after the successor takes over						
93	Relationship after the successor takes over the management						
94	Keeping the relations with stakeholders after the successor takes over the business						
95	The manner of the succession process managed						
96	The manner of the choice of the successor communicated to the managers in the business that are from the family						
97	The education process of the successor in the business						
98	The successors satisfaction from the succession process						
99	The successor maintaining the continuity of the family business						
100	The criteria used to determine the ownership after the succession process						
101	The suitability of the successor to the business						
102	The support of the family to the business after the succession process						
103	The financial arrangement for the retiring predecessor about continuing his life						
104	The process of the successor familiarizing to the business						
105	The satisfaction of the predecessor from the succession process						
106	The manner of the choice of the successor communicated to the managers in the business that are not from the family						
107	The satisfaction of the family members about the incomes and profitability of the business after the succession process						

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