REACHING ACROSS FAMILY BOUNDARIES:

A STUDY ON THE ROLE OF RELATIONSHIPS BETWEEN NONFAMILY MANAGERS AND FAMILY SUCCESSORS IN FAMILY BUSINESSES FROM THE SOCIAL EXCHANGE PERSPECTIVE

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Abstract

Family businesses constitute two thirds of all businesses, contribute to 70-90% of the GDP and provide between 50-70% jobs globally. Yet only 30% of them survive the second generation of leadership and less than 10% make it into the fourth generation. Unsurprisingly, succession is a critical event in the life of family businesses, which impacts their longevity, and is the most explored topic by family business scholars. This study examines a critical yet relatively unexplored aspect of succession.

Nonfamily employees in family firms have a large impact on the performance of the business. Relationships of family successors with these employees is important from the perspective of transferred loyalty, respect, and tacit knowledge and are critical for a successful succession; yet there are no empirical studies examining these relationships.

This multi-level qualitative study explores relationships between nonfamily employees and family successors, through 64 interviews with stakeholders in 13 family firms across India, examining the impact of relationships (individual level) on leadership succession (organizational level). I use the between-case method, taking Social Exchange Theory (SET) as the theoretical umbrella and adopting the critical realist approach.

The findings show how these relationships influence a successful family business succession and how these relationships are impacted by Indian collectivistic cultural setting. I also provide advice to family business owners on cultivating these relationships from early childhood of the successors to the time they join the business and, to the time they take over leadership. This study also includes a systematic literature review of research on social exchange relationships (SERs) in family businesses, providing directions for future research. I offer an extension to SET explaining how SET can be applied to relationships with nonfamily employees, which have been described by scholars as inherently agentic in nature. Thus, I contribute to a finer grained understanding of successions in family businesses, provide ways forward for future research, make academic contributions to theory, and provide implications for practice and policy.

This study is the first to examine relationships beyond family boundaries. This study is also the first to extend SET to examine conventionally restricted exchange relationships and show how they can be consciously and deliberately converted to SERs. Thirdly, this is the first study that attempts to explain relationships beyond family boundaries in terms of their cultural context. Finally, the systematic literature review of relationships in family businesses offers a synthesis of scholarly work and future directions for research. All of these make this research an important and original exploration in the field of family business research.

Keywords: Family Business, Succession, Next generation successor, Nonfamily Employees, Social Exchange Theory, Social Exchange Relationships, Economic Exchange Relationships, Restricted Exchange Relationships, Leadership, Small Medium Enterprises.

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who taught me the value of education,

imbibing in me a love for learning,

gave me a passion for knowledge and the truth,

instilling in me the importance of hard work and diligence.

This thesis is dedicated to both of you

Amma and Appa.

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Table of Contents

Table of Figures

Table of Tables

1. Introduction

1.1 Aims & Objectives

The overarching aim of this research is to examine the currently unexplored yet highly important relationships between key nonfamily employees and next generation family successors of family businesses through the lens of Social Exchange Theory (SET) in the Indian collectivistic and traditional cultural setting. In doing so, this research (1) addresses an acknowledged gap in the literature, (2) responds to a call for studies on relationships between nonfamily members and family successors and their impact on the development of the successors as well as the succession itself (Daspit et al., 2016), both of which are factors germane to the longevity and continued prosperity of family businesses, and finally (3) responds to a call to contextualize family business scholarship (Wright et al., 2014).

Relationships of key nonfamily employees with family successors are underexplored in family business literature. This is despite the fact that family business scholars have underscored the importance of nonfamily employees and the value they bring to family firms in the form of tacit knowledge and wisdom about the firm and loyalty and a feeling of obligation to the predecessor leader of the firm (Daspit et al., 2016; Hall & Nordqvist, 2005).

1.2 Reason for Thesis

Growing up in small town India and moving to the big city of Bombay (now Mumbai) in my early teens, I saw my father as an employee kowtowing to the owners of the companies he worked for and then founding his own business with my mother. I saw the business start from two employees on the balcony of our flat in North Bombay and grow to 50 employees in a rented factory space within two years. In 10 years, they had 70 employees, were in a factory building they owned, and had sales offices all over India and overseas too. When I finished my first master's degree in Physics, I dreamed of entering academia and applied for doctoral programs in several universities. However, that was not to be. At least not then, and with the benefit of hindsight, not at the best time. My parents ordered me to join the family business; as is the norm in family businesses, there is an expectation for the next generation to take the business forward, and often the next generation join out of a sense of obligation rather than for their own aspirational reasons (Sharma & Irving, 2005). In the India of those times, one did not rebel against one's parents in these matters. I pushed my dreams of being an academic to some darker recess of my mind and joined the family business.

I started at the bottom – my parents had no intention of handing over the business built with their sweat, toil, and tears, to me without my working my way up. I recall to this day how challenging it was to work under the autocratic and non-inclusive leadership of my parents. As research in family businesses tells us, founder-owners of family businesses, particularly in traditional cultures like India, while highly empathetic and caring of their employees – akin to a father figure, often tend to be domineering in their leadership style, and don't easily delegate control, power, or decision-making (Gómez-mejía et al., 2007). I found their management style overbearing and it didn't resonate with my more democratic and inclusive working style. While I knew that if I stayed there, I might take over the business someday, I could not see that day coming anytime soon and foresaw myself working under their shadow for several years, unable to develop as a leader or an entrepreneur. Undoubtedly gifted entrepreneurs, loving parents, and caring leaders, they were unable to inspire a second line to follow them in the leader role. Dining table conversations centred around the business but rarely were me and my siblings included in them. And a succession plan, the mentoring of their next generation, were all conspicuous by their absence, as again is quite the norm in many family businesses (Lee, 2006). Eventually my own career aspirations and immigration to Singapore took me along a different career path and I left the family business.

Cut to five years back. The business was almost a failed business. Established in 1975 by an entrepreneurial and visionary technocrat couple, it went on to achieve great success characterized by a brand reputation that commanded prices practically double of its competition, a pan-India and global customer base, two manufacturing outlets and known for its innovative new products and quality. Unfortunately, all of the above was alongside a lack of delegation of control and decision-making powers, non-existent succession planning or creation of a second line of leadership. Further, there was no leadership development of the next generation (me and my siblings), leading to the founder couple running the business well into their 80s. By then their age, lack of understanding of technology, and changing market demands – all key aspects that research tells us are the death knell of a family business (Stalk & Foley, 2012) – led to them being unable to innovate or maintain the branding lead they had enjoyed in the market for about 40 years. But the problems did not stop there. Given the fall of the company from the great heights it had once reached and a severely diminished workforce, they had neither the financial resources to attract talent nor the emotional resources to motivate the existing employees to re-build the brand name or innovate any further. Sales fell drastically as they no longer could command the prices they once could. In 2017, my father passed away and my mother's health declined to the extent she was unable to run or manage the company. The company was left without a head when my sister stepped into my father's shoes. Without any knowledge of the products or the market and not being an engineer either, she struggled for the first couple years, often considering pulling down the shutters once and for all.

Statistics from the Family Business Institute tell us that barely 30% of family founded businesses last into the second generation of leadership, another 12% last into the third and a meagre 3% make it into the fourth generation and beyond it (Fernandez-Araoz et al., 2015). My parents' family business could have been among the 30% that didn't make it into the second generation if my sister, now the CEO and MD of the business, wasn't entrepreneurial and innovative. Cut to today where she has turned around the business, with no mentoring or guidance from her previous generation.

The story arc of this family business is unusual in that the second generation has actually revived a business that withered away under the founders' watch. While I have not been a part of the operations for many years now, being from the family and being a shareholder, I had a vantage observation position close to the business and was always aware of its cultural and leadership dynamics as well as its ups and downs. My very first interest into family businesses and intergenerational and intrafamily leadership succession was sparked from here.

However, I have also had the advantage of most of my working career being in Small-Medium Enterprises that have been closely held or family owned. This gave me the nonfamily employee perspective into family businesses as well. I have observed the relationships around the founder and, when the leadership baton was passed on to the next generation, around the successor, with nonfamily stakeholders, particularly nonfamily employees of the business.

Thus, I have rich and all-rounded perspectives and insights into family businesses all of which sparked and informed my interest and passion into researching in this area.

1.3 Background

Scholars have discussed the importance of interpersonal relationships in business from the perspectives of connections as well as the power of the networks they bring with them (Waldkirch et al., 2018). Relationships lead to the building of attachment between the people involved and this can further nurture trust, mutual respect, and a mutual sense of obligation which meets a human being's need to belong in families, societies, and communities (Baumeister & Leary, 1995). In family businesses in particular, relationships hold an even greater significance. For the purpose of this research, I look at the following categories of relationships that impact family firms:

1. Relationships within family boundaries i.e., between family members.
2. Relationships beyond family boundaries but within the firm, between family members and nonfamily employees of the firm.

Relationships with stakeholders outside of the firm e.g. banks, vendors, customers, also have influence and power that can impact the firm and members of the firm and strong relationships with these stakeholders can be a source of competitive advantage to the firm (Thiele & Wendt, 2017). However, these relationships are not explored in this thesis.

I examine relationships in family owned and managed businesses to expand our understanding of the factors that impact their longevity and prosperity across intergenerational transfer of leadership.

Why are quality relationships important? Family business scholars have examined several factors that impact the effectiveness and outcome of succession in family firms. Some of these factors are the willingness of the successor to take on the mantle of the leader of the firm (Royer et al., 2008; Venter et al., 2005), the stage of induction of the successor (Royer et al., 2008), the succession process (Higginson, 2010; Lambrecht, 2005; Mazzola et al., 2008), gender and birth order of the successor (Haberman & Danes, 2007; Nicholson, 2008), early affiliation with the firm (Kandade et al., 2021), and the quality of relationships around the successor (Handler, 1989a; Kandade et al., 2021; Lambrecht, 2005) among others. From these factors, this thesis specifically explores the factors of quality of relationships, gender and birth order, and early affiliation with the firm of the successor.

Family business scholars have emphasized the importance of exploring, understanding, and enhancing the relationship between family and nonfamily members of these firms (Daspit et al., 2016; Madison et al., 2020). While there has been some attention on relationships in family businesses, these have tended to be primarily on family relationships (e.g. Eddleston & Kidwell, 2012; Lansberg & Astrachan, 1994). There have been studies that have touched on aspects of relationships with nonfamily members as nonlegal or nonfinancial antecedents of psychological ownership of the family firm i.e., "*the sense that the family firm is "mine" or "ours"*" (Broekaert et al., 2018, p. 196). However, there is still silence in the literature on the SERs at the personal and social level beyond family boundaries in the family firm, how to cultivate and foster them, and their influence on firm level and individual outcomes (Zhu et al., 2013).

Thus, at the time of writing this thesis, there is little literature discussing relationships between nonfamily employees with successors, and none with non-traditional choices of family successors, and further, the impact of these relationships on a successful succession which leads to the continued prosperity and longevity of the firm.

1.4 The Indian Context

This research is conducted against the backdrop of the collectivistic and hierarchical culture of India, a country that juxtaposes a fast-growing economy against a traditional society, both of which factors impact the way businesses operate and grow.

Culturally, India is unique in its mixture and diversity of ethnicities, religions, languages, and castes with additional inter-group differences as well. India comprises 28 states and 7 union territories, has a population of 1.3 billion, and is the world's largest democracy with six main religious groups and over 179 different languages and 844 different dialects (Budhwar et al., 2011). In Hofstede's (1984) four dimensions of national culture, there is a substantial cultural difference between India and western countries. India rates relatively high in uncertainty avoidance and power distance and relatively low on individuality and masculinity dimensions (Mendonca & Kanungo, 1996).

With a history of mistrust for the West that was the legacy of a few hundred years under the British rule, since it's independence in 1947 India persisted with a closed economy system until 1991 (Basu, 2004). This hurt India's growth despite her enormous potential. Post 1991, major and bold policy changes were put into effect and the Indian economy opened up, which impacted the ease of doing business in the country, moves that encouraged greater lending through lower interest rates and that, in turn, significantly improved the annual growth rate. In the last four years, India has climbed over 70 places in the World Bank's Ease of Doing Business Index, being ranked 77th in the world and in the top place in South Asian countries in 2018 (Economic Times, 2018a), and is one of the fastest growing economies according to Ernst & Young's India Attractiveness Survey (Ernst & Young, 2015). As an emerging market with a powerful economy, the world is particularly interested in India.

Thus, while in economic terms the importance of studies in succession in Indian family businesses rates as high as that of Western countries, the cultural idiosyncrasies of India's family businesses, typical of collectivist and hierarchical cultures, make studies of family businesses in India even more important. Thus my study of Indian family businesses responds to calls for contextualizing family business studies (Wright et al., 2014) by focusing on India which is a unique laboratory for family business research given its patriarchal society structure, the uncontested importance of relationships, and India's economic importance in the global economy. In this way, I counterbalance studies that excessively focus on Western cultures, thus moving toward a more nuanced understanding of the determinants of quality relationships in cultures characterized by unique features (Samara & Berbegal-Mirabent, 2018) that are not found in extant literature.

Relationships in family businesses in India – within and beyond the boundaries of family ties – are valuable resources that have a significant impact on a successful succession and further, the longevity and prosperity of the business. While there have been several studies examining relationships within the family – between the successor and the predecessor, the successor and other family members, I delve into relationships that go beyond the boundaries of family ties, and yet, much like family relationships, are based on the emotions of trust, respect, and mutual obligation, without expectations of a *quid pro quo*. Specifically, the relationships of interest in this study are those between nonfamily employees of the business with next generation family successors of the family firm. The relationships of nonfamily employees with the successor-leader have a significant impact on the performance of the company from the perspective of continued loyalty and transfer of tacit knowledge. India provides a unique petri dish and environment for the examination of these relationships.

The second aspect of this research is the choice of the family successor for the leadership of the family business. In the western context, birth order, gender, and even bloodline are considered lesser attributes that determine the selection of the successor (Chrisman et al., 1998). Whereas in family firms in traditional societies like India, often family hierarchy and male preference primogeniture (i.e. eldest son) supersede meritocratic considerations when it comes to determining the next generation leader, a decision that sometimes results in the selection of a next generation leader who may lack the competence to fulfil the role (Kansal 2012; Ramachandran 2017; Sharma & Rao 2000). When a family firm in India goes against the norm and decides on a non-traditional choice of family successor (e.g., a younger son or a daughter), the support from family and nonfamily stakeholders of the business becomes even more imperative than for a traditional choice of successor. Further, in India, there is often a lack of clarity on the roles and responsibilities of family members in these firms, resulting in relationship conflicts that could pose threats to the business itself (Ramachandran & Bhatnagar 2012). Beyond family members, nonfamily employees too are prone to following the Indian cultural norms as they often regard the employer in a paternalistic role, as a symbol of authority and as a provider of their livelihood; this leads to the establishment of a family-like culture in the workplace as well as establishing close and high quality relationships with nonfamily employees (Saini & Budhwar, 2008). Thus, the relationships of these nonfamily employees with a non-traditional successor-leader becomes even more critical for family businesses in India.

1.5 Small Medium Enterprises (SMEs)

For the last few decades, policymakers and governments have been giving increased attention to SMEs due to their high contributions to national economies as well as their contributions to new product development in areas of technical innovation, job creation, as well as social mobility (Oduro, 2019).

The SME sector in India, the largest in the world after China, is often considered the backbone of the economy given it contributes 45% to the economy, makes up 40% of the exports of the country, employs 60 million people, creates over a million jobs yearly, and produces more than 6,000 high quality products ranging from traditional to hi-tech, for the Indian market as well as overseas (Sharifi, 2014) . This sector is growing at a impressive rate of 8% per year, leading to the government of India taking several measures to support the SMEs to increase their competitiveness in the international market (Dixit & Pandey, 2011). Similarly studies in India show that more than 60% of the SMEs in India are family owned and managed businesses, with over a third of their owners being dissatisfied with the performance of their family employees. Thus I focus specially on SMEs since it is acknowledged that they are the backbone of the Indian economy, valuable developers of innovation technology, and thus offer an interesting crucible for this research.

SMEs are more often than not founded by a single entrepreneur and also often managed by owner-managers (Ritchie, 1993), leading to their organization tending to be flat with the owner-manager making most of the strategic decisions and further leading to them being bureaucratic in their operations (Saini & Budhwar, 2008). Prior research has also shown that the size of the organization has a significant influence on the relationships of these workers with the family members in the firm as workers in larger firms are unlikely to have contact, much less direct relationships with the leaders and top family members of the firms as much as the workers in smaller businesses have (Davis et al., 2010). Further, the difference in size between SMEs and large companies, leads to other differences which could further affect the relationship dynamics between the key stakeholders. For example, SMEs often lack the resources to employ specialist workers, management talent or even, to attract and retain such workers who can face the realities of working in an SME (Merchant et al., 2017). This could result in the family leader being forced to take personal responsibility for day-to-day tasks and decision making and being unable to delegate and build up a trustworthy second line of management in the company (Sharifi, 2014). Thus, the relationships of leaders with nonfamily employees in SME family businesses are much more critical and quite distinct from those in larger family firms. This situation gets exacerbated with the entry of the successor into the family business as they have not had the time to build deep and trusting relationships with the nonfamily employees that the predecessor-leader has had.

Thus, this study focuses on relationships of successor-leaders with nonfamily employees within SME family businesses to explore their impact on succession and further, on the prosperity of the family business.

1.6 Rationale for Study

The importance of family businesses in the global economy and as a research domain is manifold. Firstly, these businesses constitute between 80-90% of all businesses in the world's free economies and two thirds of all businesses globally. They contribute to an estimated 70-90% of the GDP in a majority of countries and employ between 50-75% of the working population around the world (e.g. Anderson and Reeb, 2012; Buang et al., 2013; Mokhber et al., 2017; Overbeke et al., 2015; Poza & Daugherty, 2014). Secondly, while the importance of family businesses from the economic perspective is uncontested, their survival across inter-generational succession is a matter of grave concern. Several studies have shown that approximately 70% of family businesses fail to survive beyond the second generation of leadership and a meagre 10% survive beyond the third generation (Daspit et al., 2015; Kansal, 2012; Le Breton-Miller et al., 2004; Lefebvre & Lefebvre, 2016; Mokhber et al., 2017; Poza & Daugherty, 2014; Stalk & Foley, 2012). Thirdly, the survival and prosperity of family businesses is even more important as those that survive, tend to outperform their nonfamily counterparts in revenues and in employment growth (Chua et al., 1999; Smyrnios et al., 2013). Finally, family businesses are critical because they bring with them socioemotional wealth which impacts the societies and communities in which they are based (Chrisman et al., 2016). It is not surprising, therefore, that the longevity and prosperity of family businesses across intergenerational succession of leadership is extremely important for research, practice, and policy making.

Family businesses start as entrepreneurial ventures and the true shift from an entrepreneurial to a family business happens when the children or the next generation of the business founder join as employees and then further take over the reins of leadership from the founder (Poza & Daugherty, 2014). Even if the business continues to have an entrepreneurial nature, once next generation family members join as employees or leaders or shareholders, the nature of the company changes and so does its challenges and it takes on a unique competitive profile typical to family businesses (Poza & Daugherty, 2014). Thus, it is a successful succession that makes an entrepreneurial venture into a family business.

The most influential empirical articles in the family business stream in the last decade have restricted studies of succession in family business to the North American or European regions; this leads to a need for studies that develop and test family business theory in other parts of the world, in particular in emerging economies (Odom et al., 2019). Second, by 2025 family firms from emerging economies are expected to account for a sizable chunk of 37% of all companies with annual revenues of more than US$1billion, a figure up from 26% in 2010 (Economist, 2014). There have been calls for contextualizing family business research (Wright et al., 2014) and specifically for it to be extended to emerging or less developed economies to counter the current trend of the majority of family business research being based in developed or modernized economies (Evert et al., 2015). By carrying out my research in India – an emerging economy – I respond to both these calls.

Within the context of family businesses, this thesis explores SERs – relationships based on trust, mutual respect, and a sense of mutual obligation with no expectations of a *quid pro quo* (Cropanzano & Mitchell, 2005) – between stakeholders of the business and the impact of these relationships on a successful leadership succession, an event that the literature has shown has a significant impact on the continued prosperity and success of the company across generations.

Further, the Indian setting is unique for its economic and idiosyncratic cultural background. With regard to the economic importance of family businesses, much like their counterparts in developed economies, family owned businesses are the dominant form of businesses, accounting for more than 85% of the businesses in India with most of them being small and medium sized businesses (Ramachandran & Bhatnagar, 2012; Jayaram et al., 2014) making a significant contribution to India's GDP and to employment. It is therefore in the interest of research, practice, and governments to encourage and ensure the continued survival and prosperity of family businesses here (Saini & Budhwar, 2008).

The literature on workplace relationships and on family businesses have developed independently of one another. This causes our understanding of the importance and impact of relationships in family businesses to stay limited. Nonfamily members of family businesses have been the focus of research in recent studies from the perspective of their impact on decision making, growth and performance, and financial stability of the business. One of the critical aspects of family businesses for them to thrive and prosper across generations is a successful inter-generational transfer of leadership and control, i.e. succession (Chua et al., 2003; Garcia-Alvarez et al., 2002; Gomez-Mejia et al., 2011). However, despite this criticality, the literature has shown that family leaders and owners do not easily hand over control and instead tend to keep control over the company as long as they can (Broekaert et al., 2018; Gómez-mejía et al., 2007), sometimes even till the end of their lives. Thus, the next generation leaders do not have the opportunity to really build a relationship with the nonfamily members of the business until they are literally thrown into the leadership position.

Going further, the relationship between the predecessor and the successor is a critical factor in the succession. Scholars have explored these relationships in general (e.g. Gagné et al., 2021; Handler, 1994; Lefebvre & Lefebvre, 2016; Merchant et al., 2017; Royer et al., 2008), and specifically with regard to the parent-child (father/mother – son/daughter) relationships (Davis & Harveston, 1999; Eddleston & Kidwell, 2012; Garcia et al., 2018). A good relationship between the predecessor/incumbent and the successor implies trust, mutual respect, support, mentoring, and guidance with the underlying factor of good communication, all of which are essential in high quality relationships (Merchant et al., 2017). In such high-quality relationships between the predecessor and successor, the relationships of the predecessor with the nonfamily employees can get transferred to the successor along with the knowledge of running the business. Although scholars have suggested the criticality of the impact of relationships between nonfamily members and next generation successors on a successful succession (Chua et al., 2003; Daspit et al., 2016), at the time of writing this thesis, there is no evidence of any empirical studies examining the outcomes of these relationships.

As a final point in the argument for the importance of studies of the development of next generation leaders in Indian family businesses to ensure a successful succession, only 15% of Indian family businesses have a robust and well-communicated succession plan in place to make this happen. Added to this is the fact that about 40% of family businesses will be passing on the business to next generation leaders over the next 5 years (PwC, 2016).

In the case of Indian businesses, where primogeniture is common, gaining the respect and recognition of nonfamily stakeholders and developing relationships with them becomes essential to acquire the necessary legitimacy and confidence to take important decisions that may introduce change to the business and lead to a successful succession.

This study explores whether and to what extent high quality relationships of nonfamily employees with next generation family successors in family businesses can impact and influence a successful succession. Through this study, I hope to contribute to a finer grained understanding of intergenerational successions in family businesses and make academic contributions and implications for practice and policy.

1.7 Theoretical Framework Overview

This study uses SET (Blau, 1964, Coleman, 1986) as the theoretical lens to examine relationships between nonfamily employees and next generation leaders of the family business and to explore how high-quality relationships between them can influence a successful intra-family succession. SET is particularly fitting to examine social relationships given the all-inclusive and yet broad perspective of these relationships that it provides. This theory has been described as one of the most useful paradigms to understand interactions and relationships within the firm (e.g. Cropanzano & Mitchell, 2005). These interactions and relationships are valuable resources for a firm (Long & Mathews, 2011) and SET provides a useful mechanism to understand the factors that govern these resources and their allocation vis-à-vis family businesses and how it informs dyadic relationships between nonfamily employees and family CEO successors of family firms (Daspit et al., 2016). Further, and just as important, SET provides ways to consider "multiphase and multistakeholder issues central to the succession process" (Daspit et al., 2016, p. 45). The theoretical Framework of SET is further elaborated in 2.2 Theoretical Framework.

1.8 Research Questions

The overarching aim of this research is to examine the currently unexplored yet highly important relationships between key nonfamily members and next generation family successors of family businesses, through the lens of SET, in the Indian collectivistic and patriarchal cultural setting. In doing so, I address an acknowledged gap in literature and respond to a call for studies on relationships between nonfamily members and family successors and their impact on the development of the successors as well as the succession (Daspit et al., 2016). The primary research question addressed by this study is below and it is followed by four secondary research question groups.

RQ1: How do relationships between key nonfamily employees and the CEO successor influence the succession (i.e., intergenerational transfer of leadership from the incumbent leader to the successor)?

The tendency for family businesses to follow primogeniture, i.e. choosing the first born – when deciding on a successor (Calabrò et al., 2018), and often a male preference primogeniture particularly in traditional cultures (Overbeke et al., 2013; Vera & Dean, 2005), is being increasingly challenged worldwide (Nelson & Constantinidis, 2017). Family businesses and incumbent leaders are becoming aware of the need for the right successor rather than merely the eldest son. However, in patriarchal and traditional cultures like India where my study is based, male preference primogeniture remains the main selection criteria for the CEO successor of family businesses. Thus, in this study, I look at non-traditional family successors who may be younger sons or daughters. Thus, a secondary question to explore is:

RQ2: How can relationships between key nonfamily employees and the CEO successor influence a successful succession when the successor is not based on male preference primogeniture?

Daspit et al. (2016), in their study of SET in the context of family businesses, state that successors need to overcome the boundaries of the short-term restricted exchanges to be able to develop generalized exchanges by focusing on cultivating trust, loyalty, and commitment early in the succession process and thus enhance the possibility of a successful succession. This leads to a third secondary research question that this study addresses:

RQ3: How can incumbent leaders of family firms prepare their successors from an early age to develop and build generalized exchange relationships with nonfamily employees, which they will need when they succeed to the leadership position?

The theoretical lens of SET (elaborated in the next chapter in detail) describes two kinds of relationships: those based on restricted or economic exchanges, where individuals are motivated by direct reciprocity with the expectation of short-term and quid pro quo returns and those based on generalized exchanges which is based on the notion of long-term obligations and where the relationship is more valued than the reciprocity (Cropanzano & Mitchell, 2005). This study explores how the stakeholders of family businesses – predecessors, successors, and nonfamily employees – can work to transform relationships that start off as restricted exchange relationships (RERs) into generalized exchange relationships. This gives the fourth set of research questions:

RQ4a: How can incumbent leaders of family firms enable the development of generalized exchange relationships between their successors and nonfamily employees from the restricted exchange relationships they have when the successors join the firm?

RQ4b: How can successors of family firms capitalize on the generalized exchange relationships that their predecessors have with the nonfamily employees to convert the restricted exchange relationships they have with nonfamily employees to generalized exchange relationships.

RQ4c: How can nonfamily employees of family firms develop generalized exchange relationships with successors?

Finally, as elaborated in the literature review in the next chapter, relationships are defined and impacted by the cultural contexts in which they are set (Lechner & Dowling, 2003; Nicholson, 2005). Specifically, in collectivistic cultures like India, employees expect and accept the owners to have a meaningful role in both their professional and personal lives (Khatri & Tsang, 2003) and their leaders to be paternal figures in their lives (Gupta & Levenburg, 2012). Further, there are expectations of strong interpersonal relationships both within and outside of the family, in family businesses embedded in the Indian culture which is characterized by collectivism, hierarchy, and patriarchy (Chakrabarty, 2009; Saini & Budhwar, 2008). There has also been a call to contextualize family business scholarship (Wright et al., 2014), all of which gives the fifth and final set of research questions for this study:

RQ5a: How can predecessor leaders of family businesses in collectivistic cultures enable the development of generalized exchange relationships between their successors and nonfamily employees of their firms?

RQ5b: How can successor leaders of family businesses in collectivistic cultures develop generalized exchange relationships with nonfamily employees?

RQ5c: How can nonfamily employees of family businesses in collectivistic cultures extend the generalized exchange relationships they have with the predecessors to the successors?

1.9 Methodology Overview

This research follows the qualitative approach. Miles & Huberman, (1994) state that in order to extract valid meaning from qualitative research, it is important to show "*practical, communicable, and non-self-deluding means of analysis*" which allows the researcher to derive knowledge that can be relied upon by them and by others. Further, they also add that qualitative data comprises rich descriptions of processes, events, and mechanisms within clearly defined contexts while enabling the preservation of a chronological flow, the ability to see causation, and to develop explanations, and most interesting of all, sometimes resulting in unexpected findings that emerge from the data. Given that data in the form of narratives often offers a deeper, more profound, and more powerful finding, qualitative data can sometimes be the basis of a more compelling story to researchers and practitioners than numbers can (Miles & Huberman, 1994).

In this research, I use the comparative case study approach comprising semi-structured qualitative interviews with previous generation leaders, successors, and nonfamily employees of Small Medium Family Owned and Managed businesses. The case study approach is an in-depth empirical enquiry into the subject of interest with a deep dive into real-life situations, complexities, and settings (Yin, 2009).

1.10 Main Findings

There are seven main findings of this study that are described in brief below and elaborated further in Chapter 6. Findings and Discussions.

First, this study finds that incumbent family business leaders, who pay attention to the early affiliation of their next generation family members with the firm and with nonfamily employees by having their next generation family members visit the firm, and associate with the nonfamily employees from a young age, can contribute to a successful succession when one of these next generation family members succeed to the leadership position through their developing high quality relationships with key or senior nonfamily employees in the firm. Along the same lines, this study finds that successors, who are affiliated to the firm through summer jobs and internships and have worked alongside the nonfamily employees regardless of rank and future designations, can create deep bonds between themselves and the nonfamily employees who will report to them when they ascend to the leadership position in the firm.

Second, I find that designated or potential successors who get outside experience in other companies where they are not related to or connected with the owners before joining the family firm, are likely to show empathy to and generate respect among the nonfamily employees in the family firm after they do join. Along the same lines, I find that when designated or potential successors join the family firm starting at the bottom of the firm (rather than at a leadership position from the start), they are more likely to understand (1) the nitty-gritty issues of the firm and (2) the real and concrete issues that the employees face, and (3) develop a close bond with the nonfamily employees alongside whom they have worked. Further, on the same note, when designated or potential successors report to nonfamily employees (rather than to family leaders) and are mentored, trained, and groomed by them (rather than by family leaders) when they start at the family firm, (1) they develop respect for the nonfamily employees expertise and knowledge (2) they gain tacit knowledge required to run the firm, and (3) the nonfamily employees develop a special bond with them that can last into the succession and post-succession and contribute to a successful succession.

Third, when predecessors transfer the feelings of respect and trust they have in the nonfamily employees to the successors, the nonfamily employees are likely to, in return, transfer the feelings of respect and loyalty they have for the predecessor to the successor. Another finding is that when the successor consciously imitates the relationship the predecessor has built up with the nonfamily employees and replicates the relationship, they are also likely to generate feelings of respect, trust, loyalty, and mutual obligation (going out of the way for each other with no expectations of reciprocity) from the nonfamily employees that the predecessor enjoys and that are needed for the firm to continue to be successful. These shared feelings can positively impact the relationship between the successor and the nonfamily family and lead to a successful succession.

Fourth, when successors adopt a consultative and collaborative approach in the firm in general and with nonfamily employees in particular, they benefit from, (1) the nonfamily employees' tacit knowledge, (2) the advice and guidance of the nonfamily employees, (3) developing strong bonds and high-quality relationships with nonfamily employees due to the latter being included in decision-making, and (4) enhancing the company culture all of which can lead to and influence a successful succession. Along the same lines, when successors introduce measures and processes in the company to enhance confidence and trust in the entire workforce and across the width and breadth of the company's employees, they gain the loyalty and respect of the nonfamily employees that can positively impact their succession to leadership.

Fifth, when after succeeding to the leadership position, successors spend time with nonfamily employees, go beyond professional relationships into making personal connections, and when they talk with, listen to, and share feelings with nonfamily employees, they enhance the relationships they have with them. This approach enables the development of strong bonds and high-quality relationships between the successor and nonfamily employees that enhances the likelihood of a successful succession.

Sixth, this study finds that nonfamily employees who, (1) advise and guide the young successors, (2) transfer the implicit and explicit knowledge they have gained in their many years with the family firm, (3) build a rapport and open communication channels with the successor similar to that they have with the predecessor, (4) engage with and communicate with successors, and (5) accept the successor wholeheartedly without judgement by extending the loyalty and support they gave to the predecessor, can contribute to a successful succession in the company in which they also have a vested interest.

Seventh, and finally, this study finds that the family culture is closely intertwined with the organization culture, both of which are impacted by the overall cultural context in which the organization is set. In collectivistic and hierarchical cultures like India, where the family business owner/leader adopts a patriarchal approach to the employees, successors who, (1) adopt a similar patriarchal and caring attitude to nonfamily employees, (2) encourage nonfamily employees to speak up and voice their opinion against the norm in collectivistic cultures, (3) follow the cultural expectations of respect for elder and senior nonfamily employees, (4) carry forward the organizational values that were in place since the predecessor's time, and (5) separate their personal lifestyle choices from organizational values, can convert economic exchange relationships with nonfamily employees (characterized by *quid pro quo* expectations of reciprocity) into generalized exchange relationships (characterized by trust, mutual respect, mutual obligation without expectations of reciprocity, loyalty, and commitment).

1.11 Significance of the Study

This study makes several contributions to research and practice. Any contribution to theory must clarify a few points such as the focal construct, key variables, and a well-crafted research question that clearly explain the nature of the contributions and direct the course of the overall argument (Reay & Whetten, 1989). As explained in the previous two sections, the focal construct is intra-family inter-generational succession in family businesses and the key variables that are expected to influence a successful succession are high quality relationships between nonfamily employees and the family successor. The research questions outlined above lead to a qualitative exploration of the relationships between these two groups of people to lead to an understanding of the determinants of these high-quality relationships, their impact on the succession event, and how they can be built. The proposed qualitative method approach will allow us to further understand the impact of these relationships on a successful succession by using subjective proxies.

In their recent literature review study of scholarly work over the last three decades on nonfamily members in family firms, Tabor et al. (2018) note that literature on nonfamily employees in family businesses have focused on the themes of pre-employment considerations, employment considerations, and employment outcomes; thus there has been no study examining the impact and influence of nonfamily employees of family firms on succession nor has research explored the relationships between this group of people and the leadership of the firm. This is surprising given that there is a need for understanding succession in family firms vis-a-vis relationships across family boundaries (Daspit et al., 2016).

At the time of writing, I am the first to shine the light on how relationships between nonfamily managers and successors can affect the succession process and thereby the firm's performance itself post the succession. Second, I examine how these relationships between nonfamily employees and successors can be critical in the case of non-traditional choices for successors in traditional cultures.

Third, I respond to calls for contextualizing family business studies (Wright et al., 2014) by focusing on India, which is a unique laboratory for family business research given its patriarchal society structure (Kansal, 2012) and given the uncontested importance of relationships in this context (Ramachandran & Bhatnagar, 2012). By doing so, I move toward a more nuanced understanding of high quality relationships across the boundaries of families in cultures characterized by different features (Samara & Berbegal-Mirabent, 2018) that are not traditionally found in the extant literature.

For practitioners, I identify key processes that can help build and maintain high quality relationships between nonfamily employees and next generation successors, and how they can be helpful particularly with non-traditional choices of successors, which can be vital for a successful succession to the leadership role and can be a source of competitive advantage leading to family business prosperity across generations.

While family business scholars agree on the challenges associated with intergenerational family succession, they have divided views on the impact of the succession on the life and performance of the family firm. Royer et al. (2008) argue that inter-generational family succession has a positive impact on the firm's performance while Bennedsen et al. (2007) and Chittoor & Das (2007) show that beyond the founder's generation, family firms underperform under family leadership and Le Breton-Miller & Miller (2015) argue that the transfer of leadership within the family leads to the business completely dying out.

Regardless, succession as an event, that impacts the family firm's post-succession performance and prosperity across generations has been the subject of many studies – from planning (e.g. Kansal, 2012; Mokhber et al., 2017), to preparation of the successor (e.g. Long & Chrisman, 2014; Morris et al, 1997), and to handover (e.g. Dyck et al., 2002). Although, scholars have acknowledged the importance of relationships around next generation family successors in supporting and developing them into effective leaders of the family business (Daspit et al., 2016; Miller, 2014; Neff, 2015), studies specifically examining the effect of relationships with nonfamily stakeholders on the development of potential successors have been largely ignored and are much needed (Daspit et al., 2016). Further, although many scholars have explored intergenerational succession to the leadership in family businesses, except for some studies on daughter successors (Nelson & Constantinidis, 2017; Overbeke et al., 2013; Overbeke et al., 2015; Vera & Dean, 2005), studies on different kinds of family successors are also starkly missing.

This leads to the criticality of the choice of a family successor. In family businesses in western countries birth order, gender, and often even bloodline are not the primary consideration in the selection of the successor (Chrisman et al., 1998). However, traditional and patriarchal societies like India tend to follow family hierarchy and male preference primogeniture when it comes to selecting the next generation leader, which sometimes results in the selection of a leader who may lack the competence to fulfil that role (Kansal, 2012; Ramachandran, 2017; Sharma & Rao, 2000). In such cases, or when there are no sons to lead the company, or when the eldest son is either uninterested in or unable to take over the reins of the business, and when the vision of the family and incumbent is to have a family successor, the only choice is for a non-traditional choice of a next generation family successor e.g. a daughter, younger son, or even an extended next generation family member to lead the business.

Nonfamily members of family businesses have as much of an impact on the performance, ability to innovate, and prosperity of family firms as family members, yet studies on them too are rarer than they should be (Minichilli et al., 2010; Mitchell, Morse, & Sharma, 2003). The literature has also suggested that their relationships with family members, in particular with the incoming next generation family successor, is critical from the perspective of support, transferred loyalty from the previous generation, respect (particularly for a leader who is likely younger and more inexperienced than they themselves are), and transfer of tacit knowledge about the firm, which are all extremely important for a successful succession (Daspit et al., 2016). Given that this gap in our knowledge about family firms is extremely important in order to understand how these firms can have continued prosperity and high performance across transgenerational transfer of power, it is unfortunate that it has remained unexplored thus far. Further, nonfamily employees in traditional societies follow the same cultural norms, in that they often regard the employer in a paternalistic role and a symbol of authority (Saini & Budhwar, 2008); thus, their relationship with a non-traditional choice of a next generation successor, i.e. one who does not follow the norm of male preference primogeniture, may become even more critical.

In addition, there is a clear absence of studies comparing different kinds of next generation family successors, particularly when the choice of the successor does not follow the norm of male preference primogeniture in patriarchal societies like India. Although there have been a few studies on the dearth of daughter successors (Overbeke et al., 2013) and the challenges that daughter successors face when they take over the reins of the family business (Vera & Dean, 2005), there are, at the time of this study, no studies that specifically look at other non-traditional choices of successors, i.e. younger son or extended family member. Indian society tends to be collectivistic, patriarchal and with an inherent respect for family hierarchy; nonfamily employees conform to this tendencies (Panda & Gupta, 2011) and there is a likelihood that their relationships with non-traditional choices of family successors, could exacerbate the impact on the CEO succession. Thus, my study addresses this gap to not only explore the relationships between nonfamily employees and family successors of the family firm, but also understand the dynamics of these relationships with different kinds of family successors.

Most research on family business has focused on studying them at the organization level with very little on exploring them at the individual level or the dynamics of relationships between individuals (Gagné et al., 2014). This lack of attention to interpersonal relationships in family firms is a significant gap, particularly given that strong trusting relationships in these firms make a substantial contribution to goodwill and resources which comprise the social capital that can, in turn, make a positive contribution the firm's performance (Arregle et al., 2007). My study then responds to calls by Gagné et al., (2014) to address this gap in literature by examining individual dyadic relationships in family firms, thus making a much needed contribution to literature.

In my study, I study the relationships between key nonfamily managers of the family firm and the incoming family successor to address the knowledge gap on how these relationships can influence a successful succession and the post-succession performance of the firm under the leadership of the new leader. By doing so, I contribute further to family business literature by empirically examining these relationships that impact succession. The findings from this study also have implications for general theory on nonfamily employees.

Overall, through this research project, I make empirical and theoretical contributions to literature in the form of a deeper, richer, and more nuanced understanding of relationships in family businesses across the boundaries of the family and their impact on a successful succession and, in turn, on the ongoing prosperity and performance of the firm. I also make practical, empirical contributions to family businesses and family business practitioners through recommendations on how these relationships can be developed as well as how next generation successors of the business can build these relationships from an early age in order to leverage on them to lead the firm to continued success.

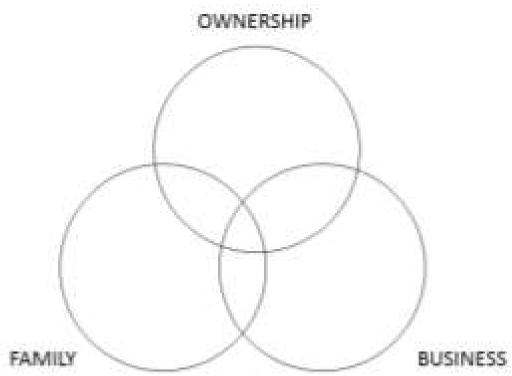
1.12 Key Concepts

This section assimilates and analyses the extant literature on the key concepts relevant to this study. Firstly, I discuss the definitions of family businesses by different scholars and then zero into the global importance of family businesses from the economic perspective and the other contributions they make to the societies they are based in. Secondly, I examine scholarly work on family succession in these firms and the value of control and management staying within the family. Thirdly, I discuss what the literature has discussed on the choice of successors and how it can be contextually idiosyncratic to the culture in which the firms are based. Fourthly, I examine the roles and importance of nonfamily employees in family businesses. In each section I also outline the gaps in knowledge and the importance of exploring these gaps for research and practice.

1.12.1 Family Firm Definition

Since studies on family businesses burgeoned around the 1970s (Ayranci, 2014), scholars have adopted different approaches to define what constitutes a family business. In fact, family business scholars have averred that while family firms are idiosyncratic in form and behaviour, ironically, they are not homogenous in nature (Chua et al., 2012; Miller et al., 2007; Sciascia & Mazzola, 2008; Sharma et al., 1997), the fact is that there has been little consensus on the definition of family businesses among scholars in this research stream (Astrachan et al., 2002; Chua et al., 1999; Klein et al., 2005; Sanchez-Famoso et al., 2015). Thus, there are several definitions of family firms with little to no consensus on one definition (Chua et al., 1999).

The most common or popular approach is based on ownership and/or control of the business. One of the earliest explanations, defined a family business by distinguishing it from nonfamily business, through family involvement in the business (Miller and Rice 1967). Later researchers elaborated on that statement by defining family firms as those in which there is family involvement in ownership and/or management (Handler, 1989b), a business where "*complete control*" is with one family (Barnes & Hershon, 1989), and, about 10 years later, as one in which the family holds "*a majority of votes in business decisions*" (Ward & Dolan, 1998). Adding on to these definitions, was one which included the necessity of the existence of a successor from within the family to the leadership of the business (Churchill & Hatten, 1987). One of the earlier definitions of the family business was the Three Circles model by (Taguiri and Davis, 1992).



©Taguiri and Davis 1992

Figure 1: Three Circles Model of the Family Business

This model describes the leader of the company as being a member of the management, of the ownership, and of the owning family. More recently, Chua et al., (2012) broadly described a family firm as an organization in which a family is involved in ownership such that this involvement impacts business activities through the networks, interactions, relationships, values, dynamics, culture, and heritage they possess.

For this study, I use the definition by Chua et al, (1999), that ties in very closely with the Three Circles Model by Taguiri and Davis (1992) as it incorporates the concepts of ownership, management, and succession.

> "*A business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families*" (Chua et al., 1999, p 25).

This definition has several implications in terms of this study. This definition is not only the most cited, but more importantly, it considers the importance of control of the business by the dominant family across generations as a critical driver for the sustained success of the business. Equally importantly, it accounts for the desire of the family to transfer leadership to future generations, highlighting the importance of an effective succession, and the development of the successor to sustain the success of family businesses over generations.

1.12.2 Succession in Family Businesses

Succession is one of the key events in the life of a family firm. Family businesses start as entrepreneurial ventures and the true shift from an entrepreneurial to a family business happens when the children or the next generation of the business founder join as employees and then further take over the reins of leadership from the founder (Poza & Daugherty, 2014). Even if the business continues to have an entrepreneurial nature, once next generation family members join as employees or leaders or shareholders, the nature of the company changes and so do its challenges and it takes on a unique competitive profile typical to family businesses (Poza & Daugherty, 2014). Thus, it is the event of succession that makes an entrepreneurial venture into a family business.

Leadership succession in family businesses is defined as the transition of leadership from one family member to another, generally, but not always, across generations (Sharma et al., 2001). The predecessor and successor family members may be a part of the nuclear family (generally offspring) or from the extended family (e.g., nephew, niece, son-in-law, daughter-in-law). The succession process includes the actions and events that lead to this transition of leadership – from selection of the successor, to training, and eventually to passing the baton from the predecessor (Kidwell et al., 2013). In this thesis, I examine inter-generational leadership succession i.e., succession from a family member of one generation to a family member of the next generation.

Family business scholars have defined succession in family businesses with nuanced differences. Presuming intra-family succession, it has been defined as a transfer of leadership from an *incumbent leader to a potential successor*, where both actors are family members (De Massis et al., 2008). On the other hand, focusing on the process, succession has been described as the *actions, events, and developments* that affect the transfer of control from one family member to another to the other (Sharma et al., 2001). Daspit et al., (2016, p15), however, define succession from the perspective of the interactions during this event by expressing it as *the exchanges that occur during the power transfer from a single incumbent to a single successor*.

Since the start of research in family businesses as an idiosyncratic organizational form, scholars have paid a lot of attention to succession within these businesses. The literature on succession in family business has been growing extensively since the 1970s, almost doubling every decade, and various aspects of this topic continue to get a lot of attention from scholars (Sharma et al., 2001). Despite succession being a highly critical and significant event in the life of a family business, one that can determine the very existence of the firm, it is also one of the most stressful and challenging issues in the life cycle of the family firm (Morris et al., 1997). The complexity in family business succession research is that succession is not a single step or event but rather a "*multi-stage process that exists over time*" (Handler, 1994, p 134) and which begins long before the successor even steps into the business and takes a long time to happen fully (Le Breton-Miller et al., 2004; Sharma et al., 2003).

Succession in family businesses has been studied across 3 phases - ground rules and first steps, nurturing and development of the successor, and transition into leadership position of the successor (Dyck et al., 2002; Le Breton-Miller et al., 2004). For example, Sharma et al. (2001), discuss it from the perspective of the actions and events surrounding and leading up to the transition of leadership from one family member or generation to another. Further, scholars have explored and discussed succession after the handover of leadership from the incumbent to the incoming leader, looking at the performance of the firm, entrepreneurial behaviour (Jaskiewicz et al., 2015) etc. On the other hand, succession in family firms has also been defined in terms of the process of transferring knowledge and transitioning management control rather than an event (Daspit et al., 2016). Regardless of which aspect of succession has been explored by different studies, scholars are agreed on the fact that succession planning is probably the most important factor that impacts the survival of the business post-succession (Benavides-Velasco et al., 2013; Bennedsen et al., 2007; Chrisman & Bergiel, 2009; Daspit et al., 2015; Ward & Aronoff 1994). Literature has also discussed the importance of the transgenerational orientation of family businesses to enhance the chances of the survival of the family firm (Chua et al 1999, Habbershon et al. 2003). Transgenerational orientation is a conscious decision by the family to maintain the family's control over governance of the business across generations as a measure to foster communication and emotional investment by family members in the business (Suess-Reyes, 2016).

The literature has emphasized the importance of relationships around the successor to enable transfer of knowledge and gain support of all stakeholders. Further, findings from studies on succession show that it is important to rely on multiple respondents when conducting research on succession in family businesses (Sharma et al., 2003). In this discussion, relationships with nonfamily members of the family firm cannot be overemphasized (Daspit et al., 2016). Unfortunately, there are no studies that explore these relationships and how they can influence a successful succession. Thus, my study aims to fill this gap.

1.12.3 Choice of Successors

Family business scholars are divided on the relative merits and demerits of the successor to the leadership position in the firm being from within the family. Essentially, according to evolutionary theory, the family is a medium for people to extend their identity beyond their lifespan (Nicholson, 2008). This explanation dovetails with Anderson & Reeb's, (2003) argument that the family firm is viewed as an asset to be passed down from generation to generation of the family, rather than as wealth to be used up in a lifetime, a philosophy that also gives family firms a performance advantage. This translates into self-sacrifice and altruism that result in long-term strategic and financial perspectives that are aimed at the longevity of the firm. However, Nicholson, (2008) argues that there are negative sides to this approach of the family's desire for preservation, e.g., overly conservative and risk-averse approaches to the same strategic and financial decisions. Despite the downsides of the family continuing to control and manage the firm across intergenerational transfer of leadership, family firms show a proclivity to selecting a successor from within the family.

Among the attributes for the selection of a (family) successor to transfer power in family businesses, the birth order (eldest) and gender (male) is a lesser valued criteria in Western societies

(Chrisman et al., 1998). However, in many societies, and in particular, in traditional and patriarchal societies, families and incumbent leaders refrain from choosing a younger son or a daughter as a successor merely in order to maintain family harmony. Choosing a younger son or a daughter as the successor, leads to incongruity within the family because of the family standing of the successor, which can be exacerbated when the older sibling is also actively involved in the business, and this can lead to rivalry and disharmony within the family, impacting the post-succession performance of the family firm (Barnes, 1988). Another issue that arises at the point of successor selection is that of rivalry between family members vying to be the next leader of the firm, an issue that could have severe repercussions on the firm as this could lead to one of the rivals leaving the family business, and on the family by creating rivalry across several generations (Sreih et al., 2019). This rivalry can be mitigated by the previous generation leader designating the most competent person as the successor, rather than following cultural norms. Despite this, incumbent leaders often either refuse to even consider the possibility that their daughter might be capable or even interested to take on senior leadership roles in the family firm, or clearly consider them only for less senior roles, and when they do take daughters into account as a possible CEO successor, it is generally only when they have no sons (Garcia-Alvarez et al., 2002; Lefebvre & Lefebvre, 2016). Beyond children of the incumbent, choosing an extended family member like an “in-law” to transfer power and leadership is not very common; sons-in-law or daughters-in-law may only considered when there is no son or daughter available to fill the leadership role in the business (Chrisman et al., 1998).

However, owners and family stakeholders of family businesses are beginning to recognize primogeniture, and a male preference primogeniture at that, may not be the best strategy; excluding younger sons or daughters or extended family as a potential successor is not in the best interests of the firm. A recent study shows that family firms that have the courage to disregard this approach and choose family successors who are more capable and competent to take the business forward have experienced better performance of the firm post the leadership handover phase (Calabrò et al., 2018). Thus, sons may not necessarily be better choices than daughters as leaders/CEOs of the family business; a more motivated and competent younger son may be a better choice than a less motivated eldest son and a next generation extended family member may be the only available choice when the incumbent leader has no children or none of his children are interested in taking up the reins of the business and taking it forward.

Despite this, there has been no empirical research exploring succession when the family successor is not chosen because of male preference primogeniture but in recognition of his/her competence or motivation to take over the leadership of the family firm. Thus, I look at successors who are younger sons, or daughters.

There have been studies on daughters taking over the reins of the family business and the challenges of daughters being selected for this role as well as the associated challenges they face once they take over the leadership of the firm (Higginson, 2010; Overbeke et al., 2013; Vera & Dean, 2005). However, there are limited studies examining the succession and associated challenges by a younger son, a daughter, or an extended next generation family member (Barnes, 1988), and none on succession by next generation extended family members. More importantly, at the time of this research, there are no studies examining the influence of the relationships of nonfamily employees with these non-traditional family successors on a successful succession. For this study I do not include next generation extended family members as it was not possible to get cases with this category of successors in the data sample.

1.12.4 Nonfamily Employees in Family Firms

Both scholars and practitioners have emphasized the importance of nonfamily employees and other nonfamily stakeholders in family businesses. Nonfamily employees make up around 80% of the workforce in family firms (Mass Mutual Financial Group, 2007). Prior studies have recognized how nonfamily employees are key for the success of family firms in general (Chua et al., 2003) and for strategic decision making, innovation and expansion, and increasing social and financial capital among other outcomes in particular (Mitchell et al., 2003; Sanchez-Famoso et al., 2015). It has been argued that regardless of the size of the family business, the support, quality, and effectiveness of nonfamily managers are critical to ensure their ongoing success and prosperity (Poza & Daugherty, 2014). There have also been calls to explore the effect the effects of nonfamily employees of the family firm on the succession and other nonfinancial performances of the firm (Evert et al., 2015).

Recent extant literature studying nonfamily employees in family businesses have focused mainly on pre-employment considerations, employment considerations, and employment outcomes (Tabor et al., 2018). Pre-employment considerations comprise issues like compensation, career opportunities, and culture and attractiveness of family firms (Botero, 2014; Block et al., 2016; Chrisman et al., 2014). Studies on employment considerations have considered challenges like justice and fairness, incentivization, and socialization (Chrisman et al., 2017; Daspit et al., 2016; Samara & Paul, 2018). Literature on employment outcomes focused on firm performance and the achievement of family centred goals. In their recent literature review study of scholarly work over the last three decades on nonfamily members in family firms, Tabor et al. (2018) note that the themes have centred on the above three categories; none of the articles have examined the impact and influence of nonfamily employees of family firms on succession nor have they explored the relationships between this group of people and the leadership of the firm. This is surprising given that there is a need for understanding succession in family firms vis-a-vis relationships across family boundaries (Daspit et al., 2016).

Research has also explored the impact of the relationships between family and nonfamily members, to predict firm level outcomes like innovation (e.g. Sanchez-Famoso et al., 2015), firm performance (e.g. Ayranci, 2014), strategy and decision making (e.g. Eddleston et al., 2008). However although the impact of these relationships on succession has been emphasized (Daspit et al., 2016), it remains unexplored.

Nonfamily stakeholders of family businesses, in particular nonfamily employees, can add the value of psychological ownership to the firm if the owners and the family develop close relationships with them (Zhu et al., 2013). Psychological ownership – the belief and behaviour based on the feeling that the company is "*ours*" – drives motivation, engagement, and the sense of ownership among the nonfamily employees even when they are neither shareholders nor related to the owning family or the owner by blood (Broekaert et al., 2018). Such psychological ownership on the part of nonfamily employees can be achieved by building strong SERs based on trust and respect, in several meaningful ways. E.g., Control is a huge source of psychological ownership for owners of the business and when they exhibit trust by delegating critical responsibilities and control to nonfamily members, the psychological ownership is extended to these important members of the business (Broekaert et al., 2018). Similarly, owners can show respect to the nonfamily members by involving them in decision making which again leads to the latter feeling psychological ownership, which can further lead to higher levels of motivation and engagement with the firm (Liu et al., 2012). It is important to note that while the building of strong relationships of owners with nonfamily managers of the business can lead to enhanced benefits to the firm, not doing so i.e., resisting the participation of nonfamily managers in decision making or keeping control only in the hands of the owners or of family members can actually cause harm too. By not building these SERs based on trust and respect, the family firm and the owners could stand to lose out on the perspectives, skills, and professional network of the nonfamily managers, eventually leading to the weakening of the firm itself (Sanchez-Famoso, Akhter, et al., 2015).

Regardless of their importance to the business, studies show that family businesses, particularly those from highly idiosyncratic backgrounds, give a preference to their own offspring to lead the business or for key decision making positions, even if the offspring are less competent than nonfamily managers (Lee et al., 2003). This form of nepotism can lead to demotivated nonfamily managers or even cause valuable employees to leave the firm leading to a loss of knowledge and social capital that they take with them. Another situation that hinders the wholehearted acceptance of the family successor by nonfamily employees, is when the latter have been at top-level positions, almost from the founding of the firm and thus, practically, the second-in-command; in such cases they could feel threatened by the next generation family successor (who is most likely younger, more inexperienced, and knows less about the business) and act in ways that would undermine their effectiveness as a leader (Vera & Dean, 2005). Thus, the support, respect, trust, and obligation of the nonfamily employee to the successor becomes even more important.

In their study on family CEO succession, Ahrens et al., (2019) argue that incoming family CEOs can benefit from the transfer of the social capital built from years of continuity in trust, goodwill, obligation, and bonds that nonfamily stakeholders have with the current CEO, if the latter has developed generalized exchanges across family boundaries. Yet, while it has been recognized that generalized exchange relationships between family business employees and successors appears to be particularly important for the latter's success as leaders (Daspit et al., 2016), there have been no empirical studies examining these relationships, their antecedents or determinants, and their impact on successful successions of next generation family business leaders.

Developing such relationships reduces the threats of group fault lines between family and nonfamily employees (Minichilli et al., 2010), bringing more harmony between the successor and the management team. To be considered as an in-group member and to gain legitimacy as a leader for the family business, next generation successors must develop these generalized exchange relationships with nonfamily members in the firm. Furthermore, generalized exchange relationships between nonfamily employees and incoming successors can help the latter gain legitimacy as family businesses leaders, encourage reciprocal tacit knowledge sharing and therefore alleviate the threats of in-group/out-group biases that are typical of collectivist cultures (Samara & Berbegal-Mirabent, 2018). Recent studies have studied friendships in family businesses between nonfamily employees and their fellow nonfamily employees as well as family members. Vardaman et al., (2018) use social network theory in their empirical study to show the positive influence such friendships have on organizational identification and turnover of nonfamily employees with a greater impact coming from friendships with family members. Refining and expanding the study by Vardaman et al., (2018), Marler & Stanley, (2018), use social identity theory to conceptually discuss the impact of these friendships on not just organizational identification but also organizational citizenship behaviour.

In spite of these studies examining relationships between nonfamily employees and other stakeholders, there have been very few discussions and no empirical studies on relationships between nonfamily employees and family members, in particular successors, or how to manage these relationships (Poza & Daugherty, 2014). Given the importance of nonfamily members in family owned and managed businesses and next generation family successors, the latter could leverage their support and the tacit knowledge they carry in order to develop as effective leaders who can lead the firm on to prosperity (Daspit et al., 2016).

Often, children of leaders of family firms who are likely to be the chosen successors tend to have early affiliation with the firm. While this early exposure to the company allows the successor to learn about the processes involved, it also enables them to create affiliations with the nonfamily employees (J. L. Ward & Aronoff, 1994). This early affiliation enables socialization with nonfamily employees and creates the possibility for high quality relationships to develop between the successor and nonfamily employees (Garcia-Alvarez et al., 2002). For such high-quality relationships to develop, it is an advantage when the relationship is of a long-standing nature, long before the incoming successor becomes the family business leader. When the successor is not the eldest son or indeed even a direct descendant of the incumbent leader, the development of these relationships becomes a challenge.

Scholars of family business have suggested that developing high quality relationships between the successor and nonfamily stakeholders may be closely linked with the next generation family successors being more prepared to lead the business and to succeed in their leadership role (Le Breton-Miller et al., 2004; Mokhber et al., 2017; Ramachandran & Bhatnagar, 2012).

In summary, a lack of studies on the relationships between nonfamily employees and next generation family successors is a clear gap in the literature. On the one hand several scholars have emphasized the importance of these relationships that cross family boundaries, and on the other hand there have been specific calls for studies on these relationships and their influence on successful CEO successions (Chua et al., 2003; Daspit et al., 2016). In their study of recent empirical research in family businesses, Evert et al., (2015) note that there has been a positive move in recent family business research to study the influence of individual-level attributes on organizational-level outcomes which is a response to calls for these kind of studies to get a better understanding of how these individual level attributes influence the performance of the firm (Sharma et al., 2012). Thus, a study on these relationships not only fills the gap in knowledge on how family firms can succeed across intergenerational transfer of power and leadership but is also a step in the right direction for family business research in general.

1.12.5 Importance of Family Business

What makes family businesses, their survival, longevity, and prosperity a matter of importance? Given that nonfamily businesses also face demise or poor performance, what is the reason research has focused on these businesses? As mentioned earlier, family businesses are extremely important from an economic perspective. Unfortunately, while the economic importance of family firms is undisputed, it is also true that the intergenerational survival rate of family owned and managed firms is dismal; barely 30% make it beyond the second generation, dying before the third generation even gets the chance to run them, with a dismal 10% making it beyond the third generation (Mokhber et al., 2017). When we add to these statistics, the fact that family firms that survive, tend to outperform their nonfamily counterparts (Chua et al. 1999, Smyrnios et al., 2013) and that beyond economic contribution, family firms impact the societies they are in through the socioemotional wealth they create (Chrisman et al., 2016), it becomes clear that the existence, success, and prosperity of family firms across generations is one of prime importance for scholars, practitioners, as well as policy makers worldwide.

Succession in family businesses is one of the most explored topics in this research stream and of the family successor's preparedness for the leadership role has been emphasized by several scholars. The successor's readiness to take over the reins of the firm has been discussed in terms of formal leadership development (Chrisman et al., 2016; Sharma et al., 2012; Vani et al., 2014; Xi et al., 2013) and even the development of his/her business and technical skills (Salvato & Corbetta, 2013). However, in spite of several scholars having argued how high quality relationships have a positive impact on successors developing into effective leaders (Boyatzis et al, 2015; Chrisman et al., 2007; Daspit et al., 2016; Day, 2000; Lefebvre & Lefebvre, 2016; Mokhber et al., 2017), these relationships have not been empirically explored thus far.

1.12.6 Relationships in Family Businesses

One of the most unique and valuable resources that family firms possess is that of "familiness", a resource that nonfamily firms can neither imitate nor substitute easily. (Pearson et al., 2008). This resource of familiness originates from family relationships (Heidrich et al., 2016). Beyond the boundaries of the family, several scholars have argued that the family firm is one of the most important organizational forms to nurture and develop such strong relationships (Chirico & Salvato, 2008; Habbershon & Williams, 1999; Sanchez-Famoso et al., 2015). This network of relationships beyond the family boundary that are as much of a valuable resource as those within the family, can often be considered a social community among the members of the organization, where personal relationships and personal contacts serve as an important basis of knowledge exchange (Zahra et al., 2007). These relationships – which include family and nonfamily members – thus provide the family firm a social capital that is an idiosyncratic feature of these organizations (Mitchell et al., 2003; Sanchez-Famoso et al., 2015).

The literature has emphasized the criticality of high-quality relationships as a key resource in family businesses given that these relationships take human capital and convert it into social capital thereby generating a competitive advantage for organizations and leaders. (Graen and Uhl-Bein, 1995). Research also tells us that while such a relationship approach is critically important for both research and practice, "*we do not yet know how to systematically facilitate the growth of work relationships in organizations*" (Uhl-Bien, 2003). Further, while the importance of quality relationships in developing successful leaders has been discussed in previous literature (Dixon 2006, Neff 2015, Miller 2015), the development of quality relationships around next generation leaders, particularly with nonfamily members of the family firm (Daspit et al., 2016) remains relatively unexplored in the context of family businesses.

1.13 Advance Organizer

The remainder of this thesis is organized as follows. The next chapter, 2. Theoretical Background offers a systematic review of the literature on relationships in the family business stream and an in-depth discussion of the Theoretical Framework of SET which is the lens through which this research is carried out. The next chapter, 3. Methodology, describes the philosophy, methodology, data collection and analysis. Chapter 4. Findings and Discussions describes the findings from the empirical data, and I conclude with chapter 5. Conclusion and Contributions. This thesis ends with chapter 6. References and chapter 7. Appendices.

------------End of Introduction Chapter------------

2. Theoretical Background

2.1 Literature Review

2.1.1 Case for the Review

Within the family business context, relationships play a vital role as they constitute an integral dimension of a family firm's social capital (Pearson et al., 2008), which in turn greatly influences the firm's organizational capital (Arregle et al., 2007; Herrero & Hughes, 2019). In fact, family business scholars have stated that the survival of the family firm across generations is one of the most pressing challenges that the business faces through its lifecycle (Gedajlovic et al., 2012; Tabor et al., 2018) and that there is a strong linkage between this survival and the quality of relationships forged both among family members as well as beyond family boundaries, i.e., between family and nonfamily members (Hoover & Hoover, 1999; Kandade et al., 2020; Samara & Arenas, 2017).

In recognition of the importance of relationships in family firms, the topic has gained significant traction in recent family business literature, translating into growing research on the subject (Chrisman et al., 2007), particularly in the last two decades (Tabor et al., 2018). Earlier research focused on relationships around family members, looking at relationships surrounding the founder or successor (Chrisman et al., 1998; Lansberg & Astrachan, 1994). In recent years there have been gradual growing studies on relationships between a web of internal and external stakeholders, including those among family members (e.g. Bird & Zellweger, 2018; Samara & Paul, 2019) and between family and nonfamily members (e.g. Klein & Bell, 2007; Samara & Arenas, 2017).

Despite this research growth, studies discussing relationships among various stakeholders of family businesses, how they are formed, and their influence on various business and social outcomes remain patchy and fragmented. At the time of writing, there has not been any review article on relationships; there have been reviews on nonfamily members of family, wherein some aspects exploring relationships with these key actors in family firms have been examined (e.g. Klein & Bell, 2007; Tabor et al., 2018). There have also been review articles focusing on aspects of relationships like conflicts and cohesion in family businesses (e.g. Bettinelli et al., 2022; Caputo et al., 2018; Qiu & Freel, 2020). However, other than a recent literature review of articles on relationships of nonfamily CEOs, wherein their relationships with family members were reviewed (Waldkirch, 2020), there has been no systematic effort to take a holistic view and synthesize past work on relationships in family businesses. This is unfortunate since relationships can highly affect the capacity of family firms to achieve both their economic and non-economic goals (Kandade et al., 2021); yet, research around the topic remains fragmented and unfocused. Given the importance of relationships as value-creating mechanisms in family businesses (Daspit et al., 2016) and given the idiosyncratic characteristics of these organizations (Habbershon & Williams, 1999; Thiele & Wendt, 2017), their employees (Verbeke & Kano, 2010), and interactions across family boundaries (Ahrens et al., 2019), organizing past scholarship on the topic becomes an important stepping stone towards taking stock of what we know about relationships in the family business context and towards sketching out a future research agenda on this important topic.

Going further, since relationships are highly shaped by the culture in which they are forged (Hofstede, 1984), examining the reviewed scholarship across cultures is important. Indeed, the impact of national culture on relationships both within and beyond family boundaries has been emphasized by both conceptual (Sharma & Manikutty, 2005; Samara et al., 2020) and empirical research (Chakrabarty, 2009; Ramachandran, 2017; Samara & Berbegal-Mirabent, 2018). Accordingly, this literature review, in addition to other categorizations (explained below), segregates the empirical research reviewed into those conducted in collectivist versus individualistic cultures as this cultural dimension is intrinsically related to the consequences of family adherence and how relationships are formed therein between family members and between family and nonfamily members (Samara et al., 2020; Sharma & Manikutty, 2005).

In doing so, this literature review contributes to the literature in three important ways. First, at the time of writing, there has been no concerted effort to organize what we know about relationships between stakeholders involved in the family business and the financial and non-financial outcomes of such relationships. Thus, this literature review offers a synthesis of the literature on relationships in family organizations for scholars to understand where existing scholarship is at. Second, by segregating empirical studies on relationships across cultures, I contribute to the field of family business studies by taking stock of the cultural implications of SERs, differentiating on their antecedents and outcomes in the family business context. Finally, I examine and identify gaps in current research and sketch out promising avenues for future research.

2.1.2 Review Methodology

To take stock of the body of knowledge on relationships in family businesses I conducted a systematic review of the literature on this subject. Although the narrative review technique is also popular for scholarly reviews of the literature (Rousseau et al., 2008), a systematic review, which synthesizes the literature through a more methodical approach, with a well-defined scope that defines the inclusion or exclusion of the articles for a formal review process, is a more objective and scientifically better process (Hodgkinson & Ford, 2014). To identify previous theoretical and empirical work on relationships in family businesses, I define the scope of this review and explain the search methodology.

2.1.2.1 Scope of Review

The scope of this review is based on three criteria. Firstly, looked at through the lens of SET, I focus on articles exploring only Generalized Exchange Relationships in family businesses, within and beyond family boundaries, i.e., relationships that are based on strong emotional bonds and where the individuals in the relationship make sacrifices for one another (Emerson, 1976). In other words, I exclude articles that discuss RERs i.e., relationships which are more contractual or *quid pro quo* in nature (Daspit et al., 2016). The second criteria for defining the scope looks at important characteristics and aspects of Generalized Exchange Relationships. Emotions like trust, respect, and mutual obligation are important characteristics of Generalized Exchange Relationships (Cropanzano & Mitchell, 2005) and they gain deeper meaning in the context of family firms given the deep and long-term bonds and ties in these organizations (Miller et al., 2009). Further, harmony, conflict, and cohesion are also critical aspects of Generalized Exchange Relationships (Davis & Harveston, 1999) and coupled with the emotions, they drive the interdependencies within relationships in general (Burkitt, 1997) and define high quality relationships that are critical for leadership development in the family businesses (Kandade et al., 2021). Thus, while I look at Generalized Exchange Relationships, this review includes articles that focus on these key characteristics of relationships where they are treated as mechanisms that enable/inhibit relationships or are moderators/mediators between Generalized Exchange Relationships and other outcomes or antecedents in the firm, excluding those studies where trust, respect, mutual obligation, harmony, conflict, and cohesion, are the focus of the study. The final and third criteria, looks at the typology of the study for inclusion or exclusion. The scope of this review is limited to empirical and conceptual articles only, excluding literature review articles.

In summary, I look at conceptual and empirical studies that explore the factors affecting the unfolding and growth of relationships in the family business, those that examine the outcomes of relationships on the family business performance, succession, and other business and social outcomes, and studies that explore the characteristics of relationships within and beyond family boundaries.

2.1.2.2 Search Methodology

A critical requirement of a systematic literature review is that the methodology to select and analyse the contributions in the field of study should be structured, transparent, and reproducible

(Tranfield et al., 2003). This section describes my approach to deciding which articles were included and the reasoning behind this inclusion.

Firstly, following the approach of the recent systematic literature review by Calabro et al., (2019), I restricted my literature review to peer-reviewed scholarly articles in the English language and published in academic peer reviewed journals. I excluded book chapters, working papers, and conference papers as these are often not peer-reviewed and thus lose out on the advantage of quality control (Jones et al., 2011), whereas journal articles provide knowledge that is validated (Podsakoff et al., 2005). Further, following the approach of recent family business reviews, and to remain inclusive, I did not restrict my search to articles from high impact factor journals and included in my review all published articles that were accessible (e.g. Qiu & Freel, 2020; Suess, 2014).

My comprehensive search for articles for this review combines the methods used in recently high-quality published scholarship. In the first step, following the methodological approach of recent literature reviews (e.g. De Massis et al., 2013; Madison et al., 2016; Tabor et al., 2018), I began my search by going through three bibliographies of family business literature:

1. The annotated bibliography of the 215 most influential articles in family business research from 1996 to 2011 (De Massis et al., 2012),
2. the 21 most influential articles from 2006 to 2013 (Odom et al., 2019), and
3. the 25 most influential (most cited) articles from 2003 to 2008 (Chrisman et al., 2010).

From a physical search through the abstracts and summaries of the 261 articles in these three bibliographies, I identified 21 articles that explored relationships in family businesses and their impacts on the business and the family. After reading these articles in their entirety, I discarded four which were literature reviews, and kept 17 articles.

In the second step, from these selected articles, and from the scope of my review as defined above, I identified keywords for the next step of my search in electronic databases. The keywords included strings from five categories.

1. In the first category, called the "Family Business" category, I listed keywords for Family Business like *family business, family firm, family owned business, family owned and managed* business, and *family enterprise*.
2. In the second category, called the "Relationship" category, I used synonyms for relationships, like *relationship*, *friendship*, *ties*, *kinship*, and *bonds*.

3. The third category comprised keywords that define family relationships e.g., *marriage*, *divorce*, *husband-wife*, *father(mother)-son(daughter)*, *siblings*, and *cousins*.
4. The fourth category of keywords included words and phrases that define nonfamily members in family businesses viz. *nonfamily members*, *nonfamily employees*, *nonfamily stakeholders*, *nonfamily shareholders*.
5. The fifth and final set of keywords are from the relationship mechanisms category (described in the previous subsection on the scope of the review), wherein I included the following keywords: *harmony, disharmony, conflict, feuds*, *affection, trust*, *respect*, *mentoring*, *affiliation*, *obligation*.

Then, in accordance with the principles for a systematic review recommended by Short, (2009), I constructed combinations of search strings from each of the categories from the second to the fifth, i.e. Relationships, Family Relationships, Nonfamily Relationships, and Relationship Mechanisms in combination with the first category i.e. "Family Business" (and its permutations) category. Thus, my search keywords combinations were as follows:

1. ("Family Business*" OR "Family Firm*" OR "Family Enterprise*" OR "Family Owned*") AND (Relationships OR Kinships OR Bonds OR Ties).
2. ("Family Business*" OR "Family Firm*" OR "Family Enterprise*" OR "Family Owned*") AND (marriage OR divorce OR "husband-wife" OR "father-son" OR "father-daughter" OR "mother-son" OR "mother-daughter" OR siblings OR cousins)
3. ("Family Business*" OR "Family Firm*" OR "Family Enterprise*" OR "Family Owned*") AND ("nonfamily member*" OR "non-family member*" OR "nonfamily employee*" OR "non-family employee*" OR "nonfamily stakeholder*" OR "non-family stakeholder*" OR "nonfamily shareholder*" OR "non-family shareholder*")
4. ("Family Business*" OR "Family Firm*" OR "Family Enterprise*" OR "Family Owned*") AND (harmony OR disharmony OR conflict OR feud* OR affection OR trust OR respect OR mentoring OR affiliation OR obligation)

Using these combinations, I proceeded to step 3 of my search, wherein I conducted a title search in the *Web of Science, Google Scholar, and EBSCO* databases for English articles in peer-reviewed journals until the year 2020, with no lower year boundary for the timeframe, to ensure an exhaustive search.

Following the examples of other literature review articles, I scanned the abstracts of all the extracted articles and selected those that fell within the scope of my review as defined above (Debicki et al., 2009). I eliminated those that did not examine SERs or if the article mainly focused on concepts like succession or performance of the firm and only incidentally mentioned relationships. Articles that explored or examined relationships at the firm level e.g., the relationship of the firm with external stakeholders (vendors, customers, financial institutions) etc. were also not selected for this literature review. Although some of them included discussions of emotions like loyalty and respect that impacted the relationships of the key players, these relationships tended to be RERs for the most part. For articles where it was ambiguous from the abstract and introduction, I read the entire article before deciding whether to include or exclude it. Some examples of the "rejected" articles and the reasons for the rejections are in the Appendix under Examples of Articles not Selected for Literature Review.

After eliminating duplicates, I obtained 22 articles from EBSCO search, 26 articles from Web of Science, and 20 articles from Google Scholar, that I included in my review.

In the fourth step, I followed the approach of Daspit et al., (2016) and broadened my electronic search to the 30 top management journals (Debicki et al., 2009), adding *Journal of Family Business Strategy* and *Journal of Family Business Management* to this list, to ensure I included articles not covered by the above steps. Following the similar methodology as above, I scanned the abstracts for articles that met my inclusion scope, reading the entire article in cases where it was difficult to determine from the abstract alone. However, there were no new articles obtained from this step. In my final step, and taking my cue from Tabor et al., (2018), and following the examples of other articles (Debicki et al., 2009; James et al., 2012), I requested prominent family business scholars to recommend upcoming or extant articles that explore relationships in family businesses and that may have been missed out in the above searches. Three of the scholars responded and one additional article was selected as a result.

Through all the above searches, I arrived at 86 articles focusing on relationships in family businesses which I further scrutinized for relevance and inclusion, keeping eventually 73 articles. Of these 12 were conceptual studies and 61 were empirical, with 40 of them being quantitative, 17 qualitative, and four being mixed methods (qualitative and quantitative). See Figure 2: Literature by Typology/ Methodology for a depiction of the articles by typology of study.

Further, looking at the articles by the journals in which they were published, following is a breakdown: 15 articles were from *Family Business Review*, which is the main journal for Family

Business Studies. Seven were from *Entrepreneurship Theory and Practice*; four from *Journal of Family Business Strategy*; three each from *International Journal of Entrepreneurial Behaviour and Research*, *Journal of Business Research*, and *Journal of Family Business Management*; two each from *Academy of Management Journal*, *International Entrepreneurship and Management Journal*, *Journal of Organizational Change Management*, *Journal of Small Business Management*, *Management Dynamics: Journal of the Southern African Institute for Management Scientists*, and *Sustainability (Switzerland)*; and finally one each from the rest of the journals. See Table 1: List of Journals for Literature Review for a breakdown of the selected articles by journals.

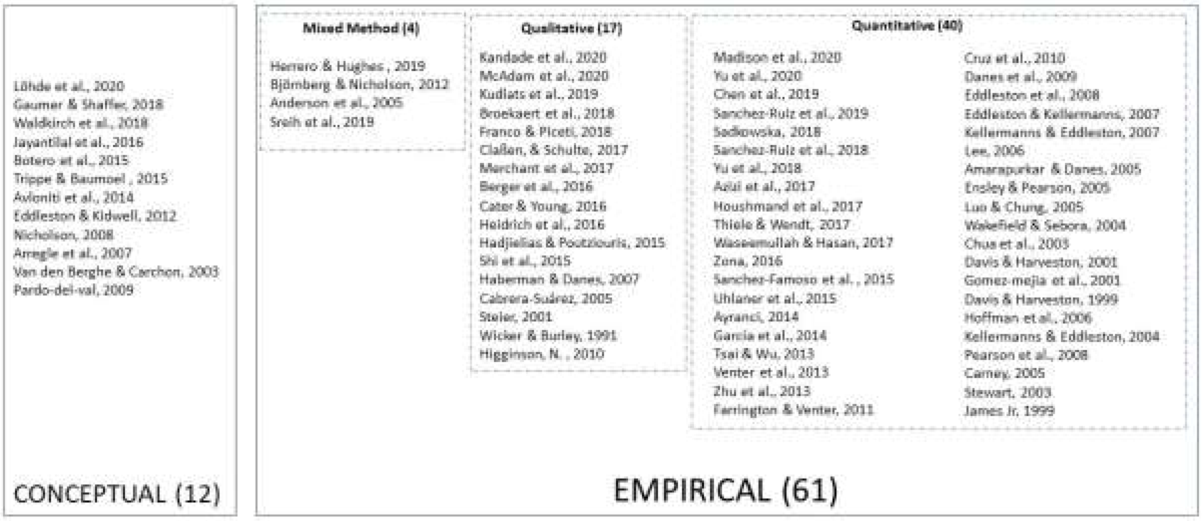


Figure 2: Literature by Typology/ Methodology

Journal	**Count**
Family Business Review	15
Entrepreneurship Theory and Practice	7
Journal of Family Business Strategy	4
International Journal of Entrepreneurial Behaviour and Research	3
Journal of Business Research	3
Journal of Family Business Management	3
Academy of Management Journal	2
International Entrepreneurship and Management Journal	2
Journal of Organizational Change Management	2
Journal of Small Business Management	2
Management Dynamics: Journal of the Southern African Institute for Management Scientists	2
Sustainability (Switzerland)	2
Administrative Science Quarterly	1
Budapest Management Review	1
Business Administration and Management	1
Cogent Business & Management	1

Journal	Count
Corporate Governance: An International Review	1
European Journal of Family Business	1
European Journal of International Management	1
Human Relations	1
Human Resource Management International Digest	1
Human Resource Management Review	1
International Journal of Conflict Management	1
International Small Business Journal: Researching Entrepreneurship	1
Journal of Applied Management and Entrepreneurship	1
Journal of Business and Entrepreneurship	1
Journal of Family and Economic Issues	1
Journal of Management & Marketing Research	1
Journal of Management History	1
Journal of Management Studies	1
Leadership Quarterly	1
Management and Organization Review	1
Management Decision	1
Negotiation Journal	1
Paradigms	1
Small Business Economics	1
South African Journal of Economic and Management Sciences	1
The Journal of Asian Finance, Economics and Business	1

Table 1: List of Journals for Literature Review

As mentioned above, the selection criteria for the articles for the literature review did not restrict them to journals of any ranking. I could not find the ranking of journals for 13 articles, so they have been labelled as "Unknown". However, the majority of the articles – 27 of them – were from journals ranked 3 in the ABS Ranking, followed by 11 articles from journals ranked 2 in the ABS Ranking. 10 articles were from journals ranked 4, and four from 4* ranked journals. The remaining eight articles were from journals ranked 1. The distribution of the journals is shown in Figure 3: Journals by ABS Ranking for Literature Review.

I coded and categorized this list of articles with keywords encapsulating their focus. I also coded them according to secondary or incidental findings, the underlying theories used, emergent themes, and in the case of empirical studies, their cultural contexts i. Accordingly, I organized them by logical and meaningful themes.

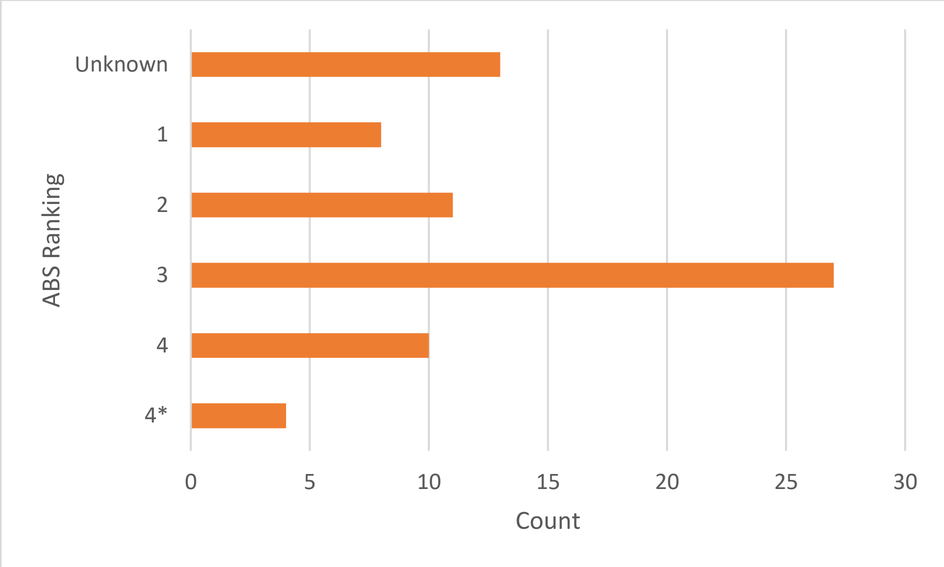


Figure 3: Journals by ABS Ranking for Literature Review

The remainder of this chapter is organized as follows. Firstly, I look at articles that examine Generalized Exchange Relationships in family businesses organizing them into antecedents, characteristics, and consequences. Secondly, given that conflict is an integral aspect of relationships, I bring together studies that explore relationship conflicts – their causes and impacts - in family firms. The third section discusses the theme of social capital – family and organizational – as these are a direct result of relationships within and beyond family boundaries and are an idiosyncratic asset possessed by family firms. The fourth section brings together literature examining relationships through the lens of the cultural dimension of collectivism. Finally, I propose future directions for research in the field.

2.1.3 Articles Review

2.1.3.1 Antecedents of Relationships

Trust, a critical component of high-quality SERs, has received much attention in extant literature and is a critical antecedent of high quality SERs (Kandade et al., 2021). Of the 73 articles in this review, 15 of them examine trust as a critical antecedent of high quality relationships in family firms both within and beyond family boundaries, some as the main concept of interest and some as the secondary concept of interest (Amarapurkar & Danes, 2005; Azizi et al., 2017; Berger et al., 2016; Franco & Piceti, 2018; Hadjielias & Poutziouris, 2015; Higginson, 2010; Hoffman et al., 2006; James Jr, 1999; Kandade et al., 2021; Kudlats et al., 2019; Pardo-Del-Val, 2009; Sanchez-Famoso et al., 2015; Shi et al., 2015; Venter et al., 2013). While agency theorists follow the anti-trust notion based on the theory that agents will act opportunistically and therefore need control and monitoring by the principals, another school of thought claims that employees i.e. agents, can actually work in the best interests of the organization (Cruz et al., 2010). Trust has been shown to not just contribute to high quality relationships but beyond that reduces conflicts, contract costs, and promotes collaboration. (Azizi et al., 2017).

While it is easier to develop relationships of trust among family members (Zellweger et al., 2010), the dimensions of these relationships are beyond merely the family. When the complexities of relationships between and with work colleagues, manager and subordinate, employee and employer etc. are taken into account, we are looking at much more complex social interactions than family connections imply (Azizi et al., 2017). Further, given that the trust in family relationships is not based on the organization but rather on the relationship itself, it is also likely that this trust can be misused by family managers becoming “free riders” as they are unable to meet the firm’s growing demands (Yu et al., 2018). This makes a case for external professional nonfamily managers, who, in spite of the likelihood of agency conflict, can make a positive difference to the performance, innovation, and growth of the family firm.

Within the family, family business scholars have explored the relationships between spouses, siblings, parent-child, cousins, and other extended family members, discussing the impact of the relationship on the business and on the family itself. Amarapurkar & Danes, (2005) examine the relationship between business spouses, showing that business tensions can impact the quality of conflict in their relationships which further can impact the growth of the firm. On a similar vein, a study on copreneurial businesses (family SMEs created and managed by couples) discusses how trust, communication, flexibility, and common goals bring about stability in personal relationships and lead to the good functioning of these businesses (Franco & Piceti, 2018).

Moving on from spouses to other relationships, one of the most critical relationships is that between parent and offspring. When the offspring is a successor as well, the impact of this relationship on the firm becomes paramount. Nicholson, (2008) argues that a father-son relationship is particularly vulnerable when the age gap between them is narrow and that this impacts the critical event of intergenerational leadership succession.

2.1.3.2 Characteristics of Relationships in Family Firms

Family relationships are, by definition, long-term and often from birth to death, and family firms, as innately relational organizations, have been described as “one of the most vital and fertile grounds for the development of strong relationships” (Sanchez-Famoso, Akhter, et al., 2015). These long term relationships breed trust, which is an advantage for family firms as it helps to reduce agency problems requiring monitoring and incentivization that exists in most organizations (Chrisman et al., 2005). On the other hand, the same trust which is a feature of these familial relationships can also lead to negative outcomes due to complacency and blind faith (Eddleston et al., 2010). Thus, there are positive and negative aspects to family relationships and as literature shows, family businesses need to skilfully leverage them in order to derive the advantage they can offer to achieve the business and family goals.

An important event in the family firm is that of succession, one that can severely impact the longevity and success of the firm. Relationships – both within and outside of the family and firm boundaries – can positively or negatively impact this event. Undoubtedly, one of the most important relationships that impacts succession is that between the predecessor and successor.

2.1.3.3 Consequences of Relationships on the Family Firm

In family firms, family relationships are one of the most valuable, unique, and inimitable resources for family firms (Colbert, 2004) which are not available to their nonfamily counterparts (Gallucci et al., 2015). In contrast to relationships in nonfamily firms which are generally based on professional connections, family relationships are often formed years – since childhood – before the individuals even enter the firm officially, or through the love and bonding of marriage. Thus family members gain deep levels of tacit knowledge which are difficult to imitate (Danes et al., 2009), and the involvement of family members in the firm generates the unique "familiness" (Habbershon & Williams, 1999), allowing the firm to gain an idiosyncratic bundle of resources and abilities which, if exploited appropriately, gives it a continuous competitive advantage (Gallucci et al., 2015). Familiness has been shown to be a driver for change by either inhibiting or facilitating it in the form of a moderator, depending on the circumstances (Claßen & Schulte, 2017). Given that family businesses idiosyncratically have financial goals (performance, growth etc.) and nonfinancial goals (family harmony, family ownership, family leadership), familiness can impact change and innovation in the firm in both negative and positive ways (Holt & Daspit, 2015).

Due to the long-term nature of family relationships in the family firm, trust is often an implicit aspect of these relationships which further leads to increased trust, motivation, and loyalty among employees – both family and nonfamily – as well (Tagiuri & Davis, 1992). Family involvement in senior management has been shown to foster relationships with nonfamily employees, which in turn, leads to greater revenue and growth (Pearson et al., 2008). When there is a higher level of trust and alignment of obligations in the relationship between family members and nonfamily employees, there is less likely to be violations or perceptions of breaches of psychological contracts by both parties (Ward et al., 2007). Further, trusting social exchange family relationships are key to and contribute to the success and expansion of the family business across geographies. E.g., Bertrand & Schoar, (2006) describe the case of Amschel Rothschild who was able to expand the business overseas by sending a son to set up the operations, trusting him with half of the firm's assets, something that would not have been possible with a hired manager with whom he may not have had that trusting relationship. Anderson et al., (2005), in their study on the impact of family relationships, show that when entrepreneurs need help with their new business, most of them turn to their extended family outside of the firm itself; such kinship relationships provide some of the strongest of ties which are particularly helpful when the firm is starting out, as they provide resources like capital, assistance, and even ideas and technology due to the belief and trust in the founder-owner. Strong family relationships have been shown to have an impact on not just the firm performance but also on the CEO tenure; when a firm's owners and its senior executives have family ties, the CEO tenure tends to be longer and should a nonfamily CEO be dismissed, replacing them with a CEO from the family has favourable consequences on the organization (Gomez-Mejia et al., 2001). Another study on family ties, conducted in Taiwan, finds that family relationships contribute more to the firm's performance after an institutional transition rather than before it; they find a U shaped impact of family ties on the firm's performance i.e., the positive effects of these family relationships increase up to a threshold after which additional family ties can affect the firm's performance negatively (Luo & Chung, 2005). Further, some of the outcomes of these valuable family relationships are aligned long-term goals which can foster entrepreneurial behaviour in the firm and its managers (Kellermanns et al., 2008).

Cabrera-Suárez, (2005) study the father-son relationship quality, which is critical, at the time of transfer of leadership as it can make a difference in the training the predecessor gives to his son. An advantage of family interactions is that they go beyond the professional interactions into familial and social interactions which can help cement the relationships even better. In fact, these familial social interactions give the family business an advantage as they positively impact the relationship between goal diversity and a collective commitment to family goals while the professional interactions negatively impact the same relationship (Kotlar & De Massis, 2013).

While *inter*generational relationships (e.g., parent-child) have been the subject of studies especially around the time of succession, several scholars have examined *intra*generational relationships that can lead to sibling rivalry (in the second generation) and cousin rivalry (beyond the second generation) for the leadership position (Avloniti et al., 2014; Chen et al., 2019; Eddleston et al., 2008; (Ensley & Pearson, 2005; Farrington et al., 2011; Haberman & Danes, 2007; Jayantilal et al., 2016; Nicholson, 2008; Wakefield & Sebora, 2004). Close family relationships like sibling relationships can be a source of conflict which can be mitigated by kinship and family ties. Another familial relationship that can bring about conflict is that of parent-parent particularly when this relationship breaks beyond repair (e.g., due to divorce) and can cause huge harm to the firm (Nicholson, 2008).

Thus, family relationships impact family firms at the individual level through increased motivation, loyalty, and higher performance from employees, and at the firm level through successful succession, family goal commitment, expansion, access to resources and capital, growth, and entrepreneurial behaviour.

2.1.3.4 Conflict

As a natural human phenomenon, conflict is inherently neither positive nor negative (García et al., 2014). At work too, conflict is a critical component of performance and wellbeing at the firm and employee levels (Spector & Bruk-Lee, 2007). Further, literature has cited interpersonal conflict in the workplace as one of the principal sources of stress for employees regardless of cultures, age groups, occupations, and industries (Spector & Bruk-Lee, 2007). Family firms are particularly vulnerable to conflicts within the family that then spill over to the business becoming a threat to the very existence of the firm (Nicholson, 2008). Within family businesses, the existence of the principal two systems – the family and the business (Tagiuri & Davis, 1992) – can cause several kinds of conflicts to exist, and if the business stakeholders learn to differentiate between these two, they can learn how to mitigate the ones that are harmful and exploit the ones that can be helpful. Merchant et al., (2017) in their exploration of intergenerational succession in family businesses, argue that conflict is natural to human relationships and can be exacerbated within families, which can further result in tensions that could be detrimental to the induction process of the successor and a successful succession.

Conflict, in general, but in particular in family owned and managed businesses, can have dual effects. Claßen & Schulte, (2017) argue that while most of family business literature assume that conflict is unhealthy for the firm and can disrupt progress, there are positive effects of conflict which can be harnessed to be a driver for change and growth. Sibling rivalry is a common source of familial conflict. All conflict is not detrimental - lack of conflict can imply low quality decisions. Left unmanaged, conflict can be unhealthy and damaging for family businesses. Interpersonal family relationships are linked to conflict over money and compensation, over managerial roles, over strategic vision, and over ownership in family businesses.

Research from the field of organizational psychology has shown that of the three principal kinds of conflict in organizations – task conflict, process conflict and relationship conflict – the first two, task and process conflict may have positive impacts on the organization. Kellermanns & Eddleston, (2004) argue that in family businesses, task conflict which occurs because of differences regarding the goals and strategies of the firm, and process conflict that involves disagreements on how tasks should be accomplished, both can be beneficial for the firm at moderate levels. However, it is the third type of conflict, relationship conflict, which is also the focus of this review, that has negative impacts on the relationship and on the well-being of the individuals in the relationship, as well as those around them (Meier et al., 2013). As task and process conflicts are generally based on situational factors, this section focuses on relationship conflict which is caused by disagreements based on personal issues and feelings of animosity between the relationship partners and which impacts the relationship itself (Jehn, 1995). Thus, any discussion on relationships is incomplete without a discussion on conflicts.

Relationship conflicts may range from milder reasons like annoyance and irritation to large issues like enmity, animosity, incompatibility, and/or rivalry for the leader position, all of which can end up in threats to and factionalizing within the firm, even escalating to the point of the break up or demise of the business (Kellermanns & Eddleston, 2004). Trippe & Baumoel, (2015) in their conceptual study of conflicts in family firms, argue that family firms with extensive conflicts within family relationships can become so adversarial causing the business and family harmony to be at great risk. Such deep conflicts can be driven by vengeful behaviour like sabotaging, blocking, and excluding others from information or decision making, leading to destructive relationships. In fact, given that conflicts are almost unavoidable in family firms, given the disagreements on the suitable distribution of power and wealth (Van der Heyden et al., 2005), it is critical for them to learn and get better at managing conflicts so that it does not impact the business or the family harmony, rather than to try and avoid conflict.

Family businesses relationships are often characterized by conflicts and fights which could end up by the individuals involved focusing less on the needs of the business that could further not just inhibit its growth but further heighten its chances of failure (Kets de Vries, 1993). Although this review does not include studies on task or process related conflict, research has shown that they are impacted by relationships, particularly SERs. Kellermanns & Eddleston, (2007) explain how open communication norms which are the outcomes of trusting relationships can be a key influence on the relationship between task conflict and firm performance. Further, they discuss how the level of reciprocity and openness among family members can be a factor unique to family firms which helps task or work-related conflict to be beneficial to performance. While most family relationships are based on bloodline, the relationship of marriage and associated conflicts have a significant impact on each other as well as on business outcomes. Relationship conflict quality – which is expressed in terms of constructive v/s destructive conflict styles between married couples – particularly for "copreneur" couples, can impact the firm and the relationship itself; a study of farm-business owning couples shows that business tensions impact the relationship conflict between the couple and further, the relationship conflict itself is correlated with satisfaction with the spouse, particularly for husbands (Amarapurkar & Danes, 2005).

Agency conflict between controlling family shareholders and these nonfamily stakeholders can harm the firm's performance (Waseemullah & Hasan, 2017). Within the firm, Top Management Teams (TMT), that have a parent in it, tend to have less relationship conflict than do familial TMTs, although it has been argued that this could be because the parent may be a dominating leader thereby inhibiting the constructive criticism or opposition. (Ensley & Pearson, 2005). Regardless of the source of the conflict between family members, relationship conflict can be detrimental to family firms (P. S. Davis & Harveston, 2001) negatively impacting succession, causing it to breakup or even its demise as family members feel trapped within the business and/or they try to gain power and control (J. Cater & Young, 2016).

The literature on relationship conflict in family businesses can be categorized into studies that discuss factors that cause or exacerbate conflict and studies that explain how conflict can be managed or mitigated better

1. Factors that Cause or Exacerbate Conflict

To understand the factors that impact conflict in family firms, it is important to look at the origins of conflict like personalities and ability to handle stress of the individuals; levels of trust and understanding between individuals; intergenerational differences and succession processes; clarity of communications; power balance and levels of autonomy; and historical patterns leading to assumptions among others (Harvey et al., 1998). The survival of family businesses over generations has been a matter of concern for scholars (e.g., Botero et al., 2015; Cabrera-Suárez, 2005; Farrington et al., 2011) and research tells us that relationship conflicts that can harm the longevity and performance of the firm increase with the number of generations of family ownership (Kets de Vries, 1993). Additionally, while task and process conflicts can have positive effects, empirical studies on the relationship conflict show that it can actually weaken these positive effects (Kellermanns & Eddleston, 2004).

Some of the reasons attributed to this heightened conflict are an increased confusion over roles, the dilution and diffusion of strategic vision, vying for power, the formation of coalitions of family members (Wakefield & Sebora, 2004), and the dispersion of ownership beyond the third generation of leadership (Eddleston et al., 2008). As more family members enter the business, different branches of the family compete for power and wealth. E.g. while the sons of a founder may work harmoniously together under their father's guidance and leadership, their children and grandchildren may not have the same sense of "familiness" (Habbershon & Williams, 1999) that existed in the second generation. Factions may form and they may vie for power and control of the business. In smaller businesses, the ownership and wealth can get dispersed among a larger number of family members. The resulting conflict can cause the breaking up of the business as well as the family (Wakefield & Sebora, 2004).

Regardless of the generations of ownership, conflicts within the family are some of the most difficult to resolve and need great attention. Family relationship conflicts can be due to sibling rivalry, competition for the role of the successor, disagreements between parents and children, or even divorce (Dyer, 1986; Trippe & Baumoel, 2015). Relationship conflicts between siblings can destroy family firms as they compete for their parents' attention and love and to be the successor for the leadership role. They need to overcome these conflicts before they turn destructive so that they can take the business successfully through intergenerational succession (Friedman, 1991). The father-son relationships conflict resulting from a lack of love impacts the relationship badly, particularly during and post the succession, which can result in long term bitterness in the successor son, while the relationships particularly between a father and daughter, a mother and daughter, and a mother and son are less prone to these conflicts. (Higginson, 2010; Kets de Vries, 1993). In gender-influenced conflicts, when women enter the family business, they experience feelings of exclusion when it is a father-son business, resulting in higher conflict and lower integration among family members and, conversely, feelings of inclusion when it is a father-daughter business resulting in lower conflict and higher integration among family members (Haberman & Danes, 2007). Although parent-child and siblings' relationships are some of the chief sources of conflict, marriages also add to the relationship and relationship conflict dynamics. E.g. With daughter successors, there is the issue of the son-in-law wanting to enter the family firm which gets problematic in the event of a divorce between the couple (Kets de Vries, 1993). Beyond the conflicts due to intergenerational succession, the presence of the founder's shadow, i.e. continued influence of the founder and/or their spouse, on the company even after the next generation has taken over leadership and control, is another significant driver of the increase in overall conflict across generations in relationships in family firms and this can continue on well into the third or later generations as long as either or both of the parents are still active in the family business (Davis & Harveston, 1999).

Beyond the family, relationships and conflicts with nonfamily managers have also been the subject of exploration for researchers. Scholars are divided on how to treat relationships beyond family boundaries, with some arguing for the agency theory approach that recommends monitoring and control of nonfamily managers as they cannot be as vested in the business as family members (Chua et al., 2003), and yet others positing that nonfamily employees and managers of family businesses have many reasons to be stewardly rather than agentic so that family owners need to delegate decision making and control to these important stakeholders of family firms in order to reduce conflict and enhance their contributions to the firm (Löhde et al., 2020). In their conceptual study based on SET, Löhde et al., (2020) argue that the relationship between the owner of the family firm and the nonfamily manager is critical for building pro-organizational behaviour and long term commitment in the latter, triggering a shift from an agentic, RER to a stewardship-oriented, generalized exchange relationship, and further this strengthened relationship leads to reduced relationship conflict and a reinforcement of better governance in the firm. Along the same lines, Carney, (2005) argues that building long term relationships with nonfamily stakeholders of the family firm reduces agency and transaction costs, leading to lower relationship conflict and quicker decision making, giving the firms a competitive advantage. An interesting aspect of the agency relationships of the family firm with nonfamily managers is that these relationships are positively affected by the firm size (Chua et al., 2003). A special group of nonfamily managers are the TMT. In their empirical study based on Agency Theory, Cruz et al., (2010), find that when the relationship of the family CEO with a TMT that is more heterogenous (i.e. comprising nonfamily members also rather than only family members) has higher levels of perceived benevolence, these relationships are positively associated with a higher level of protective features in the employment contracts, leading to the nonfamily TMT members exhibiting greater loyalty to the firm.

Conflicts with nonfamily employees and managers can also arise due to jealousy, nepotism, disrespect for an incompetent successor etc. (Alderson, 2015; Nicholson, 2008). Relationship conflicts with nonfamily managers can lead to demotivation and a higher turnover of these employees who take away with them valuable resources like social capital, knowledge, and experience when they leave (Broekaert et al., 2018). Further, with multi-generational family businesses, an expanding number of family members resulting in a further increase of conflicts across extended family members which often transmit to nonfamily employees who may have to choose factions (Kets de Vries, 1993). On the other hand, research shows that as the percentage of nonfamily managers in the management team increases, family member conflict tends to decrease. An analysis of this correlation indicates that nonfamily members may not be the direct cause of the decrease in conflict among family members but rather it could be for reasons caused by there being fewer family members involved in the business as the business grows bigger, leading to less conflict (Sonfield & Lussier, 2009).

Another issue that could be a cause of deepening conflict between family members involved in the business is that they are unable to disassociate easily from a dispute or disagreement, like employees of a nonfamily company can by leaving the company (Trippe & Baumoel, 2015). For example, cousins could feel a strong sense of responsibility to their branch of the family to continue to influence decisions and operations; the option to leave and escape the conflict is not open to them as that could put their siblings and future generations in a disadvantageous position, and if they have sacrificed other employment or business opportunities to join the family firm, this could spawn even further conflict.

2. Management and Mitigation of Conflict

As mentioned above, conflict is a human condition. Where there are relationships, there is almost certainly likely to be conflict. With the family business sitting at the junction of the family and the business (Tagiuri & Davis, 1992), conflict is even more of a given and families, family firm owners, and managers would do well to develop the skills and ability to manage conflicts rather than expend effort to avoid them entirely.

The management and resolution of conflict among family members of the business, is complex as a resolution may cause additional conflict among other family members given that these are lifelong relationships for the most part. Trippe & Baumoel, (2015) give the example of the CEO of a company who may consider the promotion of a nonfamily member over his child as a resolution of a workplace conflict, may then have to face conflict with his spouse and the impact of his relationship with that child. Founders have to tread carefully in selecting one child over another as a successor or even for appointment for a high-ranking position as he may be contending with sibling rivalry and conflict.

One possible way is for family firms to have a board of directors, family councils, and family protocols all of which enable a better management of conflicts since they are able to separate family issues from business issues. (García et al., 2014). Given the possibility of added conflict in multi-generational family businesses, and as the firms grow substantially, these governance measures can improve communication and enable power sharing within family members and between family and nonfamily managers. Some of these formal structures can bring the organization to a point where the business relationships take precedence over family relationships and this regulates conflict and decision making (Sarbah et al., 2015).

Senior generation family members could help reduce relationship conflict among next generation family members in the firm by being respectful to them, giving a listening ear to their ideas, and nurturing and mentoring them (J. Cater & Young, 2016). Collaboration strategies and a sense of altruism can enable family firms manage relationship conflicts more effectively (Kellermanns & Eddleston, 2004; Sorenson, 2000), open communication will help reduce conflict and improve the sharing of knowledge among family and nonfamily employees (Madison et al., 2020), and early affiliation of the successor with the predecessor and with the business can foster a bond between them and with other employees, which is helpful to reduce conflict (Kets de Vries, 1993). Family firms would also do well to preserve the family spirit and kinship across generations as this fosters trust within the family and creates a sense of oneness with employees (Nicholson, 2008).

2.1.3.5 Social Capital

Social Capital has been recognized as a multifaceted construct that includes the relationships, connections, and interactions across individuals, groups, and organizations, and beyond into the resources afforded by communities, the social structure, and the cultural dynamics within them, and provides firms a sustained competitive advantage (Luthans & Youssef, 2004; Snell, 1999). Social Capital is available for and accessible to firms through a network of relationships (Nahapiet & Ghoshal, 1998), and develops over the long term on the basis of trust and social interactions (W. Tsai & Ghoshal, 1998). It exists at the individual, group, and firm level and can be centred in the firm – bonding relationships – or focused external to the firm – bridging relationships (Gupta & Levenburg, 2012) and its dimensions are networks, norms and trust. (Luthans & Youssef, 2004).

In the context of family firms, given that it springs from the family's involvement in the business, and given that family relationships are long-term, it is a particularly valuable resource, which, if nurtured, can contribute to the financial and non-financial goals of the firm (Pearson et al., 2008). Family firms are more uniquely placed to convert their lasting relationships with and among the important stakeholders of the firm into Social Capital (De Carolis & Saparito, 2006) than their nonfamily counterparts. However, while this Social Capital from their long term social exchanges is idiosyncratic and not easily imitable, thus providing family firms a unique advantage, some family firms may be less able than others in leveraging it for the benefit of the firm (Verbeke & Kano, 2010). Family businesses need to learn how to manage Social Capital and exploit it better. Relationships that contribute to this Social Capital are within the family (family members, family employees, family shareholders), within the firm but outside the family (nonfamily employees, nonfamily directors, nonfamily shareholders), and outside the firm (customers, vendors, bankers, venture capitalists etc.). Adopting the resource based view of the firm, Sanchez-Famoso, Iturralde, et al., (2015) argue that Social Capital in family firms is unique and cannot be imitated or hired since it reposes within the relationships in the firm.

Family business scholars have discussed this Social Capital in the forms of Family Social Capital (Danes & Stafford, 2011; Herrero & Hughes, 2019), and Organizational Social Capital (Arregle et al., 2007; Zahra, 2010) which are based on bonding, SERs, and kinships, between the various stakeholders associated with the firm (Herrero & Hughes, 2019). Family Social Capital is a vital resource for family businesses as these organizations uniquely possess them and further, are uniquely in a position to exploit or rely on it. While there is a lack of clarity in the definition of the Family Social Capital construct (Danes & Stafford, 2011), family firms derive a competitive advantage by leveraging Family Social Capital and being able to expeditiously deploy their resources, perform activities in a more reliable manner, and enable the access of critical information (Pearson et al., 2008). Several studies have described Family Social Capital as derived only from the bonding relationships among family members who work within the family firm (Arregle et al., 2007; Carr et al., 2011), which clearly excludes relationships and bonding among family members who are not involved in the family firm whether as employees or shareholders; these could be supportive spouses, children who could be future managers or employees, and siblings of owners of family firms who may provide financial capital and advice among others (Adler & Kwon, 2002).

Organizational Social Capital, on the other hand, has been defined in the literature as the Social Capital the firm derives through relationships, connections, and interactions with a diverse set of stakeholders external to the firm, which if exploited can provide financial and non-financial resources to the firm (Arregle et al., 2007; Zahra, 2010). These relationships are unique to family firms as, given long CEO tenures, transferring of loyalty and kinship to next generations, these firms can possess these resources far longer than nonfamily firms can. Organizational Social Capital can help family firms in entrepreneurial ventures, partnerships and alliances, equity investments in new ventures, sales from new ventures, strategic change, by giving the firms access to relationship-building activities through the networks it provides and providing the firm with a wider knowledge base (Carr et al., 2011; Zahra, 2010). Beyond family relationships, however, family firms also have access to Social Capital through the relationships with nonfamily members of the organization which are also, in their own way, unique and difficult to imitate. However, as for Family Social Capital, studies on Organizational Social Capital have excluded relationships with a group of nonfamily members who are within the firm, i.e., nonfamily employees and managers, and nonfamily directors and shareholders.

Nonfamily employees of family firms have a high impact on the performance, innovation abilities, and prosperity of family firms (Minichilli et al., 2010; Mitchell, Morse, & Sharma, 2003) and the relationships between this group of family business stakeholders and owners, successors, and family members of family firms are critical for the longevity and prosperity as well as for the networks they bring to the business (Chua et al., 2003; Daspit et al., 2016). Relationships with other stakeholders of family businesses who are within the boundaries of the firm, e.g., nonfamily directors, nonfamily shareholders, nonfamily CEOs, are also critical as several studies show. A study by Zona, (2016),using the lens of the Upper Echelons Theory on nonfamily CEOs in family owned businesses in Italy, finds that as family influence becomes stronger (indicating lower levels of usage of knowledge and skills and higher emotionally-based decisions), nonfamily CEOs may need to devote a large part of their time and other cognitive resources to managing relationships between family members, thus restricting their contribution to devising strategies. Regarding nonfamily shareholders, a study in Pakistan showed that family firms that have family and nonfamily shareholders often suffer from agentic relationship conflict between the two groups of shareholders and this could be a root cause of lower performance (Waseemullah & Hasan, 2017).

I follow the suggestion of Herrero & Hughes, (2019) to include relationships with nonfamily employees, nonfamily directors, and nonfamily shareholders as a source of Family Social Capital as these relationships could act as channels to connect the family and the firm to the outside world and community. Thus, this literature review encompasses scholarly work on relationships within the family and the firm i.e., family members, family employees, family shareholders, and nonfamily employees and nonfamily directors within Family Social Capital.

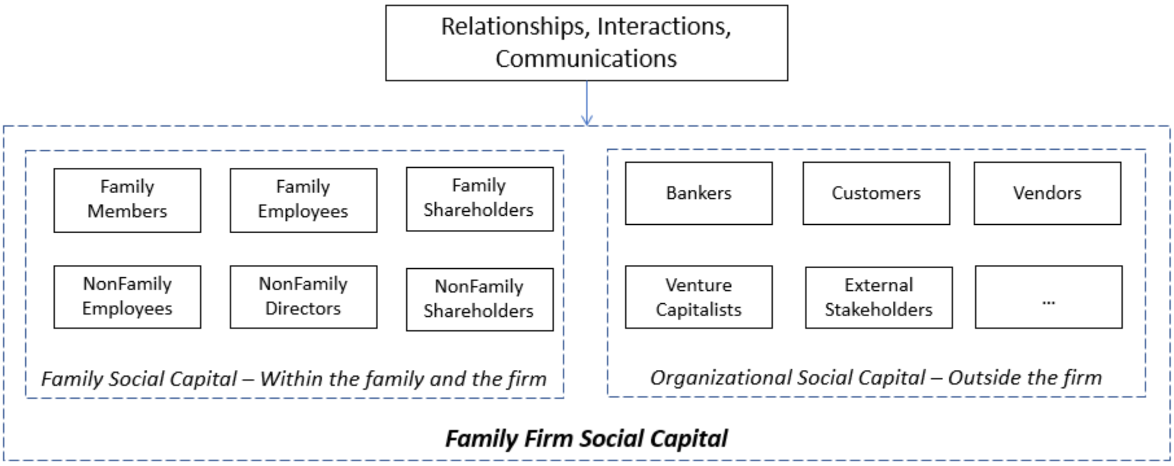


Figure 4: Family Firm Social Components

2.1.3.6 Relationships and Cultural Contexts

Hofstede, (1984) discusses the 4 dimensions in the cultural systems of countries viz. individualism v/s collectivism (referred to as collectivism henceforth), power distance, uncertainty avoidance, and masculinity v/s femininity. Of these, the two cultural dimensions of power distance and collectivism represent vertical or hierarchical relationships and horizontal or in-group relationships respectively (Gupta & Levenburg, 2012). Given that power distance is aligned with collectivism (Farh et al., 2007) and collectivism is a key dimension of cultural differences (Hofstede, 1984), I examine literature on the impact of the cultural dimensions of collectivism and power distance (or hierarchy) only on relationships in family businesses.

The 61 empirical articles selected for this systematic literature review examined data from various geographies as shown in Figure 5: Empirical Articles by Geography. The countries in which the studies were carried out are shown in Figure 6: Empirical Articles by Country.

Humans are primarily members of groups and act in accordance with the values that their groups believe in (Triandis, 1989). Research on how relationships develop, grow, and flourish or stagnate in different cultures, tells us that in individualistic cultures, people view social relationships in terms of personal choice and mutual consent, whereas in collectivistic cultures, social relationships are considered a means to interdependence and reciprocal obligations (Raefl et al., 2000).

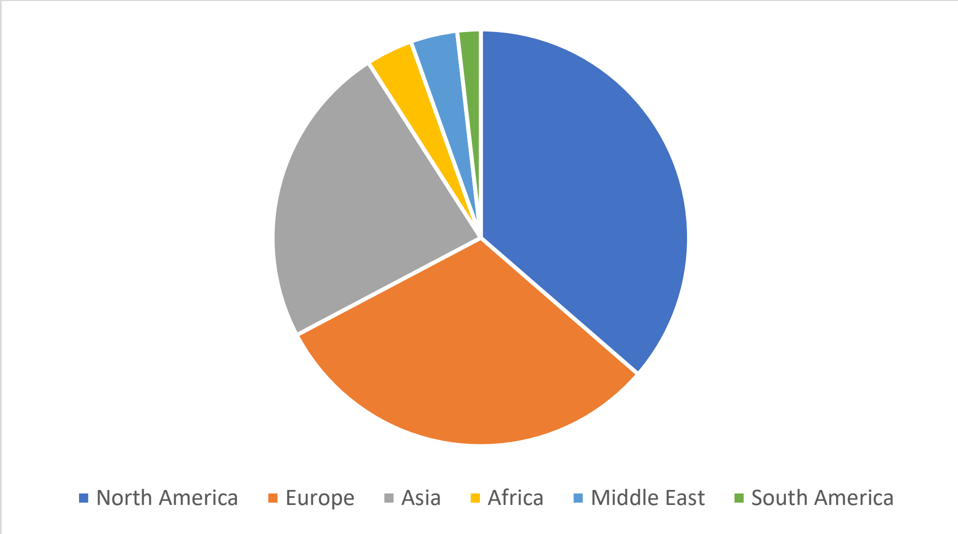


Figure 5: Empirical Articles by Geography

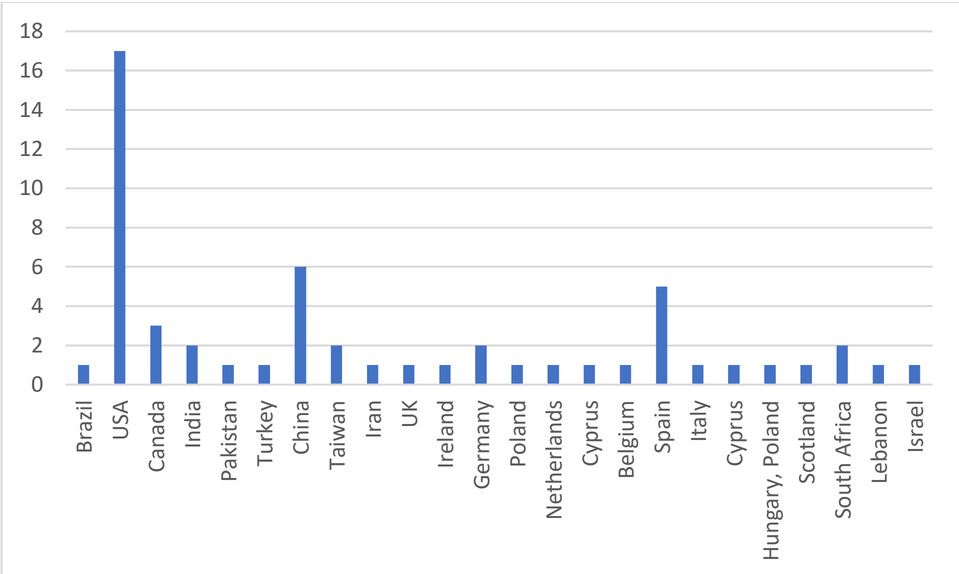


Figure 6: Empirical Articles by Country

Examining the literature on relationships in family businesses through the lens of collectivism, even when it is not the primary focus of the research, is thus justified since this cultural dimension is intricately related with the consequences of embeddedness within families and the resultant relationship dynamics between family members (Sharma & Manikutty, 2005) and between family and nonfamily members (Samara & Berbegal-Mirabent, 2018).

Environmental culture has a high impact on relationships and the associated communications and interactions. In individualistic cultures, people tend to be autonomous and independent, whereas in collectivistic cultures, people are more interconnected and interdependent with other individuals within the various groups they belong to whether family or work (Chen et al., 2002). This difference is greater in times of conflict when individualism comes to the fore in individualistic cultures and collective interests dominate in collectivistic cultures (Triandis, 1989). While SERs are critical, regardless of the culture in which the business primarily resides, this difference shows up even more starkly in family businesses. Collectivism and individualism are not binary states but rather a spectrum and research shows that there are degrees of collectivism which impact the integration and closeness of individuals in families (Hofstede, 1984; Samara & Berbegal-Mirabent, 2018; Sharma & Manikutty, 2005) and can also predict the importance the family gives to the achievement of socioemotional goals (Samara et al., 2020). I have divided them into the following regions: Africa (2), North America (20), South America (1), Asia (13), Middle East (2), Europe (16), and one article examines data across several countries. Of the 55 empirical articles included in this review, the majority of them (36 articles) were carried out in individualistic societies like North America, Europe (except Spain which as an agrarian society is collectivistic), UK etc., while the rest of the articles were in clearly collectivistic societies like India, Iran, Pakistan, Spain, Lebanon, and just one in Israel which is a blend of collectivistic and Individualistic cultures (Individualistic/collectivistic scores source: Hofstede Insights[1]). The distribution of the empirical articles in this literature review by geography are in Figure 5.

While collectivistic and individualistic cultures are not strictly geographically divided, collectivism tends to be more predominant in agrarian and non-western societies (Greenfield & Cocking, 2014). Empirical studies exploring relationships and their impacts on the firm and on individuals in family businesses sometimes offer contextual insights to add depth to their findings. For example, in their study of family businesses in Spain, Herrero & Hughes, (2019) recognize the strong family norms that could cause their findings of a negative effect of the structural dimension of family social capital to be higher than it might be in other cultural settings. Similarly, Shi et al., (2015) in their study on the impact of trust in relationships on entrepreneurial processes in family firms in China discuss how kinship, solidarity, and a strong commitment to the family play a vital role in determining trust in social relationships. However, a contextual nuance in empirical research on relationships is rarer than it should be, even though, as described above, the degree of collectivism can have a great influence on relationships and their outcomes. The review showed that empirical studies on relationships in family firms, carried out in more individualistic cultures rarely mention the impact of the environmental culture on relationships or their research findings (e.g. Madison et al., 2020; Sanchez-Ruiz et al., 2019, Venter et al., 2013) whereas those conducted in more

[1] https://www.hofstede-insights.com/

collectivistic cultures, invariably consider the cultural impact on their findings (e.g. Kandade et al., 2020; Tsai et al., 2013; Cabrera-Suárez, 2005). In individualistic cultures like the U.S.A, for example, individuals give less importance to family relationships, family harmony, and family unity, than those from collectivistic cultures like Spain (Poza & Daugherty, 2014) and this difference can make a corresponding difference in the way parents/predecessors build their mentoring relationships with their children/successors (Cabrera-Suárez, 2005). Similarly, the Chinese culture derived from Confucianism emphasizes collectivism and the connections that form the basis of relationships in this culture are based on shared interests and mutual benefits for both individuals in the relationship (Tsai et al., 2013). This is starkly different from individualistic cultures where, even in family firms, people often search for immediate personal benefits (Botero, 2014). This review includes one cross-country study (Hungary and Poland), which unfortunately examined family and nonfamily relationships without considering the collectivistic cultural dimension (Heidrich et al., 2016). A cross-country study (not included in this review as its focus is on the economic differences in the different geographies) of the role of the family in family firms included those in collectivistic (e.g. Spain, India, Turkey, Korea, China) and individualistic (e.g. U.S.A, Canada, Finland, Austria, South Africa), observed that in collectivistic societies where it is the norm for people to trust their close family networks, they are also raised to distrust people outside these networks and this cultural outlook can hinder the development of formal institutions which can further create suboptimal economic organizations (Bertrand & Schoar, 2006). Another cross-country study examines relationships between family members and nonfamily managers across six individualistic (U.S.A, France) and collectivistic (Croatia, Egype, India, Kuwait) countries, showing that as the percentage of nonfamily managers increase there is evidence of decreased conflict between family members (Sonfield & Lussier, 2009). However, this study does not examine the impact of collectivism on their findings either. On the other hand, studies in South Africa, a country with a largely individualistic culture, find that healthy and amicable family relationships are important for the success and long term prosperity of the business (Farrington et al., 2011) and family harmony and interpersonal relationships have a significant positive influence on the organizational commitment and job satisfaction of nonfamily employees (Venter et al., 2013).

2.1.4 Going Forward – Directions for Future Research

Given the large focus of relationship studies in family businesses based in countries with individualistic cultures, there is a clear need for more studies in collectivistic settings, to provide a more nuanced and contextualized as well as a more globalized understanding of relationships, their management, and their impact on various firm and individual level outcomes. In their recent study on relationships, interactions, and communications between family and nonfamily employees conducted in the individualistic setting of U.S.A, Madison et al., (2020), recognize this gap in the literature and recommend future studies investigate how these relationships can impact a shared understanding of knowledge resources and enhance innovation in the firm.

This review has not included studies on the impact of relationships in family firms at the macro or country level. However, Bertrand & Schoar, (2006) in their examination of the prevalence of family firms and the implication of family ties on their overall performance over 70 countries, suggest that stronger family ties in family firms are linked to lower GDP per capita and independence in children is related to a higher GDP per capita. Given that strong family ties and a higher allegiance to the family is a defining feature of collectivistic cultures and independence in children that of individualistic cultures (Thornhill & Fincher, 2014), empirical studies examining the impact of family relationships on the economic performance of the countries they primarily reside in, are critical and much needed.

Given family relationships and their inherent conflicts, which can make or break the associated family business and have an impact on the firm's performance (Kellermanns & Eddleston, 2004; Kellermanns & Eddleston, 2007), are of a long term nature, often for a lifetime, it was surprising to find just one longitudinal study by Luo & Chung, (2005), that explored empirically how relationships grow and evolve and how their impact changes over time. The parent-child relationship evolves into a boss-employer as the child reaches adulthood and joins the firm, then into predecessor-successor when they take over the leadership reins. How do the interactions, communications, and conflicts change with time; what are the factors that impact them with different events like joining the company, succession etc.; and what is the impact of these relationships at the different periods on the company and other critical relationships within and beyond family boundaries? There is a gap in the lack of longitudinal research designs to investigate issues like the impact of relationships between family members and nonfamily employees on the firm's performance and innovation at intergenerational leadership succession and the changes in the forms of communication from the founder's generation to that of the second and third generations (Madison et al., 2020).

Another gap in the extant research on relationships in family firms is that of the impact of relationships of nonfamily members of the family firm with family members given that there is dissent in the findings. Farrington et al., (2011) posit that their involvement or non-involvement in the family firm has no influence on the harmony among family members. This contradicts earlier studies that argue that nonfamily employees have a critical role to play in preserving positive relationships (Lansberg, 1999) or in creating conflict (Harvey & Evans, 1994) among family members in family businesses. An empirical examination of how nonfamily employees can impact family harmony and family conflict through the lens of collectivism, would be useful for family firms to manage their relationships and socioemotional wealth better.

As mentioned in the Introduction chapter, this research addresses the issue of the impact of relationships between key nonfamily employees and the successor of the family business on the succession. This research gap is acknowledged by scholars (e.g., Daspit et al., 2016). Thus, the primary research question of this study is:

RQ1: How do relationships between key nonfamily employees and the successor influence the succession of leadership in family businesses?

As Daspit et al. (2016) state, there is a gap in the literature about how predecessors and successors in family businesses can cross over the boundaries of RERs and develop them into generalized exchange relationships by cultivating trust, mutual respect, mutual obligation, loyalty, and commitment from an early age and well before the event of succession. Thus, the next set of research questions of this study is

RQ2: How can incumbent leaders of family firms prepare their successors from an early age to develop an affiliation with the firm and with nonfamily employees in order to build generalized exchange relationships with them which they will need when they succeed to the leadership position?

Next, there is a gap in the literature on how relationships characterized by restricted or economic exchanges i.e., *quid pro quo* expectations of reciprocity, can be transformed into those characterized by generalized or social exchanges i.e., based on the notion of long-term mutual obligations and such that the relationship is given a higher value by the actors than expectations of reciprocity (Cropanzano & Mitchell, 2005).

RQ3a: How can incumbent leaders of family firms enable the development of generalized exchange relationships between their successors and nonfamily employees from the restricted exchange relationships they have when the successors join the firm?

RQ3b: How can successors of family firms capitalize on the generalized exchange relationships that their predecessors have with the nonfamily employees to convert the restricted exchange relationships they have with nonfamily employees to generalized exchange relationships.

RQ3c: How can nonfamily employees of family firms develop generalized exchange relationships with successors?

Finally, as discussed above there are very few studies that examine relationships within the context in which they exist. There has been a call to contextualize family business scholarship (Wright et al., 2014) which remains unaddressed. Given that there have been very few studies on relationships in family firms in collectivistic cultures and none at all examining these relationships between nonfamily employees and successors of family firms, this gives the last set of research questions that this study addresses:

RQ4a: How can predecessor leaders of family businesses in collectivistic cultures enable the development of generalized exchange relationships between their successors and nonfamily employees of their firms?

RQ4b: How can successor leaders of family businesses in collectivistic cultures develop generalized exchange relationships with nonfamily employees?

RQ4c: How can nonfamily employees of family businesses in collectivistic cultures extend the generalized exchange relationships they have with the predecessors to the successors?

This study addresses the above questions through a qualitative case-based approach.

2.2 Theoretical Framework

2.2.1 Social Exchange Theory

SET has its roots in other theories like agency and transaction cost theory and is also taken from the fields of psychology and sociology. It has been used by academics to study relationships across multiple stakeholder groups across multiple phases of events in an organization or the organization's life itself (Daspit et al., 2016) and is a useful lens through which I examine the relationships between nonfamily managers and family successors in a family business setting where relationships take on a particularly important meaning (Samara & Berbegal-Mirabent, 2018).

SET is considered one of the most influential theoretical lenses to understand relationships, behaviours and their outcomes within the firm (Cropanzano & Mitchell, 2005). It considers market and nonmarket social dyadic interactions while focusing on the how norms of reciprocity, repeated interactions, and social structures constrain and condition social behaviour (Daspit et al., 2016). SET provides a mechanism to understand the economic and social factors that define how scarce resources in a social system can be allocated and exchanged. It describes social exchange – a series of interactions that generate obligations, which are usually interdependent and contingent on the actions of another person. Further, these actions have the potential, under certain circumstances, to generate high quality relationships. SERs are interpersonal connections that can result in effective work behaviour and attitudes. Social exchange, differentiated from economic exchange, engenders feelings of trust, obligation, and gratitude and results in enduring social patterns. SERs and social exchange are distinguishable, although the direction of causality could be ambiguous as it could be in both directions i.e. the relationship influences the type of exchange and vice versa (Cropanzano & Mitchell, 2005).

According to SET, in generalized exchange relationships, individuals in the relationship are grounded in bonds of trust and a sense of long-term obligation with no expectations of reciprocity among the participants and consequently are more likely to build social capital for the firm (Daspit et al., 2016). Reciprocal trust enables fast-decision making processes, promotes feelings of psychological ownership among nonfamily employees (Zahra, 2003), increases knowledge sharing, and mitigates communication problems, especially when dealing with relationships with nonfamily executives that have served the predecessor for many years. This allows the leader to build stronger and long-lasting relationships with them, learning from them, and empowering them and further leads to shared decision-making as well as inclusive strategizing. This is particularly relevant when successors are embedded in a collectivist culture, where several in-group/out-group perceptions may prevail (Samara & Berbegal-Mirabent, 2018; Pagliarussi & Rapozo, 2011).

Relationship development is an ongoing exercise where each step of the relationship becomes a foundation and a base to enable participants to reach for the next even-higher one (Molm, 2003). Effectively, relationships are both a goal as well as a source of valuable benefits, as long as the process of developing the relationship is allowed the time to do so (Cropanzano & Mitchell, 2005).

Scholars have begun to place limits on the applicability and effectiveness of the two most used theories – agency and stewardship theories – to study phenomena in family business research (Guidice et al., 2013). In alignment with this move, I use a more useful frame reference – the social exchange perspective – to examine the outcomes of relationship exchanges within the context of family businesses. Several researchers have used SET to understand different phenomena, like micro-level research avenues (Gagné et al., 2014), comparison of leaders of family firms with leaders of nonfamily firms in terms of the higher quality reciprocal relationships generated by the former (Pearson & Marler, 2010), development of social capital (Long, 2011), ethical frames of reference and family-related goals (Long & Mathews, 2011), and successor commitment (Sharma & Irving, 2005), within the context of family businesses. Scholars are in agreement that SET is an excellent theoretical lens through which to understand, gauge, and manage the social capital in family businesses generated by relationships, and the value they can create for the firm (Arregle et al., 2007; Carr et al., 2011; Pearson et al., 2008). As these relationships are built and maintained through repeated exchanges that create obligation, trust, and the meeting of expectations, SET focuses on the importance of these repeated exchanges to develop social capital for the family firm (Long, 2011).

SET is highly applicable to family firm succession as well, since in intra-family succession, successors develop an essential understanding of the firm and the family through the development and maintenance of exchange relationships with multiple family and nonfamily stakeholders. In particular, with respect to nonfamily members, successors need to overcome the boundaries of restricted exchanges (short-term) with nonfamily members to develop generalized exchanges from which they can get maximum knowledge and value. There is a need for moving from merely RERs to focus on cultivating trust, loyalty, commitment early in the succession process to enhance the possibilities of a successful succession and transfer of control.

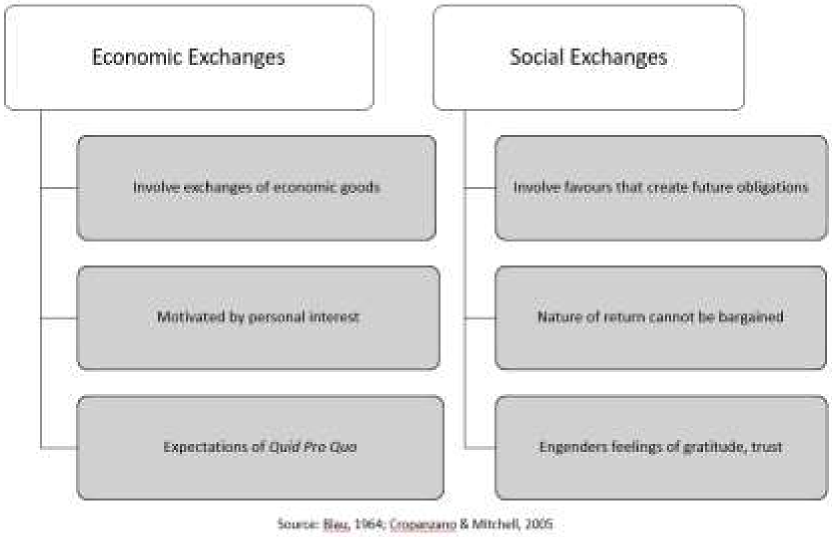


Figure 7: Generalized and Exchange Relationships

Finally, SET posits that social exchanges, based on the perceptions of the individuals in the relationship, between leaders and employees are critical and can lead to positive outcomes for employees and the firm, in contrast to merely economic exchanges which are based on purely contractual obligations (Cropanzano & Mitchell, 2005). The positive outcomes from such SERs in family firms are particularly important given that family firms differ from nonfamily firms because of their focus on socioemotional wealth that they carry with them (Berrone et al., 2012; McLarty et al., 2018). However, at the time of carrying out this research, there have been no studies examining the exchange relationships between nonfamily employees and CEO successor in family firms through the lens of SET, which is a gap I address through this study.

Specifically, in collectivistic cultures, these exchanges are critical to overcome problems like the incumbent's dominance of the succession process due to cultural influences, to permit the successor to gain formal power and authority. Further, culture affects the ability of the firm to manage the transfer of power. The exchange perspective in the context of family firms suggests that leaders in family firms can generate higher high-quality reciprocal relationships compared with nonfamily leaders and that these are unique resources that enable the firms to develop social capital. Generalized exchange relationships based on trust can facilitate goal alignment between family and nonfamily members which can, in turn, improve succession planning and the succession itself.

In particular, Daspit et al. (2016) discuss these exchanges in their review of SET as a basis for understanding intra-family succession in family firms. They describe restricted exchanges (where individuals are motivated by direct reciprocity with the expectation of short-term and quid pro quo returns), and generalized exchanges (based on the notion of long-term obligations and where the relationship is more valued than the reciprocity). These are described from the perspective of multiple stakeholders – incumbent, family employees, and nonfamily employees - and the family successor. Further, they study these relationships over the 3-phase succession framework of succession described by Le Breton-Miller et al., (2004), i.e. ground rules and first steps, nurturing and development of the successor, and transition into leadership position of the successor.

Daspit et al. (2016) also advocate network analysis as a complement to the social exchange perspective to examine relationships between successors of family businesses and nonfamily stakeholders within and outside the firm. While there are studies that examined individual and within-family exchanges, at the time of this research, there are no studies that that examined how exchanges across family boundaries influence the successor's development in particular during the transition phase. In spite of the literature stating that the studies on the relationships between successors and nonfamily stakeholders in the firm examining the effect of nonfamily stakeholders on the development of potential successors are sorely needed, there have been no empirical studies of that nature. In short, there is a paucity of studies on exchanges across family boundaries, particularly in the final stages of succession. Although literature supports the view that generalized exchange relationships are more desirable than RERs, these need to be tested empirically.

SET discusses a series of sequential transactions between two or more parties, that affect the relationships formed between them. As such, SET is particularly useful for understanding behaviour in the workplace (Cropanzano & Mitchell, 2005). SET has been a cross-disciplinary guiding framework across sociology and social psychology (e.g. Blau, 1964; Homans, 1958) and other disciplines; theorists have described social exchanges as interactions that spawn obligations which are dependent on the actions of another person and which can be the basis for high-quality relationships (Emerson, 1976). SET suggests that interactions, based on such SERs, are affected by the exchange of social and material resources, which upon repetition, impact personal or professional relations, further generating a sense of reciprocity between the parties involved in the social exchange (Cropanzano & Mitchell, 2005).

SET distinguishes between two types of exchanges– economic or social – in all relationships between the individuals involved (Cropanzano & Mitchell, 2005). Economic or RERs involve the exchange of tangible resources and are generally impersonal and short-term and do not require trust or a sense of obligation between the parties (Shore et al., 2006). These relationships tend to be contractual or transactional.

Social or generalized exchange relationships are long term in nature and individuals in these relationships identify with one another, have strong emotional bonds, and make sacrifices for one another, with no expectations of prompt or equal reciprocity (Rupp & Cropanzano, 2002). These relationships are based on friendships and/or long-term associations where the relationship is valued more than reciprocity (Long & Mathews, 2011). Further, the inherent sense of obligation the individuals in SERs feel for one another can be transmitted on from individuals to groups (e.g. from the leader to their family) or across generations (e.g. from a leader to the successor) (Long & Chrisman, 2014; Ahrens et al., 2019).

2.2.2 Social Exchange Theory and the Family Business

SET has been used by several scholars to describe and study relationships between owners, family employees, and nonfamily employees, in the context of family owned and managed businesses (e.g. Barnett et al., 2012; Löhde et al., 2020; Long, 2011; Daspit et al., 2016). Daspit et al., (2016) in their analysis of relationships in family businesses, describe relationships between the owner of the family business and family employees as Generalized Exchange Relationships that adopt the stewardship governance approach, and that between the owner and nonfamily employees as RERs which tend towards the agency governance approach. They also find that a key difference between generalized and restricted exchanges is the repetition of the former over time, leading to the enhancement of emotions like trust, mutual obligation, and beneficial reciprocity which characterize such exchanges.

SET is one of the most influential perspectives to examine Generalized Exchange Relationships (Cropanzano & Mitchell, 2005) and for the purpose of this research, I focus on Generalized Exchange

Relationships, using SET as a theoretical framework to examine how the family business literature has studied these relationships.

SERs in family firms shed light on the obligations and expectations of the individuals involved, the underlying complexities and development and maintenance of the relationships formed, and their impact on the family dynamic and the business organization (Daspit et al., 2016). Further, these expectations formed through social exchanges, are often influenced by the cultural context in which they take place. Particularly, the individualist/collectivist cultural dimension stands out in terms of relationship expectations in the family in general and in family businesses in particular (Samara et al., 2020; Sharma & Manikutty, 2005). Hofstede, (1984) describes collectivistic cultures where the loyalty of individuals to their extended family group often takes priority over individual interest and determines the exchanges and relationships between individuals. At the other end are individualistic cultures, where the primary goal of actors is pursuing their own interest, and their loyalty is to themselves, with little regard to the interest of the group (Pellegrini et al., 2010). Accordingly, I argue that the results of past studies may be transformed when explained through a cultural perspective that explains how relationships unfold between individual members of the same family group.

2.2.3 Proponents of SET and Applications in Family Business Research

SET is one of the most used theories when studying social interactions or social exchanges. Its main proponents developed it for the purpose of understanding and offering a basis for future research on relationships linked by trust, respect, and a sense of obligation without necessarily expecting reciprocity but based on emotional connections (Blau, 1964; Emerson, 1976; Homans, 1958). The fundamental assumption of SET is that in face-to-face relationships, people behave in a particular way by intentionally or instinctively measuring the efforts and returns of their actions in that relationship (Cook et al., 2013). Within the domain of family business research, scholars have used SET to examine relationships and their antecedents and outcomes – particularly generalized exchange relationships – within the family (Daspit et al., 2016), between family shareholders and nonfamily managers (e.g., Löhde et al., 2020), between incumbent and successor (e.g., Daspit et al., 2016) etc. SET has also been used to examine ethical behaviours of family and nonfamily managers in family firms (Long & Mathews, 2011), procedural justice climate among nonfamily managers (Barnett et al., 2012), social structures between family managers and nonfamily employees (McLarty et al., 2018), and nonfamily CEO turnover (Waldkirch et al., 2018).

2.2.4 Justification of the Theory Against Other Relevant Theories

SET is a well-developed approach in exploring, examining, and analysing relationships in general (Cropanzano & Mitchell, 2005) and in the family business research stream and is not only recommended by scholars as a lens through which the relational elements in these idiosyncratic organizations can be examined (Daspit et al., 2016; Nason et al., 2018) but is also rising in importance in family business research (e.g., Dhaenens et al., 2017; McLarty et al., 2018). This study follows SET because it is particularly fitting to analyse relationships in family businesses for a few reasons. Firstly, it is most suitable for analysing relationships that are based on emotions like trust, mutual respect, and mutual obligation without expectations of reciprocity or *quid pro quo* (Cropanzano & Mitchell, 2005). Secondly, it provides a framework for understanding such relationships by providing a degree of abstraction while offering a way to distinguish between social (generalized) or economic (restricted) exchange relationships (Emerson, 1976). Thirdly, its framework provides a way to examine various facets of relationships through a multiphase and multistakeholder perspective (Daspit et al., 2016). Fourthly, beyond the relationship itself, the theory should be able to explain individual actions, the impact of the combination of various individuals' actions on the social structure created, and the ways in which these social structures impact and influence further behaviours of the various stakeholders and actors in the family firm (Coleman, 1986). SET provides the framework to effectively deal with each of these needs (Long & Mathews, 2011). All these reasons provide justification for using SET as the theoretical lens through which I examine and explore the relationships in this thesis.

2.2.4.1 Other Theories Considered

This section discusses other theoretical frameworks that could have been considered as the lens through which the data could be examined and justifies the selection of SET as the theoretical lens for this study. The other theories that were considered are Resource-Based View (RBV), Leader-Member Exchange (LMX), Socioemotional Wealth Theory (SEW), and Stewardship Theory.

Resource Based View: RBV considers that any asset that a firm possesses and which is valuable, rare, inimitable, and non-substitutable, can give the firm a competitive advantage in the market (Barney, 1991). Relationships in family businesses have been described as such resources through the social capital and the unique concept of familiness that they inherently generate for these organizations (e.g. Habbershon & Williams, 1999; Herrero, 2018; Herrero & Hughes, 2019; Sharma et al., 1997). However, RBV stops at assessing and valuing the assets (in this case, relationships) as valuable, rare, inimitable, and non-substitutable. Secondly, RBV does not distinguish between different kinds of relationships or the characteristics of the relationships. This study, however, requires a lens or framework that allows the exploration of the generalized exchange relationships and the emotions and behaviours associated with them (Cropanzano & Mitchell, 2005). As such, RBV was not considered a fitting framework for this research.

Leader-Member Exchange: Given that the relationships being explored were between nonfamily members-predecessor and nonfamily members-successor of the family firm, there is inherently a leader-subordinate dynamic in these relationships. Thus, I also considered LMX as a possible theory. LMX is derived from SET (Blau, 1964) and is particularly suitable for both intrafamily (Kandade et al., 2021) as well as family-nonfamily (Davis et al., 2010; Eddleston et al., 2010) relationships and exchange. Further, LMX has been used to understand how family social capital can be used to encourage and nurture a reciprocal stewardship culture in family firms by creating more high quality relationships within and beyond family boundaries in the family firm (Pearson & Marler, 2010). LMX shows how high-quality generalized exchange relationships are characterized by mutual respect, trust, and obligation between leaders and subordinates (Graen & Uhl-Bein, 1995). However, since this study also examines the relationship between the predecessor and the successor in terms of their values and leadership styles, and since this relationship does not have a strictly leader-subordinate dynamic, but is more egalitarian in nature, particularly during succession, LMX was not considered appropriate for this research study.

Socioemotional Wealth Theory: The SEW theory states that while for nonfamily firms, financial criteria are the most important when determining business decisions, family-owned and managed businesses are more driven by a desire to preserve, accumulate, and enhance the family's socioemotional wealth beyond financial and efficiency considerations (Gomez-Mejia et al., 2011). Some of the noneconomic aspects of the business that comprise SEW are the identity of the family, the ability to continue to have the influence of the family on the business, and the perpetuation of the family dynasty. In fact, it has been argued that SEW is the single most important differentiator of the family firm and the explanation for why family firms display idiosyncratic behaviour (Berrone et al., 2012). Social relationships and bonds within the family firms are an important dimension of the SEW (C. Cruz et al., 2012) that provide benefits to the firm in the form of social capital and trust (Coleman, 1990), and feelings of closeness and solidarity (Uzzi, 2011). It has been shown that the reciprocal bonds typically present in family businesses are not restricted to those between family members but go beyond family boundaries and are shared by nonfamily employees too enhancing and fostering stability and a sense of commitment to the firm (D. Miller & Le Breton-Miller, 2005). The importance of these bonds is shown by the fact that they go even further beyond family firm boundaries e.g., with suppliers and customers, who are often also viewed as family by the firm owners (Uhlaner, 2006). Family firms value the SEW generated by these bonds even when there is no financial gain through them. Another dimension of SEW that is relevant to this research, is the emotional attachment in family businesses (Berrone et al., 2012) which is a distinctive attribute of these firms (Eddleston & Kellermanns, 2007). As in the case of the previous dimension of social relationships, these emotions – some positive like warmth and love and some negative like anger and disappointment – go beyond family and firm boundaries and have a strong influence on the decision making processes in family firms (Berrone et al., 2010). These dimensions are useful to understand why and under what circumstances family and nonfamily members of family firms behave altruistically to one another or may have dysfunctional relationships (Cruz et al., 2010). Thus, SEW was also a consideration as a theory through which this research could have been conducted. However, SEW focuses on several dimensions in addition to the two relevant ones described above and using it for this study would be an underutilization of the theory.

SET, on the other hand, offers a more focused and apt mechanism to understand the underlying drivers for these relationships and to explore how these relationships can impact firm level factors like succession and growth of the family firm (Daspit et al., 2016) and thus SEW was not selected as the theoretical lens for this study.

Stewardship Theory: This theory was also considered as a potential lens through which the study could be carried out. Stewardship theory focuses on the behaviours of managers, and states that family managers in family firms will tend to act in the firm's and family's best interests rather than follow their own personal goals (Corbetta & Salvato, 2004). However, it is the behaviour of the nonfamily managers, which research has recognized as vital for the growth and prosperity of family firms (Chua et al., 2003), and their relationships with family leaders that is under exploration in this research. There is dissent among scholars about the behaviours of nonfamily managers in family businesses, with some averring that nonfamily employees and managers of family firms will behave opportunistically and agentic thus needing monitoring costs (Cruz et al., 2010) and others finding that these actors adopt the stewardship behaviour akin to the behaviour of family managers (Chua et al., 2003; Corbetta & Salvato, 2004). Regardless of whether nonfamily managers behave as stewards or agents, Stewardship theory offers an approach for owners or founders of family firms to establish an organizational culture that nurtures trusting relationships (Eddleston & Kellermanns, 2007). However, this study focuses on how successor leaders can personally develop such trusting SERs with nonfamily managers in particular and was thus found more appropriate to use as the theoretical lens for this thesis.

------------End of Theoretical Background Chapter------------

3. Methodology

The methodology is the vehicle that is used to address my research questions in order to understand the impact of relationships beyond family boundaries on a successful succession in family firms. In this study, I aimed to discover how relationships of family successors to the leadership of the firm with senior nonfamily employees of the firm could influence an intergenerational intrafamily succession and what strategies the main actors in this study, viz., the predecessor (or incumbent), the successor (or successors if there were more than one), and the nonfamily employees, had developed in order to ensure the continued prosperity of the firm across the generations of leaders. I also aimed to understand how these relationships might have a different impact or could be differently developed when the chosen successor (or the next generation family member likely to be chosen) was not a traditional choice in the traditional and patriarchal context of Indian family firms. Thus, I decided to conduct qualitative research by carrying out interviews with the predecessor, successor(/s), and a few nonfamily employees in family firms which were selected with certain criteria that are detailed in this chapter. In order to establish the validity of my interview questionnaires, I conducted a pilot study with a small sample of people who had expertise, experience, and knowledge of family firms in India. These comprised family business scholars (two), family business consultants (two), a nonfamily employee, and a family business leader.

The rest of this chapter is organized as follows. In the next section Research Philosophy, I explain the philosophy of the research that informs the methods I adopted. This is followed by the section Research Method, which explains the methodology in detail. The next section Reliability and Validity explains how biases were avoided to ensure the findings of this study are reliable and valid. The next section, Pilot Study, further elaborates the validity by explaining how a pilot study with experts in the family business domain (scholars and consultants), and stakeholders of family businesses (owners, nonfamily employees), helped to design the research instruments more accurately. This is followed by the Research Design section, in which the data sampling criteria, the data sampling, the data collection (with an elaborate explanation of the questionnaires), and data analysis is described. I conclude this chapter with a discussion on the ethical considerations in the last section of this chapter.

3.1 Research Philosophy

The epistemological concerns of qualitative research has been the subject of many scholarly debates (Miles & Huberman, 1994). Additionally, methodologically, qualitative research is highly labour-intensive in terms of the data collection, coding, and analysis and even further, in terms of the likelihood of researcher bias leading to the issue of the generalization of the findings and conclusions being credible given that in this approach to research, the data sample typically involves a small number of cases. Miles & Huberman, (1994) add that the debates indicate how useful the findings of qualitative research can be in the real world other than mere theoretical contributions.

In any research, it is critical to understand how the researcher construes the world they are examining, i.e., epistemology, and how they attempt to chronicle it for their readers, i.e., ontology, in a way that is both plausible and convincing (Miles & Huberman, 1994). In social science, the schools of epistemology range on a spectrum from positivism at one end and phenomenology at the other and are associated with the techniques that range from social surveys at one end to participant observation/interviews at the other (Bryman, 1984). Another predominant paradigm, pragmatism, has clashed with phenomenology over time since pragmatists claim that the concept of intuition in phenomenology leads to idealism and subjectivism and phenomenologists view pragmatism as reductionistic and naively realistic, although in recent times this longstanding philosophical difference has been overcome to some extent (Bourgeois, 2002). For the purpose of this study and to justify the chosen philosophical paradigm chosen, I will refer to the epistemological spectrum as having positivism on one end and pragmatism on the other with interpretivism lying along the spectrum.

The question is raised as to whether it is possible to establish a clear symmetry between epistemological positions (e.g., phenomenology, positivism) and associated techniques of social research (e.g., participant observation, social survey). Bhaskar, (2008) in his classic work on the philosophy of research, offered an alternative in the form of critical realism. He explained that social phenomena – such as languages, conflicts, relationships, decisions etc. – exist not merely in the mind but objectively in the world and that stable and valid associations can be reliably found among the concepts and constructs within them. He proposed the philosophical paradigm of critical realism along with a methodological framework as an alternative to the predominant paradigms of positivism and pragmatism.

Critical Realism is a philosophy that is all-inclusive as it uses both the positivist and constructivist approaches to allow for a more thorough description of the epistemology and ontology of the research study (Fleetwood, 2005). Straddling the gap between the opposing paradigms, critical realism offers a way to measure inherent causal relationships between social concepts, events, and phenomenon while attempting to develop a better understanding of the issues themselves at the same time (Fletcher et al., 2016). In other words, critical realism distinguishes between real (which cannot be observed, and which is independent of human perceptions) and observable (that we see and know) worlds. Critical realists believe in the philosophy that the unobservable structures and constructs in the real world cause events that are observable and only through the understanding of the structures behind these generated events can the real social world be understood. Thus, the real unobservable structures and mechanisms cause observable events (Bhaskar, 2008).

Critical realism offers a multimethod and multilevel approach to causal analysis and thus has the potential to draw links between the relationships between family business leaders and nonfamily employees and a successful succession. Figure 8: Critical Realism - Multilevel Analysis shows the multiple levels of analysis that Critical Realism offers (Bhaskar et al., 2017).

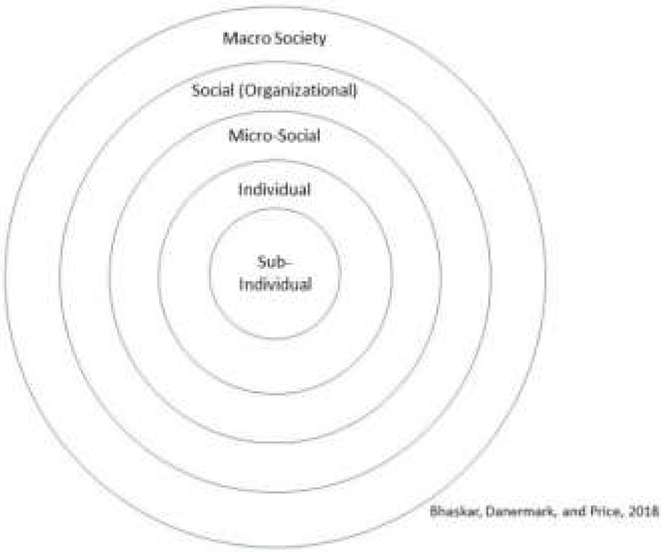


Figure 8: Critical Realism - Multilevel Analysis

At the institutional level there may be logics that impact at the individual level of analysis. In this research I examine only the institutional and individual levels and am not investigating social, sub-individual, or societal levels. In the following paragraphs I look at critical realism from the perspectives of epistemology, ontology, and methodology, comparing it to the paradigms of positivism on one end, and interpretivism and pragmatism on the other.

Epistemologically, positivists believe that a researcher is distinct and separate from the phenomenon they may be exploring or the concepts they may be investigating and that knowledge is derived from experiences of the world (Wikgren, 2005). Interpretivism, on the other hand goes with the belief that knowledge is created from actions and from the perceptions of the actors; thus the researcher is part of the phenomenon being explored(Saunders & Townsend, 2018).

Pragmatism, however, states that knowledge can be derived by using various methods for optimum results (R. B. Johnson & Onwuegbuzie, 2004). Offering a paradigm that is between these schools of thought, critical realists adopt the belief that knowledge can be attained through the observation and interpretation of meaning and that there is a reality that exists beyond and prior to the events and the experiences of the actors (Wynn & Williams, 2012).

Ontologically, positivism believes in an external reality that can be separate from perceptions or thoughts (of the researcher or the observer) and states that reality can be measured or recorded (Mingers, 2014), while pragmatism suggests that reality can be expressed in terms of its practical observable effects and is influenced by the observer's (researcher's) beliefs thus implying that the ontological and epistemological approach is distinct from the research (Scott, 2007). Interpretivism suggests that reality is only an outcome of events and experiences (Lawani, 2021). Critical realism, as proposed by Bhaskar, (2008), on the other hand, describes a real world that is independent of perceptions and beliefs with causal relationships that can explain phenomena but that may remain hidden until they are activated in specific contexts or situations.

Finally, looking at research from the methodological point of view, positivism explores at the level of events which mostly translates to quantitative approaches like surveys, experiments etc. which gives numbers and facts for analysis (Ryan, 2006). Pragmatism can be a combination of qualitative and quantitative that can complement each other (Lawani, 2021), while interpretivists conduct studies that are subjective mainly through qualitative unstructured interviews (Alharahsheh & Pius, 2020). Critical realism is similar to pragmatism in that it advocates mixed methods but goes a step further by describing the research design as a deep study into a limited number of cases comprising observations and theorizing the mechanisms to offer an explanation of the phenomenon that is under study (Bygstad & Munkvold, 2011).

Thus the task of the researcher in studies that follow critical realism is to observe and examine the patterns in the selected cases and offer a "*rich and reliable explanation*" (Lawani, 2021, p.16) of these patterns by developing and describing causalities and mechanisms that have gone into creating them (Edwards et al., 2014). Critical realism thus is a paradigm that offers mixed methods of qualitative and quantitative data in cases selected purposively.

In their study examining case studies based research in the family business domain, Leppäaho et al., (2015) find that positivism is the principle approach in family business studies and advocate the greater use of critical realism to contribute to "*scientific pluralism*" in family business case study research. Thus, this study follows the paradigm of critical realism:

- Epistemologically in this study, knowledge is obtained by observing and giving meaning through semi-structured interviews of the respondents.
- Ontologically speaking there is a world that exists independent of the researcher's perception and there are causal mechanisms that may explain the influence of relationships on succession, but which may remain covert until activated.
- Methodologically, my research design involves an intensive study of 13 purposively selected cases with four to six interviews with the main actors in each case.

This research, based on the philosophy of critical realism, uses the qualitative approach to go beyond documenting and reporting on events and their sequences in an attempt to explain and account for them, coupled with a quantitative rating of the emotions of the predecessor/incumbent, successor(/s), and nonfamily employees, post-succession.

3.2 Research Method

The purpose of this section is to introduce the methodology as this is the vehicle that will help me to address my research questions. Research design is an integral part of the methodology and below I describe the design chosen for this study, highlighting its advantages and disadvantages. It is followed by a justification of the importance of the Indian context and finally, the data sampling and collection strategy and data analysis.

My exploration of the relationships between nonfamily members and next generation family leaders of family businesses and the impact they have on a successful succession or continued performance of the firm, is a multi-level qualitative study as I examine relationships (individual level) and the impact on the firm (organizational level). Relationships between the successors and nonfamily senior executives are studied through qualitative interviews and juxtaposed against relationships between the predecessor and the same nonfamily executives.

This empirical study relies on interviews that are rich in information (Patton, 2002) thus creating a path to understand the sensitive topic of relationships that I explore at a detailed level and their impact on the succession in the family business. Using the case study approach, I studied family businesses that have recently completed an intergenerational transfer of leadership or are in the midst of a handover of leadership from one generation to the next. This qualitative study comprising semi-structured, open-ended interviews with the successor, key nonfamily employees, and the previous generation leader of family firms across India, aims to understand the relationship between nonfamily employees and the successor/next generation leader particularly in comparison with their relationship with the predecessor/incumbent leader.

The qualitative approach in which I have obtained data from three categories of respondents – predecessors, successors, and nonfamily employees – provides "*the triangulation basis for convergence*" (McGrath & Brindberg, 1984 p 116) and family business scholars have encouraged research using this approach to get a richer understanding of the dynamics of this idiosyncratic organizational form (Evert et al., 2015). Taking my cue from previous studies in the family business research stream that have used strong qualitative methods (e.g. Björnberg & Nicholson, 2012), I provide an interesting story linking relationships between nonfamily employees and family CEO successors to a successful succession. I use case studies to explore the dyadic relationships between nonfamily managers and family CEO successors, comparing them with the dyadic relationships between nonfamily managers and the predecessor (or incumbent in case the leadership handover is not completed). Case study is one of the leading qualitative approaches for family business research as it supports multiple levels of analysis (De Massis & Kotlar, 2014; Leppäaho et al., 2015) which is particularly suitable to my study. I conducted qualitative interviews, with the predecessor/ incumbent leader, the next generation leader/ designated successor (or successors in some cases), and two to three key nonfamily managers.

Miles & Huberman, (1994) state that the reliability and validity of qualitative research comes from observed consistencies that link the various phenomena and from which we can draw conclusions about constructs and explanations implicit in our lives. This further implies that the critical realist approach to understanding society and individuals may be complex but is still possible since there is an underlying commonality to the way people understand and interpret these social phenomena. Social meaning is derived from what people do in everyday life in the same way that social facts are entrenched in social action (Erickson, 1977).

Qualitative research is particularly suitable as the research method when the concepts being examined are emotional, not easy to measure quantitatively, and need to be explored in depth (Miles & Huberman, 1994). This method is also the preferred approach when the research questions are addressing the "how" or the "why" of a phenomenon (Edmondson & Mcmanus, 2007). Finally, as explained by Brown & Eisenhardt, (1997), qualitative research gives researchers the opportunity to unearth new insights which are not easily possible through deductive theorizing. Several scholars have averred that when there is little to no underpinning theory or convincing data in a deductive study on a particular topic, as is the case in this study, a qualitative approach can shine light on it by unearthing new insights on the said topic (Eisenhardt, 1989b; Eisenhardt & Graebner, 2007; Pratt, 2009 ; Yin, 2009).

Hence, in order to discover new insights on the impact of relationships between the nonfamily employees and leaders of family firms (both predecessors and successors) on a successful succession, and to enable findings that have "*quality, depth, and richness*" (Marshal & Rossman, 1999. p. 16), I decided to follow the critical realist approach through the qualitative method which provides a valuable way of understanding the core mechanisms of these concepts being studied. My aim is to contribute to theory and practice by developing an understanding of the underlying mechanisms concerning relationships beyond family boundaries in the context of intergenerational intrafamily leadership succession in family owned and managed businesses.

The case study method is the most common method in qualitative research where data collection is done through observations and/or interviews and/or written artefacts where interviews may range from totally unstructured to totally structured (Merchant et al., 2017). Findings from case study based qualitative research can help us to gain a better understanding of succession and how relationships between the key actors in this important event in the life of the family firm can impact a successful succession, thus also creating a foundation for researchers to carry out quantitative research (Claßen & Schulte, 2017).

Figure 9: Research Design Framework outlines the research framework and design for this study. The diagram explains the qualitative exploration of the relationships between key nonfamily employees of the family firm and the next generation family CEO successor, compared with the relationship between the same key nonfamily employees and the predecessor/incumbent leader. Through an analysis of the qualitative interviews, I attempt to understand how these relationships influence a successful succession, the determinants of these relationships, and how these relationships are built. This helps to answer research questions 1, 2, 3a, and 3b.

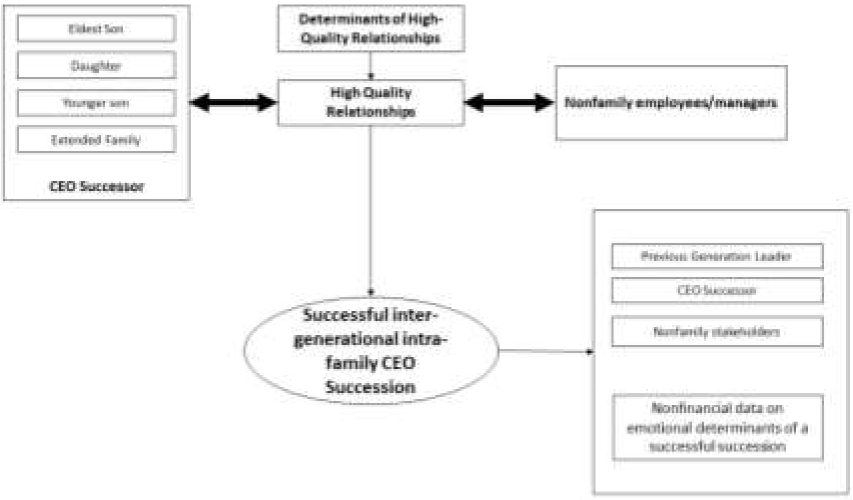


Figure 9: Research Design Framework

I adopted the comparative case study approach, also known as between-case analysis, comprising semi-structured qualitative interviews with previous generation leaders, successors, and nonfamily employees of Small Medium Family Owned and Managed businesses. The case study approach is an in-depth empirical enquiry into the subject of interest with a deep dive into real-life situations, complexities, and settings (Yin, 2009).

3.3 Reliability and Validity

Given the likelihood of inherent researcher bias, the reliability and validity of findings from qualitative research have been under question (Whittemore et al., 2001). To offset this issue with qualitative research, researchers tend to use mixed methods by combining qualitative and quantitative research methods (Miles & Huberman, 1994). Miles, (1979, p.591) argues that in addition to the above issues with qualitative research, researchers need to contend with the indisputable issue of analysis i.e., "*the lack of well-formulated methods of analysis for qualitative research as compared to that for quantitative research*".

In this section I discuss how researcher bias was avoided or mitigated by ensuring the reliability and validity of the study. Reliability can be explained as the stability of findings and validity as the truthfulness of the findings (Miles & Huberman, 1994).

3.3.1 Reliability

Regardless of the approach to the research study, the reliability (and validity, which is discussed in the next section) of the study is critical and important to ensure that the findings are truly adding to knowledge in the field (LeCompte & Goetz, 1982). Reliability in qualitative research, as in quantitative research, is based on how both internal and external research design problems are anticipated and resolved (Hansen, 1979; Miles & Huberman, 1994). While external reliability ensures replicability i.e., independent researchers would (1) come to the same conclusions, or (2) come up with the same findings, or (3) generate the same constructs, if they conducted the research in the same or in similar contexts, internal reliability refers to how much independent researchers would match a given set of previously determined constructs with the data in the same way, as the first researcher (LeCompte & Goetz, 1982). In this qualitative research, the constructs being studied are relationships between the actors – predecessor, successor(/s), and nonfamily employees – of family businesses.

In order to achieve external reliability, the data sample was of purposively selected family businesses with the criteria that the next generation had already entered the business and were in leadership positions or had already taken over the mantle of the leader role fully. The detailed criteria are described in the section "Sampling Criteria" later in this chapter. I also looked for businesses where the successors were daughters or not offspring of the predecessor. Unfortunately, these cases were hard to recruit. The cases were recruited through my personal connections, through two institutions that run MBA in Family Business Management programs – Indian School of Business, Hyderabad and S.P Jain Institute of Management Studies, Mumbai, and finally through snowball sampling. I contacted about 40 family businesses and 13 finally agreed to have interviews with the predecessor, successor(/s), and nonfamily employees. Out of the 13, one business withdrew from the study after three interviews had been carried out with the predecessor, one successor (both were daughters), and one nonfamily employee. However, they graciously granted permission for me to use the data already collected although they declined to participate further. In another business, the predecessor was too ill to speak or even respond to the questions via email. Table 2: Data Sample by Recruiting Source gives the distribution of the case sample by the source from where they were recruited.

Personal Connections	6
Indian School of Business	3
S.P Jain Institute of Management Studies	1
Snowball Sampling	3

Table 2: Data Sample by Recruiting Source

As the cases recruited through personal connections and the two management schools were random, I believe that there is no researcher bias in selecting and recruiting them and thus can be replicated by other researchers in the same Indian context of SME family businesses. Some studies have shown that recruiting through snowball sampling and through personal connections can possibly include as well as exclude cases (Browne, 2005). However, most of the relationships (personal as well as snowballed) were tenuous at best and professional connections, thus there was little possibility of a biased sample because of recruitment of businesses through relationships (Faugier & Sargeant, 1997). Thus, I was not deterred by this approach to recruiting businesses for my study.

Internal reliability was achieved through data coding and analysis where I followed the approach guided by Yin, (2009) and which has been described in detail in the section "Coding and Analysing" later in this chapter.

3.3.2 Validity

Unlike reliability which is about the issue of ensuring replicability of the findings, validity is about the issue of the accuracy of the findings of the research study (LeCompte & Goetz, 1982). There have been strongly disputatious arguments on the validity of qualitative research and arguments of how this approach should be carried out have been the subject of many a scholarly argument. However, as Miles & Huberman, (1994) assert, it is indeed possible to have "*credible, dependable, and replicable*" findings from qualitative research. One of the earliest criticisms directed at qualitative research is that it fails to adhere to standards of validity (Magoon, 1977). Validity of qualitative research continues to be a contentious and much debated topic among scholars (Denzin & Lincoln, 1994; Daytner, 2006; Miles & Huberman, 1994; Erickson, 1986) given the inherent subjectiveness of this research method (Whittemore et al., 2001). While uncertainty is always an issue in research and attempting to have complete and total certainty in terms of the data as well as the interpretation of data is a futile exercise (Maxwell, 1992), validity in qualitative research is nonetheless a horizon that qualitative researchers are always seeking to reach. Validity implies incorporating rigor and objectivity while retaining the inherent subjectivity and creativity in the scientific research process (M. Johnson, 1999). Undoubtedly, researcher bias is a critical aspect of the qualitative approach, and it must be explicitly addressed.

Validity as a concept, in qualitative research has changed considerably over time (Whittemore et al., 2001). In their study on issues of reliability and validity in ethnographic research (a terminology they employ as "*shorthand*" for all kinds of qualitative research ranging from case studies to observations), LeCompte & Goetz, (1982) explain how early standards of validity in qualitative research conformed to the standards used for quantitative research which is based on the positivist philosophy. Thus, it is important to address this factor in order to justify the findings from my research which was through the pilot study described in the next section.

3.4 Pilot Study

In order to ensure validity in the research questionnaires, before carrying out the actual data collection, and taking my cue from other researchers, I conducted a pilot study by interviewing experts in the family business domain (e.g., Rakshit et al., 2022). Most quantitative research pilot studies have been carried out with a sample of data respondents (e.g., Al-bakri & Katsioloudes, 2013; Oduro, 2019). As this is principally a qualitative study and I had difficulty recruiting participating companies, I chose to test my questionnaires on experts in the field. I took three weeks to test my questionnaires with the pilot study respondents and also asked them to suggest additional questions.

These experts were family business scholars (two), family business consultants (two), a family business leader (whose business was not included in the study), and an ex-nonfamily manager of a family business. I interviewed them and asked them to identify critical issues relating to relationships with nonfamily employees and successful successions. I also shared the interview questionnaires that I had prepared for interviewing the predecessor, successor(/s) and nonfamily employees respectively of the family businesses in the selected sample. I got their feedback, and the interviews were transcribed verbatim and analysed through coding done in Atlas.ti®.

The six experts background and information are described in Table 6: Experts for Pilot Study. All experts were asked for their thoughts on succession issues relating to the relationships with nonfamily employees in family businesses. The Pilot Study is detailed in the Appendix 7.4 Pilot Study Data Analysis.

The expert interviews concluded with the question "*what questions would you ask a predecessor/ successor/ nonfamily employee of a family firm looking at an intergenerational intrafamily leadership succession*?" From their responses, and from the analysis of their interviews, (see Appendix 7.4 Pilot Study Data Analysis), I got additional questions which I asked of my interviewees depending on the context and relevance to their situation. These questions are detailed in Appendix 7.4.2 Additional Questions to Questionnaires from Pilot Study.

3.5 Research Design

As my study involves the examination of complex phenomena such as relationships, I adopt a qualitative case study approach that allows for a rich understanding of the relationships between successors and nonfamily stakeholders and carried out thematic analysis to determine the impact of these relationships on the succession. Relationships comprise largely of interpersonal dynamics, and qualitative techniques are one of the best ways to enable a profound analysis of this topic in family businesses (Evert et al., 2015). Further qualitative studies are an important way of conducting family business research as they can give us rich stories combined with an understanding of the way these businesses operate (Reay, 2014). Thus, I carried out qualitative interviews with relevant key actors to explore the defined relationships.

In alignment with the critical realist research approach, I opted for a multiple case-study approach through the above-mentioned qualitative interviews, since the subject of relationships requires gaining insights into the emotions and thought processes of the respondents (Lewis & McNaughton Nicholls, 2014). Case study is an empirical research approach that examines multiple sources to study the phenomenon within its natural environment and is most appropriate when the boundaries between this phenomenon and the context in which it exists are unclear and nebulously defined (Yin, 2009)

As explained by Miles & Huberman, (1994), qualitative research supports and enhances the generation of new insights but goes a step further by allowing researchers to discover distinctions between cause and effect; and as explained by Ritchie & Ormston, (2014), these qualitative methods are particularly suitable when the research is exploring complex matters like relationships and emotions. Qualitative research has also been described as especially apt for answering “how” and “why” questions (Eisenhardt, 1989b). In particular, in the family business domain, qualitative research offers an opportunity to fill the research gap by exploring relationships between family business leaders and nonfamily employees and analysing how these relationships can influence a successful succession (Daspit et al., 2016).

3.5.1 Data Sampling

In accordance with the critical realism approach, I selected the cases from a relatively small pool of companies which resulted in a similarly relatively small and purposive sample (Hair et al., 2007) which is seen to be a productive sample that can result in reliable findings (Guest et al., 2006). Further, based on the grounded theory approach, which requires samples to be based upon analysed data from samples previously selected, all the data from my sample came from small and medium sized family businesses in which the intergenerational transfer of leadership was either underway or had happened in the last decade, thus making the critical realism approach of a purposive sample aligned with the grounded theory approach (Kudlats et al., 2019).

I conducted semi-structured, open-ended interviews with the predecessor/ incumbent, successor(/s), and nonfamily employees of the selected family business cases. On average there were five interviews with each family business case. Semi-structured interviews have the advantage of encouraging conversation and thus increasing the possibility of the respondents speaking freely and even bringing up topics and explanations that could get dismissed by formal, structured interviews (Barriball & While, 1993). Thus, the interviews meandered somewhat as the interviewees reminisced or brought up related (and sometimes unrelated) incidents or descriptions. However, having an interview guide (see Appendix II: Interview Questionnaires for the interview guides for the different categories of interviewees) ensured that the conversations did not go off course too much. In total, I conducted 64 interviews with the respondents from 13 family businesses. This number of businesses is appropriate for studies using the grounded theory qualitative research approach (Eisenhardt, 1989b). Although there was some data saturation in certain questions e.g., Advice to other family businesses poised to have an intergenerational transfer of leadership, early in the interviews (around the sixth case), there continued to be significant data differences based on whether there was more than one successor, the gender of the successor, and on whether the leadership handover was completed or not. As such, having 13 cases was helpful to get insights and around the 12th case, I noted there were no additional insights thus giving me saturation and confirming that 13 cases were adequate for the study. The information on the cases and interviews, identified by their assigned codes (FF01, FF02, FF03…. FF13) are in Appendix IV – Interviews and Details of Cases and Respondents.

3.5.1.1 Small to Medium Sized Family Businesses

Small or Medium Sized (SME) family businesses comprise the majority of these firms worldwide (Bjuggren & Sund, 2000). Prior research has shown that the size of the organization has a significant influence on the relationships of these workers with the family members in the firm as workers in larger firms are unlikely to have contact, much less direct relationships with the leaders and top family members of the firms as much as the workers in smaller businesses have (Davis et al., 2010). Further, the difference in size between SMEs and large companies, leads to other differences which could further affect the relationship dynamics between the key stakeholders. For example, SMEs often lack the resources to employ specialist workers, management talent or even, to attract and retain such workers who can face the realities of working in an SME (Merchant et al., 2017). This could result in the family leader being forced to take personal responsibility for day-to-day tasks and decision making and being unable to delegate and build up a trustworthy second line of management in the company (Sharifi, 2014). Thus, the relationships with nonfamily employees in

SME family businesses are much more critical and quite distinct from those in larger family firms. Hence, I chose small to medium sized businesses for this research study.

Although, the specific definition of SMEs varies between countries and geographical regions based on the economy of the region/ country (Dixit & Pandey, 2011), firm size has been determined by scholars based on factors like assets, investment in plant and machinery, sales turnover, profitability, and the number of full-time employees in the company (Merchant et al., 2017; Zona, 2016). However more researchers have expressed firm size using the number of employees as the defining factor (e.g. Azizi et al., 2017; Herrero & Hughes, 2019; Madison et al., 2020; Merchant et al., 2017). In USA, for example, number of employees (less than 500 employees defines small businesses) or average annual sales for non-manufacturing industries (US$7.5 million or less) are accepted measures for establishing the size of the company (*SBA*, 2015). Researchers have preferred using number of employees as a proxy for the size of the firm since larger firms typically have more financial resources and other resources to invest and grow the company (Kellermanns & Eddleston, 2006; Madison et al., 2020). Further, the number of employees also affect the firm performance (Herrero & Hughes, 2019). Thus, for this research, I opted to use the number of employees in the firm to determine the size of the purposively selected family business cases.

The number of employees used to define the size of SME family businesses, has been broadly specified as follows: micro businesses < 10, small businesses 10 – 49, medium businesses 50 – 249, and large businesses > 250 [2]. The lowest number of employees in the purposively selected family business cases in this study was 50 and the highest 250 (See Appendix IV: Details of Interviews, Cases, and Respondents for full details of all the cases in this study).

3.5.2 Sampling Criteria

This study was conducted on Indian family firms that meet the criteria outlined in Table 3: Sampling Criteria that had at least one intergenerational transfer of leadership and in which the successor is a next generation family member. The rationale behind a multiple case study design is replication logic where each case was purposefully selected so that it enabled the prediction of similar and comparable results, which can in turn, enable the development of a rich theoretical framework (Yin, 2009).

This purposeful sampling, also called convenience sampling (Lee, 2006) was through personal and professional connections and through snowball sampling. Such a sampling allows the

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[2] https://www.oecd.org/

researchers to include cases that are easily and readily accessible (Zikmund, 1994). Further, family owned businesses are known to have particularly high standards of privacy (Wortman, 1992) which makes it difficult to recruit them for studies. In particular, qualitative research where interviews are going be conducted on sensitive topics involving relationships and emotions could result – as they did – in a reluctance to participate. Given the specific criteria required for my study, I used multiple channels to recruit companies for my study. Previous studies have shown that such sampling which uses interpersonal relationships and connections for the data sample may end up both including and excluding individual cases and may thus result in a biased sample (Browne, 2005; Faugier & Sargeant, 1997). However, I did not face the problem of a biased sample as not all cases referred to me were selected if they did not meet the criteria for the study.

As the cases selected are of different sizes, in different industries, and in different stages of succession, ranging from the handover and succession completed over a decade ago to the successor being groomed to the final successor selection not done. This raises the question of generalizability of the findings if the selected cases are not representative of some population. However, the literature shows that when the purpose of the research is to develop theory, not to test theory, such theoretical and purposive sampling is quite appropriate (Eisenhardt & Graebner, 2007). Thus, the cases were selected as they are suitable for the purpose of shining a light upon the constructs of relationships beyond family boundaries and succession and providing theoretical insights that might reveal unusual phenomena, replicate findings across cases, provide counter-factual replication, and expand on the theory being developed.

The criteria used for cases included in the sample are listed in Table 3: Sampling Criteria. This kind of sampling selection, i.e. information oriented selection, was done based on my expectations of the information I would get, allowing me to maximize the utility of the information obtained (Flyvbjerg, 2006).

1	The family business should be in at least the second generation of CEO leadership, or the second/next generation should have joined the business, be in a senior leadership position, and poised to take over leadership of the firm.
2	To gain insights into the post-succession era of the firm while not losing information due to loss of memory or nonfamily members leaving the company, I set the criteria that the successor should have transitioned into the CEO role not more than 10 years ago.
3	The previous generation leader should have relinquished control and management to the successor and should not be active in the business. However, studies have shown that there is a tendency for owners (in particular founder owners i.e. first generation leaders of the business) of family firms to have psychological barriers to a complete handover of the reins of the company, even when the new generation ascends to the CEO role (Gomez-

	Mejia et al., 2011; Sharma, 2011). This was my experience too and it was difficult to find firms in which the previous generation leader is still alive but no longer active in the business. As such this criterion was amended to include family firms in which, if a full handover of leadership has not taken place, then a designated successor is in a senior decision-making role and/or being groomed for the CEO role, even if the predecessor is still active in the business.
4	For consistency and credibility of the findings, the study was confined to medium sized businesses, excluding micro, small, and large multinational family businesses. Although business sizes is typically measured in terms of investment and turnover (Economic Times, 2018), previous studies in India (e.g. Jayaram et al., 2014) and elsewhere in the world (e.g., Herrero & Hughes, 2019; Uhlaner et al., 2015) have used the criteria of number of employees to study this category of businesses. Taking my cue from them, my sample cases was limited to family firms with maximum 500 employees to restrict the focus to SMEs.

Table 3: Sampling Criteria

Further, a sample in qualitative research should have as much variety as possible which allows for a deeper understanding of the concepts being studied viz., relationships and succession and to unearth underlying mechanisms (Patton, 2005). This was achieved by searching for family firms in which the successors were sons, daughters, younger sons, and non-offspring of the founder/ incumbent/ predecessor of the business. Thus with a small number of cases – 13 – and the maximum possible variation sampling method, I could achieve a diversity in the cases with respect to the research questions (Claßen & Schulte, 2017). The variation was also maximized in terms of the age of the company which ranged from 23 years to 73 years old, leadership generation of the company with four firms being in the third generation of leadership and nine being in the second, and number of employees which ranged from 50 employees to 300 employees. All the family firms included in the study are distinct and have no relationship with each other. Quotations are connected with the interviewees by indicating the firm number (FF01, FF02…FF13) and the role (predecessor/ successor/ nonfamily employee).

The case study approach allows us to gain context dependent knowledge, a nuanced view of reality, and importantly, a meaningful understanding of human behaviour (Flyvbjerg, 2006). While case study represents one of the most widely used qualitative methods in organizational studies (Eisenhardt, 1989a), it has also emerged as the most used approach for qualitative research in family business (De Massis & Kotlar, 2014). This inductive and interpretive approach is appropriate for theory building (Hall et al., 2005) and other family business scholars have also used it in studies that explore social interactions that are complex and across several levels of analysis (e.g. Jaskiewicz et al., 2015). As suggested by De Massis & Kotlar (2014), the multiple case study approach helps to provide a stronger basis to explain the topic of relationships within the family business domain, a topic that remains relatively unexplored to date. I selected multiple cases in order to make comparisons and look for patterns or distinctive attributes of these relationships (Yin, 2009) between nonfamily managers and the successors in family businesses.

3.5.3 Data Collection

The research was carried out via qualitative interviews, aiming to unearth issues and address the research questions regarding the development and impact of the relationships between key nonfamily employees and the family successor. Prior to the data collection, I carried out interviews with five experts in the field of family firms in India and shared the questionnaires I had designed for the participants of my research. The experts comprised two family business scholars from India and three family business consultants in India. This approach has been used by researchers to ensure the questionnaires were more accurately aligned with the research aims (e.g. Herrero & Hughes, 2019). The feedback from these interviews helped in fine tuning the qualitative questionnaire.

The data for this research was collected over a period of six months. Data collection was done through qualitative interviews with the successor, the previous leader, and with two to three key nonfamily employees. I conducted an average of five interviews per case. I carried out a total of 64 interviews with 13 family firms across Mumbai, Delhi, Goa, Chennai, and Ahmedabad. Interviews were done with key nonfamily members of family businesses who were with the company prior to the successor taking over, the successor, and the previous generation leader. This allowed me to get a well-rounded perspective of the relationships between the nonfamily employees with the previous generation leader as well as the successor leader and gave me a better understanding of the underlying emotions of loyalty, support, and respect that characterized the relationship the nonfamily employees had with the previous generation leader and whether those emotions have transferred to the successor leader.

Interviews ranging from 60 to 90 minutes were carried out face to face with seven family firms based in Mumbai – FF04, FF05, FF06, FF08, FF09, FF12, FF13 – at the respondents' workplaces since I had travelled to Mumbai from the UK. I also travelled to Ahmedabad to conduct the interviews with the respondents in one family firm there – FF10 – since the leader of the firm insisted that they would only do face to face interviews. Since the interviews were all conducted in 2019, this was pre-Covid times and there was no risk to either the respondents or me for the face-to-face interviews. Doing these interviews at their workplaces allowed interviewees to feel relaxed and comfortable in their own environment which, as other scholars have found, can lead to higher engagement and a better connection between the interviewer and interviewee, both of which factors help to provide richer narratives and data in their answers (Saunders & Townsend, 2018). All remaining interviews were conducted via either phone or Skype, with a preference for Skype, so that the respondents and I could see one another. It is essential to build a rapport with interviewees, especially when getting data on sensitive topics like relationships and interviews where there is no face-to-face contact that does not permit this rapport to develop (Davis & Harveston, 1999). I tried as far as possible to have the online interviews on Skype, using telephone calls only when the internet bandwidth was a challenge.

Most interviews were conducted in English (with some Hindi colloquial phrases thrown in sometimes in the interviewees' responses) with some in Hindi and some in Tamil – all of which languages I speak fluently. The interview questions were translated into Hindi and Tamil and used for the interviews in the respective languages. Table 4: Interview Languages Distribution over Cases gives the distribution of the languages in which the interviews were conducted.

Case	English	Hindi	Tamil	Total
FF01	5			5
FF02	2	3		5
FF03	4	1		5
FF04	6			6
FF05	5			5
FF06	3	2		5
FF07	3	3		6
FF08	3			3
FF09	3	2		5
FF10	3	1		4
FF11	2		2	4
FF12	6			6
FF13	4	1		5
Total	**49**	**13**	**2**	**64**

Table 4: Interview Languages Distribution over Cases

All interviews were audio recorded and transcribed verbatim, except for one (the incumbent of FF05 who did not give permission to record and for which I took notes during the interview). All interviewees signed the consent form which is attached in the Appendix with the Ethical Approval documents. The transcription was done by a professional transcribing service in India which ensured that the Indian accent for the English interviews could be understood by the transcribers and thus I did not lose any part of the interview. The Hindi and Tamil interviews were also translated and transcribed by professionals, translating idiomatic and cultural norms in the languages too, thus ensuring I did not lose any data for these interviews either. The literature has specified the attributes and issues that impact relationships, a successful succession, and the succession process itself with respect to family and nonfamily members in family firms (Avloniti et al., 2014). Using these and relating back to my research questions, I constructed the interview questionnaire.

3.5.4 Semi-Structured Interview Questionnaire

Taking my cue from previous qualitative studies (e.g., Woodfield & Husted, 2017), the semi-structured interview questionnaire was designed to encourage engagement and to elicit rich narratives that covered questions around relationships giving me several advantages. Firstly, the interview questionnaires consisted of pre-determined open-ended questions, based on a flexible framework that allowed me to get meaningful data while also maintaining a natural flow in the conversation(Kelly, 2010). Secondly, they allowed me to ask further questions on matters that may emerge from the dialogue, allowing an immersion into personal stories and emotions (DiCicco-Bloom & Crabtree, 2006). Thirdly, in semi-structured interviews, the discussion flows like a conversation which allows the respondents to speak freely and even touch upon topics and issues that may not have emerged if I had a more formal and highly structured set of questions (Barriball & While, 1993).

To ensure rigor and consistency, I replicated the interview questions with all interviewees. However, and unsurprisingly, the interview protocol also evolved with initial interviews as I understood underlying issues better. Therefore, I reached out to earlier interviewees to ask new questions that emerged with the interviews or to ask for experiences related to some that I had heard in subsequent interviews. All interviews were transcribed verbatim and analysed using Atlas.ti® software. This helped to avoid verification bias i.e., a tendency to confirm preconceived notions, thereby not compromising the scientific value of the study. Researchers who have conducted in-depth case studies have reported that the case data often challenged their preconceived opinions and notions, thereby causing them to need to revise their hypotheses or research questions itself (e.g., Flyvberg, 2001).

All interviews were semi-structured and included opening questions to get basic information (age, designation, educational qualifications, age of founding/ joining the business) about the respondents. These questions were followed by general questions relating to the genesis or founding of the company, reason for joining the company (for nonfamily employees and successors), hopes and ambitions etc. These general questions were aimed at stimulating narratives from the respondents about visions, turning points etc. in their careers and in the history of the business itself. These questions also enabled the creation of the space for the respondents to open up and relate their personal associations with the company and each other, to provide the foundations for asking more sensitive questions about relationships further on in the interview, and to include deeper follow-up questions. All the interviews – in all the interviewee categories – ended with asking questions about their advice to leaders, successors, and nonfamily employees of family businesses at the verge of a succession. These last set of questions yielded rich answers which provided interesting insights into what the interviewees wished had happened in their own company (and which they may not have articulated during the interview itself).

3.5.4.1 Questionnaire Description

The interview consisted of three parts:

1. A short, structured part to collect demographic and other information:
   a. Gender of successor(/s) and nonfamily employees (all the predecessors were male)
   b. Ages: Current, joining/founding the firm, and attaining leadership position
   c. Educational qualifications
   d. Work experience outside of the family firm (particularly for successors)
2. A semi-structured interview beyond the general questions. The following categories of questions were asked of the different respondents:
   a. Predecessor: Questions relating to
      i. The founding/ genesis of the company (repeated with the successor)
      ii. The leadership style and values espoused by them
      iii. Their relationship with nonfamily employees
      iv. The choice and preparation of the successor
      v. The handover (if handover had been done) to the successor
      vi. Post-handover emotions like satisfaction, pride, happiness.
   b. Successor: Questions relating to
      i. Founding/ genesis of the company (repeated with the predecessor)
      ii. Why they joined the family business
      iii. Their career before joining the family business
      iv. Differences in leadership styles and values with the predecessor
      v. Relationships with nonfamily employees
      vi. Comparison of relationship of nonfamily employees with the predecessor
      vii. Preparedness to take over senior role and leadership of the business
      viii. Post-handover emotions like satisfaction, pride, happiness.
   c. Nonfamily Employees: Questions relating to

i. Motivations and driving factors to join the family business
ii. Wishes/hopes/dreams at the time of joining
iii. Relationship with previous generation leader
iv. Working with the previous generation leader
v. Relationship with the next generation leader
vi. Working with the next generation leader
vii. Changes (processes/ products/markets) introduced by next generation leader
viii. Differences in leadership styles of the two leaders
ix. Differences in values of the two leaders
x. Mentoring/grooming of the next generation leader
xi. Differences in the business with change of leadership
xii. Post-handover emotions like satisfaction, pride, happiness.

The questions were designed to elicit stories and descriptions of the relationships between the family leaders (predecessor/incumbent and successor) and the nonfamily employees. The rationale behind the questions are as follows:

1. Beginnings with the company: These questions enabled the leaders (predecessor or successor) to tell the story of the genesis of the company as well as their own emotional connection with the business. Starting off with questions on relationships may have caused interviewees to get emotional and/or may have triggered a response they felt would be socially desirable or appropriate. To avoid these possibilities, I began with questions at the business level so that the interviewees would find a way to the topic on relationships more instinctively and naturally.

2. Succession: These questions allowed the interviewees to open up and discuss how and why the successor was chosen, and how they were prepared, mentored, and groomed for the role. These questions also opened a natural path for all the interviewees to talk about their relationships during the handover/ handholding period.

3. Differences in leadership styles and values: By specifically talking about the differences in leadership styles and values of the two leaders from different generations, the respondents were able to delve into how these differences, if any, might have impacted people around them and thereby impacted their relationships.

4. Relationships with nonfamily employees: By the time we reached these questions, they would have already shared stories and information about their relationships and thus when the

questions were asked directly, it felt smooth and natural to explain the relationships more explicitly. They were also able to explain the differences in the relationships with the two family business leaders and the nonfamily employees.

5. Differences in the way the business operates: These questions allowed respondents to explain how they viewed operational or strategic differences and express their emotions on any changes the successor may have introduced, which would in turn, lead to their relationship with them.
6. Advice: These questions were intended to be "catch-all" questions. Respondents were asked for their advice to other family businesses – to their incumbents, potential successors, and nonfamily employees – poised for an intergenerational transfer of leadership. This allowed them to express their emotions towards the way the succession had happened in their own business and through that also reflect on the relationships around them.

3.5.5 Coding and Analysing

Although I have explained validity (both internal and external) and reliability of my research design above, in qualitative research, "*the traditional positivist criteria of internal and external validity are replaced by terms like trustworthiness and authenticity*" (Denzin & Lincoln, 2000, p. 158). Taking this idea further, Janesick, (2000) argued that in qualitative research, validity is concerned with the description and explanation of the research and whether and how the explanation fits the description. This definition of validity in qualitative research resonates with the critical realist belief that the observable events describe the unobservable structures and mechanisms. Thus, the research goal is achievable through using multiple methods, which is the approach in this study.

In this research, I adopt a thematic analysis approach based on the critical realist philosophy, in order to understand the human factors that affect a specific event (Saunders & Townsend, 2018). The human factors translate, in this research to relationships in family firms beyond family boundaries but within the firm and the event on which I explore the impact of these relationships is the intergenerational intrafamily transfer of leadership i.e., succession. Thematic analysis enables a systematic way of analysing and presenting qualitative data as it allows for the inclusion of large and varied amounts of data. Furthermore, it also enables the identification of themes and patterns in the data which facilitate the development of explanations in connection with the research questions and drawing of conclusions (Braun & Clarke, 2006). Finally, thematic analysis allows the researcher to develop greater familiarization with the data through the constant and iterative analysis of the qualitative data (Saunders & Townsend, 2018).

In accordance with the validity described in detail in the previous section, I used observational coding and analytic induction to explain the relationship dynamics between family leaders and nonfamily employees in family businesses and explore the impact of these relationships on a successful intergenerational intrafamily transfer of leadership. As this is an independent study, I was unable to have more coders to independently code the interviews (Haberman & Danes, 2007), but I compensated for this lacuna by requesting a qualitative researcher to be an external coder and who independently coded the same interviews after which we discussed our codes. Any differences – and they were minimal – were resolved through discussions and agreed upon.

I coded the data for common themes like mutual respect, trust, and mutual obligation which are critical ingredients of high quality generalized exchange relationships according to SET (Cook et al., 2013; Cropanzano & Mitchell, 2005) and further looked for emergent themes in the data e.g., loyalty, early affiliation with the firm, early affiliation with nonfamily employees, mentoring by nonfamily employees etc. These themes are further described in the chapter "Findings and Discussion". I adopted the analytic techniques of the grounded theory process as explained by Strauss & Corbin, (1998) by encoding and analysing all the transcribed interviews using Atlas.ti®. I applied the inductive coding strategy that Strauss & Corbin, (1998) describe; despite the fact that this research focused on relationships between the family business leaders and nonfamily employees, I worked on the interviews with no preconceived notions and adopting an open minded approach. This allowed the data to speak to me (Suddaby, 2006) and as I went through the interviews I read and analysed them in two ways – within-case (reading the interviews of all the respondents from a particular case) and between-case (reading the interviews of all the predecessors, successors, and nonfamily employees respectively across all the cases) – in an attempt to find patterns and to unearth common themes within and across cases. Although eventually only the between-case approach was adopted, analysing the cases both ways (within and between) helped to contextualize them better.

Following the approach described by Yin, (2009), I created an initial coding scheme consisting of the themes of mutual respect, trust, and mutual obligation (Cropanzano & Mitchell, 2005) and new emergent themes; these themes were further coded into subcategories which I considered as relevant for my research questions. The coding was an iterative and continuous process. E.g., as I coded through the data, and the data spoke to me (Suddaby, 2006), I found it necessary to add, remove, supplement, or combine some categories to maintain consistency and clarity. Through this data analysis, in total 180 codes and 13 code groups or categories with a maximum of three levels were created from the phrases and sentences in the data.

Bearing the research questions in mind, and using the literature review, I identified the initial list of key concepts and determinants. These first-order codes helped me to describe and analyse relationships between the key players of this research i.e., relationships between the predecessor/ previous generation leader and nonfamily employees, relationships between the successor/ current leader and nonfamily employees, and the relationship between the two leaders from both generations. Using SET as a lens, the relationships were analysed for the basic ingredients of generalized exchange relationships viz., trust, mutual respect, mutual obligation and examined for other factors that emerged. To begin with, all interview transcripts were uploaded to Atlas.ti and then read in detail several times; in particular, I focused on the sections of the interviews that were deeply related to the research questions. I then assigned descriptive code labels to group them into categories which helped for analysis between cases (Eisenhardt & Graebner, 2007). As mentioned above, during the coding, I expanded on the list of determinants of generalized exchange relationships with additional relevant codes e.g., loyalty, reverence etc. Thus, I was able to include from the interviews, determinants beyond those from the framework of SET, that enabled a coding scheme that was more based on reality (Miles & Huberman, 1994). This abductive reasoning allows the framework, which is the cornerstone of the research, to evolve as empirical or reality-based observations "*inspire changes of the view of theory and vice versa*" (Dubois & Gadde, 2002, p. 558), leading to a richer and more effective analysis of the data.

Going further, following the pattern coding approach, I grouped the first-order code labels that were related to each other and created higher level code categories (M. Miles & Huberman, 1994). These second-level codes gave me the broad topics of mentoring/ grooming of successor by nonfamily employee, involvement of nonfamily employee leadership handover to successor, successor preference (where there were more than one successor) of nonfamily employee, leadership style differences between predecessor and successor, and values differences between predecessor and successor. Although it was not possible to have a second eye on the coding, I went over the entire coding process a few months later, and compared it with the previous coding exercise, resolving any differences therein. The first and second order coding with the raw data (quotes from interviews) are shown in the chapter "Findings and Discussion". Finally, I grouped the codes into 13 code groups

To ensure reliability, and the reproducibility of the coding, prior qualitative researchers have recommended that multiple coders should analyse the data independently (e.g., Claßen & Schulte, 2017). Further it is recommended that the coders should resolve any differences in coding through discussion (Mayring, 2022). However, as this research is an independent doctoral work, this was not possible. To mitigate any coding errors, and in an attempt to replicate the coding and analysis approach adopted by Claßen & Schulte, (2017), I requested an external qualitative researcher to go through the data and assign codes within the framework of SET for randomly selected data sets. We then discussed the codes and categories and resolved any differences between our coding. These differences were then applied to the entire data set.

As mentioned above, the interviews were analysed in the between-case context. In this context, the codes and categories were checked across the cases and interviews to detect similarities and to build a framework that could reveal the relationship between relationships beyond family boundaries and a successful succession. Additionally, I tabled the firms by Number of successors, Succession completed/ still in process, industry, number of employees, changes made by successor(/s), Philosophical orientation of family firms "Business first," "Family first,", "Family Enterprise first" (Ward, 1987). See Appendix IV: Details of Interviews, Cases, and Respondents for detailed information on interviews and cases.

3.6 Analysis

In qualitative research, generalizations are often entrenched in contextual interpretations of individual experiences (Miles & Huberman, 1994). Further, in this phenomenon-driven approach, the research questions and the research itself are framed in the context of and within the importance of the phenomenon and because of the lack of reasonable theory to explain the phenomenon or the inability of current theory to completely explain the phenomenon (Eisenhardt & Graebner, 2007).

This is done through coding and sorting of large amounts of textual data from different sources, into smaller meaningful bits that are encoded. These codes are across the sources, or cases, from where the data was obtained i.e., analysing the data across or between cases. This stripping down of larger sets of data into smaller units can sometimes take away from the contextual richness of the bigger picture (Ayres et al., 2003). Thus, qualitative researchers sometimes recommend treating cases as whole stories or units in order to get the full context i.e., analysing the data within each case separately. However, the disadvantage of this approach is that it precludes the comparison of cases which is the analysis that can lead to generalizations from multiple accounts. In this study, all the cases in the sample are SMEs and thus there is a commonality between them. Thus, I adopt the between-case analysis to produce findings that are generalizable, giving the opportunity to develop or enhance theory by "*recognizing patterns of relationships among* *constructs across cases as well as through their underlying logical arguments*" (Eisenhardt & Graebner, 2007, p.25).

A strength of qualitative research is that it is able to shine light on specifics of the human experience within the context of the phenomenon under examination (Stake, 1995). Qualitative research involves the collection of data of common experiences e.g., within the family business domain – successor leadership development (Cabrera-Suárez, 2005; Higginson, 2010; Kandade et al., 2021), conflict (Claßen & Schulte, 2017), trusting relationships (Berger et al., 2016; Shi et al., 2015), familiness and social capital (Heidrich et al., 2016). The researchers get multiple narrative accounts, analyse them, and form generalizations about the phenomenon under examination. During the analysis, qualitative researchers must distinguish between information that is relevant and common to all the participants (or cases, as in this study) and information that is specific or exclusive to particular respondents (or cases) (Ayres et al., 2003). E.g., in my study there were cases where successors exhibited sibling rivalry for the leadership position which is not relevant to or applicable to the family firms where there was only one offspring of the predecessor and therefore only one possible successor. Although sibling rivalry has little relevance for family businesses where there is only one successor, they are instances of the more general theme of relationships in family businesses and the impact on a successful succession. As the literature tells us, when an idea is found repeatedly in multiple cases, the researcher formulates that idea as a theme (Ayres et al., 2003). The themes that can explain individual cases as well as across the entire sample, are the ones that are most generalizable. Scholars have disagreed about the appropriate terminology to describe findings that can be applied beyond the sample. For example, Baker et al., (1998, p.547) argue that the grounded theory research tradition in which one of the methods for data collection is in-depth interviews can lead to the generation of a "*conceptually dense, thick, rich theory emerging from ground up*"; the purpose of this approach is to foresee, illuminate, and interpret phenomena while it underscores the context and conditions under which the data was collected. On the other hand, Sandelowski, (1996) argues that researchers can make generalizations by focusing on the individual and by emphasizing unique personal experiences of human nature by comparing across (between) cases to construct themes and groups, to synthesize the data, and to interpret the data from cases. In this study, I follow the argument made by Ayres et al., (2003) to use the term *generalizability* to describe how the findings from this study are applicable beyond my data sample and not to the methodology by which this was achieved.

3.7 Ethical Considerations

Before starting data collection, the Aston University ethics form was completed and submitted to the Aston Ethics Committee for approval. This application went through two rounds of feedback from the committee before being approved. All respondents were given the Participant Information Sheet (PIS) and asked to sign a consent form agreeing to participate in the study, both of which documents were ratified by the Aston ethics committee. Although, as mentioned in the ethical data collection application, no harm could arise to the respondents from the questions in the questionnaire, some of the questions could be deemed sensitive and personal (as the topic revolved around relationships) and thus the approval from the ethics committee was essential.

All participating companies and the individuals being interviewed were assured of confidentiality and anonymity before agreeing to participate – both in terms of the company and the individual respondent. Some of the respondents, particularly in the nonfamily employee category, were concerned about their interviews being shared with their employers – they were assured that their interviews and the information they shared would be seen only by the researcher, viz. me, my PhD supervisor panel, and the external examiners. Specifically, all respondents were assured that information shared by them would be used in the research in an aggregated form and any verbatim quotes would be anonymized or pseudonymized (Coffey et al., 1996). All respondents were asked for permission to record, and this permission was recorded also. Only one respondent (the predecessor in FF04) refused permission to record – I took copious notes for this interview and transcribed it as soon as the interview was over. All the other interviews were transcribed verbatim by a professional transcribing service with time stamps in the transcriptions. The Ethical approval is included in the questionnaires as approved by the Aston University Ethics Committee are included in the Appendix – Ethical Data Collection Approval Documents.

------------End of Methodology Chapter------------

4. Findings and Discussion

In order to explore relationships and succession in family firms, the primary data was collected via interviews. While this is the most common form of data collection in qualitative research, I followed the example Madison et al., (2020) by getting triadic data from each firm-case, i.e., I interviewed the predecessor (or incumbent if the handover of leadership or succession was not complete), the successor (or successors if there were more than one), and two to three nonfamily employees (as many as I was given access to).

4.1 Cases

I interviewed 13 family businesses across India. These were based in Mumbai (7), Calcutta (2), Ahmedabad (1), Chennai (1), New Delhi (1), Goa (1). This section describes each of the cases in brief before going on to analyse them and present the emergent themes. The schedules of the interviews of the individual respondents are listed in Appendix IV: Details of Interviews, Cases, and Respondents. Table 5: Overview of the firms and successors below gives a birds-eye view of the 13 firms interviewed.

No of firms with two successors in line for the leadership position	4
No of firms where the handover was completed	6
Number of firms with daughter successors	2
No of firms with a single successor	5
No of firms with a successor who is not the progeny of the predecessor	1

Table 5: Overview of the firms and successors

4.1.1 Individual Case Descriptions

1. Case 1 – FF01

This company based in Kolkata is in the machinery manufacturing industry and in the third generation of leadership. Interviews were conducted with the successor (son) who is the current leader of the organization, the predecessor, and three senior nonfamily employees who had worked under both the leaders (the predecessor and the successor) between 22 July 2019 and 26 September 2019. As the company is in Kolkata, all the interviews were conducted via Skype except for the successor who was busy and took the interview call on the phone while he was on the move. All interviews were recorded. The order of the interviews was as follows:

Respondent	Designation	Interviewed on
Predecessor	ex-Chairman	22/7/2019 on Skype
Employee1	CFO & Vice President (Finance)	25/7/2019 – on Skype

Employee2	Executive Advisor (Finance)	26/7/2019 – on Skype
Employee3	Vice President	24/9/2019 – on Skype
Successor	Managing Director	26/9/2019 – on phone

2. Case 2 – FF02

This organization based in New Delhi is in the healthcare industry and in the second generation of leadership. Interviews were conducted with the successor (son) who is the current leader of the organization, the predecessor, and three middle level nonfamily managers who had worked under the predecessor and now continue to work under the successor, between 22 July 2019 and 26 September 2019. As the company is in Delhi, I conducted all the interviews via phone and recorded them all. The order of the interviews was as follows:

Respondent	**Designation**	**Interviewed on**
Employee1	Manager Accounts	22/7/2019 on phone
Employee2	HR Manager	2/8/2019 – on phone
Employee3	Medical Superintendent	25/8/2019 – on phone
Successor	Director	22/9/2019 – on phone
Predecessor	Chairman	26/9/2019 – on phone

3. Case 3 – FF03

This company based in Goa is in the steel manufacturing industry and in the second generation of leadership. Interviews were conducted with the successor (son), the predecessor (who is still the head of the organization as handover is still taking place), and three middle level managers who had worked under the predecessor and now continue to work under the successor, between 23 July 2019 and 15 August 2019. As the company is in Goa, the interviews were all conducted and recorded on Skype. The order of the interviews was as follows:

Respondent	**Designation**	**Interviewed on**
Employee1	Deputy General Manager - Operations	23/7/2019 on Skype
Employee2	Marketing Manager	23/7/2019 – on Skype
Employee3	Accounts Manager	25/7/2019 – on phone
Predecessor	President	14/8/2019 – on Skype
Successor	Director	15/8/2019 – on Skype

4. Case 4 – FF04

This company based in Mumbai is in the finance industry and in the first generation of leadership with two potential successors (siblings) being groomed for the leadership position.

Interviews were conducted with the two successors (brothers), the predecessor (who is still the head of the organization), one middle level nonfamily manager and two senior nonfamily managers who had worked under the predecessor and now work alongside the successors, between 24 July 2019 and 14 August 2019. All interviews, except for one of the nonfamily employees, were conducted face to face at their office. All were recorded except for the interview with the predecessor as he was not willing to be recorded; I took copious notes and transcribed it immediately after the interview. The order of the interviews was as follows:

Respondent	Designation	Interviewed on
Successor1	Head – Wealth Mgmt.	24/7/2019 – face to face
Employee1	Assistant Vice President	5/8/2019 – on phone
Successor2	Assistant Vice President	8/8/2019 – face to face
Predecessor	Managing Director	8/8/2019 – face to face
Employee2	Vice President – HR & Business Analytics	14/8/2019 – face to face
Employee3	Vice President – Marketing	14/8/2019 – face to face

5. Case 5 – FF05

This company based in Mumbai is in the petroleum oils manufacturing industry and in the second generation of leadership with the third generation successor being groomed for the leadership handover. Interviews were conducted with the two successors (brother and sister), the predecessor (who is still the head of the organization), and two senior nonfamily managers who had worked under the predecessor and now work alongside the successors, on 11 November 2019. All interviews were conducted face to face at their office and were recorded. The order of the interviews was as follows:

Respondent	Designation	Interviewed on
Predecessor	Managing Director	11/11/2019 – face to face
Successor1	Executive Director – Biz Development	11/11/2019 – face to face
Employee1	Group CFO	11/11/2019 – face to face
Employee2	Sr. General Manager – Sales & Marketing	11/11/2019 – face to face
Successor2	General Manager - Corporate	11/11/2019 – face to face

6. Case 6 – FF06

This company based in Mumbai is in the furnishing fabric manufacturing and consumer durables trading industry and in the third generation of leadership. Interviews were conducted with the successor (son), who has fully taken over leadership of the firm, the predecessor, and three middle level nonfamily managers who had worked under the predecessor and now work under the successor between 6 August 2019 and 14 August 2019. Interviews with the nonfamily employees were conducted face to face at their office, while interviews with the successor and the predecessor were conducted on the phone. All interviews were recorded. The order of the interviews was as follows:

Respondent	Designation	Interviewed on
Employee1	Assistant Accounts Manager	6/8/2019 – face to face
Employee2	Warehouse Assistant	6/8/2019 – face to face
Employee3	Senior Manager – Ops & Logistics	6/8/2019 – face to face
Successor	Executive Director	14/8/2019 – on phone
Predecessor	Director	14/8/2019 – on phone

7. Case 7 – FF07

This company based in Kolkata is in the material handling equipment manufacturing industry and in the second generation of leadership. Interviews were conducted with the two successors (brothers), the predecessor (who is still the head of the organization), and three middle level nonfamily managers who had worked under the predecessor and now work alongside the successors, between 9 August 2019 and 18 November 2019. As the company is in Kolkata, all interviews, except for one, were conducted on the phone. One of the successors had travelled to Mumbai on work and agreed to be interviewed face to face. All interviews were recorded. The order of the interviews was as follows:

Respondent	Designation	Interviewed on
Successor1	Director	9/8/2019 – face to face
Successor2	Director	1/11/2019 – on phone
Predecessor	Managing Director	4/11/2019 – on phone
Employee1	Admin Manager	12/11/2019 – on phone
Employee2	Purchase Manager	14/11/2019 – on phone
Employee3	Production Manager	18/11/2019 – on phone

8. Case 8 – FF08

This company based in Mumbai is in the pharmaceutical manufacturing industry and in the second generation of leadership. This firm has two daughter successors. Permission was given by the predecessor (who was my entry contact into the organization) to carry out interviews with all the stakeholders in the firm. He gave me the contacts of his daughters and three nonfamily managers. Interviews were conducted with one successor (daughter) who has taken over one division of the firm, the predecessor (who is still active in the organization but has taken on an advisory role), and one middle level nonfamily manager who had worked under the predecessor and now works under the successor, between 9 September 2019 and 23 September 2019. The interview with the predecessor was face to face in their office. Interviews with one daughter successor and one nonfamily manager were carried out on the phone. All interviews were recorded. However, subsequent to these three interviews, I had an introductory call with the other daughter successor (who leads another division of the firm), at which point she indicated her discomfort with the study. A day later I received a message from the predecessor informing me that they did not wish to participate any more in this study, but that I could use the interviews already conducted. The order of the interviews was as follows:

Respondent	Designation	Interviewed on
Predecessor	Chairman & Managing Director	9/8/2019 – face to face
Successor	Executive Director	21/9/2019 – on phone
Employee	Vice President – Logistics & Supply Chain	23/9/2019 – on phone

9. Case 9 – FF09

This company based in Mumbai is in the media and communications industry and in the third generation of leadership. Interviews were conducted with the successor (son) who has taken over leadership of the firm, the predecessor (who is still active in an advisory capacity), and three middle level nonfamily managers who had worked under the predecessor and now work under the successor, between 22 November 2019 and 14 December 2019. All the interviews, except for one, were conducted face to face. The interview with one of the nonfamily employees was conducted on the phone. All interviews were recorded. The order of the interviews was as follows:

Respondent	Designation	Interviewed on
Successor	MD	22/11/2019 – face to face
Predecessor	Chairman	25/11/2019 – face to face
Employee1	Head – Creative Dept	25/11/2019 – face to face
Employee2	Deputy Production Manager	25/11/2019 – face to face
Employee3	Deputy Manager – Cards & Calendar Sales	14/12/2019 – on phone

10.Case 10 – FF10

This company based in Ahmedabad is in the green energy equipment manufacturing industry and in the second generation of leadership. Interviews were conducted with the successor (son) who has taken over leadership of the firm, two middle level nonfamily managers, and one senior nonfamily manager, all of whom had worked under the predecessor and now work under the successor, between 8 November 2019 and 23 November 2019. The interview with the predecessor could not be conducted as he was too ill to speak or to type out his answers. All the interviews were conducted face to face as I travelled to Ahmedabad, the city in which the organization is based. All interviews were recorded. The order of the interviews was as follows:

Respondent	Designation	Interviewed on
Successor	MD	8/11/2019 – face to face
Employee1	Technical Manager	8/11/2019 – face to face
Employee2	Manager – Back Office	8/11/2019 – face to face
Employee3	General Manager – Business Development	23/11/2019 – face to face

11.Case 11 – FF11

This company based in Chennai is in the cement plant equipment manufacturing industry and in the second generation of leadership. Interviews were conducted with the successor (son-in-law), the predecessor (who is still the head of the firm), and two middle level nonfamily managers who had worked under the predecessor and now work under the successor, between 2 November 2019 and 27 November 2019. All the interviews were conducted on the phone. All interviews were recorded. The order of the interviews was as follows:

Respondent	Designation	Interviewed on
Successor	Executive Director	4/11/2019 – on phone
Predecessor	Managing Director	27/11/2019 – on phone
Employee1	Works Manager	27/11/2019 – on phone
Employee2	General Manager – Quality Control	27/11/2019 – on phone

12.Case 12 – FF12

This company based in Mumbai is in the marine, oil, and gas equipment service and maintenance industry and in the first generation of leadership as the founder still is the CEO although the eldest son has taken over the COO position and is being groomed for the leadership position. Interviews were conducted with the two successors (brothers), the predecessor (who is still the head of the organization), and three senior nonfamily managers who had worked under the predecessor and now report to/work alongside the successors, between 26 November 2019 and 11 December 2019. Interviews with the predecessor, one successor, and two nonfamily employees were conducted face to face in their office. The interviews with the second successor and one nonfamily employee were conducted on Skype as I had returned to the UK by the time they could be scheduled. All interviews were recorded. The order of the interviews was as follows:

Respondent	Designation	Interviewed on
Employee1	Head of Operations	26/11/2019 – face to face
Employee2	General Manager – Sales	26/11/2019 – face to face
Successor1	COO & Director	5/12/2019 – face to face
Predecessor	CEO & Managing Director	6/12/2019 – face to face
Employee3	CFO	8/12/2019 – Skype
Successor2	Senior Manager Marketing	11/12/2019 – Skype

13.Case 13 – FF13

This company based in Mumbai is in the herbal products manufacturing and trading industry and in the third generation of leadership. Interviews were conducted with the two successors (brothers), the predecessor (who is still the head of the organization), and two middle level nonfamily managers who had worked under the predecessor and now report to the successors, between 25 November 2019 and 26 November 2019. All interviews were conducted face to face in their office and were recorded. The order of the interviews was as follows:

Respondent	Designation	Interviewed on
Successor1	Managing Partner	25/11/2019 – face to face
Predecessor	Partner	26/11/2019 – face to face
Employee1	Liaison Manager	26/11/2019 – face to face
Employee2	Head Accountant	29/11/2019 – face to face
Successor2	Managing Partner	26/11/2019 – face to face

4.2 Between Case Findings

The sections below discuss the emergent themes from the data analysis between the cases. Using the lens of SET, I first looked for data that spoke of high quality generalized (social) exchange relationships where the interactions were based on mutual trust, mutual respect, and mutual obligation as opposed to RERs where the interactions are generally *quid pro quo* with expectations of reciprocity (Cropanzano & Mitchell, 2005; Daspit et al., 2016). I describe these in the next section viz., "Emergent Themes". As I iterated through the codes, there were some findings that emerged additionally and are described under the section in this chapter named "Unexpected Findings". Finally, I end this sub-section of Between Case Findings by describing the coding of the advice that the respondents gave to other family businesses which are pertinent and valuable and are in the section "Advice from Respondents".

4.2.1 Emergent Themes

4.2.1.1 Theme 1: How successors can build relationships with nonfamily employees

There was a total of 69 instances of this theme with three categories: Professional (23 instances), Personal (28 instances) and Transfer of relationship from predecessor (19 instances). These categories are described individually below, and the hierarchy is in Figure 10: Themes - Successor building relationship with nonfamily employees.

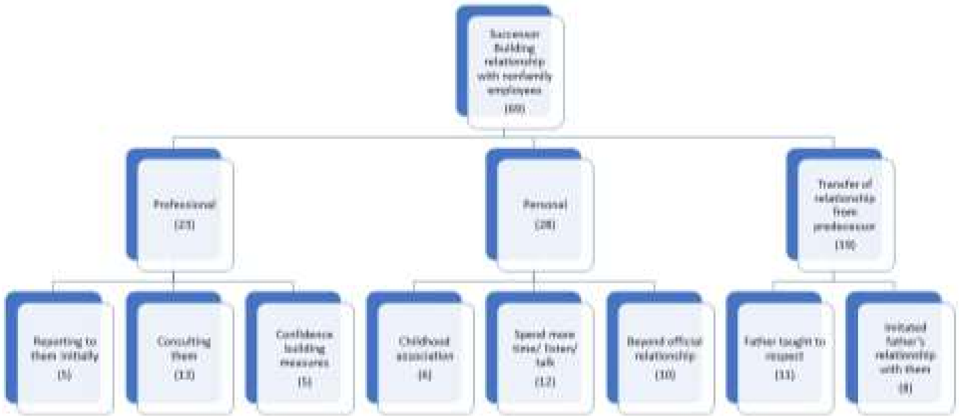

Figure 10: Themes - Successor building relationship with nonfamily employees

1. **Professional Relationships**: When successors build strong and high quality professional relationships with the nonfamily employees, they gain the loyalty and trust that their predecessor had enjoyed and that they need for the continued success and performance of the organization, thus ensuring a successful succession (Kandade et al., 2021). Three ways that they can build the professional relationships are described below and the coding diagram depicting this theme is in Sub-section 9.5.1 Coding for Building Professional Relationships in Section 9.5 Appendix V: Data Coding Diagrams in Chapter 9 Appendices.

   i. **Starting at the bottom and reporting to Nonfamily employees**: As advised by the experts and many of the nonfamily employees too, when successors start at the bottom of the company and report to the senior nonfamily employees as they rise through the ranks, they not only learn about the company better, they also show respect for the nonfamily employee and their experience.

"When she [successor] joined, I was the boss, I was teaching her the company's procedures, nature of work. She reported to me not to the father. Now she is my boss, but she is still respecting me." ***~FF08, Nonfamily Employee***

"He was the main person, the senior, he was the oldest employee; he taught me how to do accounting, how he used to handle it. When I started in the company, I worked under him, so he taught me everything." ***~FF13, Successor 2***

When successors report initially to nonfamily employees – particularly senior nonfamily employees – and when they work alongside junior employees like equals, they develop a bond of respect with the senior employees and of friendship with the junior employees. As the successor moves into senior leadership roles, they carry with them those bonds and further the employees realize that the leader is aware of their pain points and their problems when making decisions.

Finding 1: When successors start at the bottom of the company and report to nonfamily employees at the start of their career in the family firm, they build high quality relationships that they continue to enjoy when they move into senior leadership roles.

ii. **Consulting Employees**: Beyond reporting to nonfamily employees, several of the respondents spoke about how when they consulted and took advice from the nonfamily employees when making decisions or even in the early stages of their career in the family firm, they show the latter respect for their expertise and knowledge and this respect leads to a bond that lasts for years.

"…if I am an expert in a subject, he will come to me for problem on that subject. And he respects my word, which also keeps me accountable on what I said to him." ***~FF12, Nonfamily Employee***

"Though I belong to the management, I don't think I'm the boss' son and can take any decision without asking any senior…when I was Asst Manager, my rights have to be this much only, and I respect that. At home we could discuss at a management level, but not in the office. That added to the respect that I myself was answerable to a senior." ***~FF04, Successor 2***

The data shows that when successors respect the company's hierarchy or adopt a consultative approach, they achieve a few outcomes. Firstly, the employee feels valued and respected. Secondly, they are setting an example in the company that people are answerable to their seniors. Thirdly, they are building a collaborative company culture. And fourthly, they develop mutually respectful and trusting relationships with the employees.

Finding 2: When successors adopt a consultative approach, they enhance the company culture while building high quality relationships with the employees.

iii. **Confidence Building Measures**: When family business leaders, in particular successors who are new and still feeling their way around the relationships in the company, introduce processes and measures to build confidence in the employees, the latter feel valued and respected and tend to return that respect equally.

"…It's reached that level, in terms of performance, in terms of overall engagement, enthusiasm about what they're doing, feeling they're making a difference, they're contributing, those feelings are very important and that only happens when you engage them in more things, when you remind them what you're doing is adding to the goal of the company, so that has changed." ***~FF05, Successor 1***

"Huge amount of positivity and mindset change has been introduced, ensuring holidays are given for all regions and Saturdays are given as off. 9.30 to 6.30 is your working time is and you have to exit office. All this ensures there is a lot of focus on work life balance. It motivates people to work harder. And the retention has increased. So, all in all very positive impact. ***~FF12 Nonfamily Employee***

The data shows that when family business successors introduce measures in the company to increase the confidence levels of employees, they create an atmosphere of motivation and happiness which translates into loyalty for them as well as increases retention of employees.

Finding 3: ***When family business successors introduce confidence building measures into the company, they increase the loyalty of the nonfamily employees' loyalty towards them.***

2. **Personal Relationships**: When successors build strong personal relationships with nonfamily employees, they generate relationships that are family-like in nature where the parties go out of the way for each other without expectations of reciprocity, leading to loyalty and trust that can create a successful succession. Three ways that they can build the personal relationships are described below and the coding diagram is shown in Sub-section 9.5.2 Coding for Building Personal Relationships in Section 9.5 Appendix V: Data Coding Diagrams in Chapter 9 Appendices.

i. **Childhood Association:** When the successors have been affiliated with the firm since childhood, they also develop an association with the nonfamily employees. This childhood association can turn into a deep bond in adulthood, not unlike a familial relationship.

"I have a very good and very close relationship with him [nonfamily] since childhood…he has been in the company for 25 years. He is a key employee, CFO also promoted as an Executive Director, so he is director too." ***~FF05, Successor***

"Even before their [successors] joining I used to interact with both of them and I had a very intense relationship with them." ***~FF07, Nonfamily Employee***

The data shows that relationships between successors and nonfamily employees that have a childhood association, tend to be stronger and take on the family-like characteristics of trust, loyalty, and mutual obligation.

Finding 4: When predecessors enable the childhood association of successors with nonfamily employees, these relationships prove valuable for the successor at the time of succession.

ii. **Spend more time – listen, talk**: Relationships develop when people connect, spend time together, listen to each other, and share thoughts and feelings (Dindia & Canary, 1993). In fact, one of the unexpected positive outcomes of families during the recent Covid-19 pandemic has been the strengthening of bonds due to spending more time together (Evans et al., 2020).

"It [relationship] has moved. Now we share more information than we used to share before, talk a lot, and analyse things together and try to find the root cause or solutions. Earlier, it used to be only with the senior leadership. I also came to know him as a person, his thought process." ***~FF12, Nonfamily Employee***

"…within the first month, I made a list of everyone in our service team, and I had one on one conversations with each one, to understand them, their pains, their perspectives, to simply connect. These guys don't get the same emphasis as the sales and finance guys… helped me understand the business at a grassroots level, their challenges, their concerns etc.… I took the onus also of closing the loop on actions that came out of them, grievances... worked with team leaders to close those actions and that had some credibility that this person is here to look into our lives as well." ***~FF12, Successor***

"Earlier when I was working with [predecessor name] sir, we couldn't tell him personal things…when [successor name] came, maybe because of the age factor, I would freely talk to him regarding small matters. I was more free minded with him compared to what I was with sir and now we are more of friends." ***~FF03, Nonfamily Employee***

The data shows that when successors take the time to connect with nonfamily employees, to spend time with them one-on-one, listen, and share, they form bonds that go beyond professional, and they can create lasting personal relationships that bring with them emotions like trust, respect, and loyalty.

Finding 5: When Successors spend time with nonfamily employees to listen to them and to share with them, they form long-lasting relationships that can positively impact their succession into the leadership position.

i. **Go Beyond official relationship**: When leaders of businesses interact with the employees beyond the official or professional boundaries, at a social level, they can create strong bonds of personal relationships which can be assets for them and for the company.

"Relationship-wise there should be social gatherings along with nonfamily employees…in our family functions we invite our employees also. They get mingled with us, as a family…taking them in our social life, social gatherings. That is also required." ***~FF07, Successor***

"…from the early 90s, any personal finance related, investment, details were shared with our CFO…he is an extended family member, there is a relationship beyond the office…For

Navratri, he goes to Ahmedabad, gets food for us. Every time dad is traveling, he goes with his wife to meet my mother, take her out for lunch etc... it's not just a professional relationship. My dad has taught him how to select a suit, buy a car. He's learned the finer things in life, how to appreciate single malt whiskey, choose a good watch, choose a good fabric for a suit, etc." ***~FF12, Successor***

The data shows that next generation family leaders who create relationships with nonfamily employees beyond the official into the realm of personal relationships, develop deeper bonds and higher quality relationships with the latter, and that such relationships can positively influence a successful succession.

Finding 6: When family business successors go beyond the official relationship to create relationships with the nonfamily employees, they create high quality relationships that positively impact the succession.

3. **Transfer relationship from predecessor**: Senior nonfamily employees in family firms often have longstanding relationships with the incumbent leader as they have worked together for years leading to high quality SERs that involve trust, respect, loyalty, and mutual obligation. The literature is relatively silent on whether and how successors can build the same relationships with successors (Salvato & Corbetta, 2013). However, our data shows that predecessors can transfer the relationships through carefully advising their successors and through encouraging them to build the same relationship with the nonfamily employees while also encouraging the latter to accept and offer the same feelings of trust, respect, and obligation to the incoming leader. Two ways that they can build the personal relationships are described below and the coding diagram is shown in Sub-section 9.5.3 Coding for Transfer of Relationship from Predecessor in Section 9.5 Appendix V: Data Coding Diagrams from Chapter 9 Appendices.

i. **Predecessor taught successor to respect**: This code explains how the predecessor as the father figure in the firm, instilled respect for the nonfamily employees in the children-successors.

"…like people say that child learns from what their parents are doing. So, if a successor sees that the previous generation leader is respecting one person there has to be some reason behind that, so he acknowledges that. And that is where this previous generation should play a role, that they should make that successor understand that this is an important guy and he has given his life for this company. So, speak to him, his ideas are valuable, learn from him, so that should be passed on from the previous generation to the successor directly." ***~FF07, Successor***

"For my father, they are the front runners for him and he clearly told us that we must also respect them. They are extremely high on ethics, passionate and high on deliverables, long term commitment, having high level of loyalty. So, these are the elements I feel, when I see

them, which of course, create more respect in my mind, because somebody who is so passionate to work for my father and at the same time gives me that comfort also, doesn't make me feel like a new guy, it just generates that respect for me." ***~FF04, Successor***

"I have always been taught that, even if he is much lower down, treat them with respect. For instance, my accounts person was there before I joined the business... and I would never call her by the first name, I always treat her with respect...keep her age in mind. They have come here and as my father says, they have to be treated with due respect." ***~FF09, Successor***

Thus, the data shows that one way of transferring the high-quality relationship that the predecessor enjoys with the long-standing senior nonfamily employees of the family firm, is for the former to explicitly and consciously teach their successor to behave with the nonfamily employees in the same way and treat them with respect.

Finding 7: ***When Predecessors explicitly teach their successors to treat the nonfamily employees with respect in the same way that they have been doing, they are likely to transfer the relationship they have enjoyed with the employee to their successor.***

ii. **Imitated Predecessor's relationship with Nonfamily**: This code describes how successors can consciously or unconsciously imitate the predecessor's relationship with nonfamily employees, thus possibly replicating it with themselves.

"…my father treats Mr. [name of nonfamily employee] as his younger brother and he also respected my father also as his elder brother. So, we were like a family and still we are like a family. Like my father, I too respect him as an uncle, and he treats me like his son… so, other than work also we are very happily connected." ***~FF07, Successor***

"I can feel they [successor] have respect for me, exactly like their father did. And they confide with me lots of things. Sometimes just we have coffee together, discussing matters. I never felt that I've been looked down upon. So that way it is perfectly the same like with the previous generation." ***~FF01, Nonfamily Employee***

"The roots of this tree cannot be cut out. And there are so many people like me, I was retiring in 2016 with others. But he [successor] somehow absorbed all of us back into the company exactly like how his father would do…we are all under the same shade of the tree like it has always been." ***~FF09, Nonfamily Employee***

When successors observe their parent behaving respectfully and trustingly with the nonfamily employees, and imitate that behaviour, they can create the same feelings of loyalty, respect, and trust in the latter for themselves. On the other hand, when successors choose to behave differently with nonfamily employees and/or treat them disrespectfully, they can create relationships that have elements of mistrust, and/or a lack of loyalty or obligation.

"I had very good relationship with the predecessor…he would respect and help me when I was in need. I would also do anything for him… Once the entire area was flooded and I stayed the entire night protecting the goods and did not leave until everything was alright. For any project he could rely on me. When the son took over, everything changed…he is not

physically involved like the old leader. The previous one knew how the work is being performed but the new one is unaware. He wants everything done instantly. We could tell the previous one this work is going to take some time. But now we cannot say anything – we must perform immediately. We don't have liberty to speak. With the previous boss the relationship was deep with trust and respect on both sides. For this boss it is only as an employee, for me just a job! I finish at 6 and go home. I will not stay late for him." ***~FF06, Nonfamily Employee***

Finding 8: ***When successors consciously or unconsciously treat the nonfamily employees by imitating how the predecessor behaves, they are likely to recreate that relationship for themselves.***

4.2.1.2 Theme 2: Nonfamily Employees Mentoring Successors to Build Relationships

There was a total of 99 instances of this theme with two categories: Teaching (35 instances) and Grooming (64 instances). These categories are described individually below, and the coding hierarchy of the themes is in Figure 11: Themes of Nonfamily Mentoring Successor.

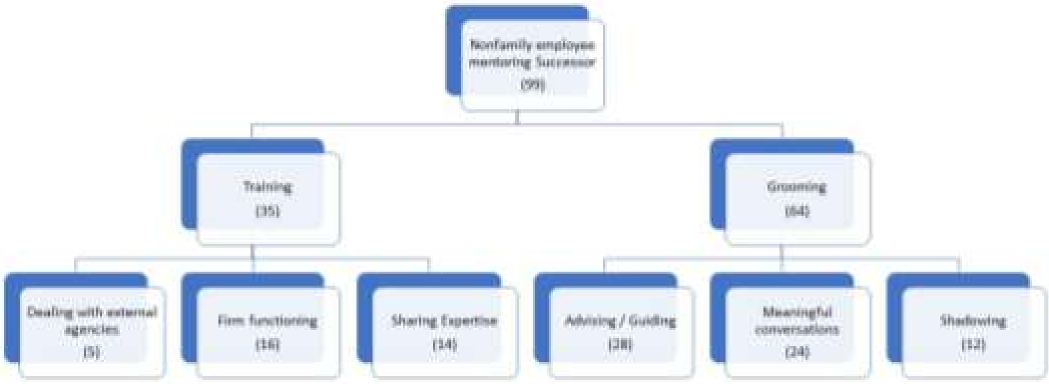

Figure 11: Themes of Nonfamily Mentoring Successor

1. **Training**: When nonfamily employees train successors in technical and business skills and when the successors learn from and report to them, the two actors build high quality relationships with each other, they gain mutual trust and respect (Kandade et al., 2021). Nonfamily employees feel respected for themselves and the experience and the knowledge that they have accumulated over the years. They also feel a sense of trust in the successor's abilities when they take over the leadership fully from the predecessor as they know the successor's awareness of the issues involved in running the business. Successors too, recognize the value of that knowledge and experience and develop a respect for the nonfamily employees, and a bond that develops between teacher and student which continues even after they have moved into the leadership position and now have the nonfamily employee reporting to them. These lead to high quality relationships between the two parties which is needed for the continued success and performance of the organization, thus ensuring a successful succession. Three ways that they can

build the professional relationships are described below and the coding diagram depicting this theme is in Sub-section 9.5.4 Coding for Nonfamily Employee Training Successor in Section 9.5 Appendix V: Data Coding Diagrams from Chapter 9 Appendices.

i. **Teaching about Dealing with External Agencies**: Nonfamily employees possess knowledge about external stakeholders – vendors, partners, customers – and often have built a network of contacts that are assets to the firm. This knowledge may be unknown to the predecessor as it is often tacit and built up over the years (Herrero, 2018). When they leave the firm either due to moving on to another job or retiring, this knowledge is lost with them. Successors who make the effort to gain this valuable knowledge from nonfamily employees by learning from them will gain the knowledge while at the same time, showing respect to the employee, thus enhancing the relationship between them.

"…all contact details... he was not knowing. Whom should contact for all this? Who is the person to call for this problem? Where to get this information from? …with whom we can work and with whom we work we will get more commission, which agency is more favourable for us, I share with him and explain to him. So, whatever I know I have teach him" ***~FF04, Nonfamily Employee***

"…Like there are certain rules of empanelment and it is not feasible if we suggest some tests and send the patients to our labs. That is impermissible. But he was unaware and sent patients to hospital lab and upon this I informed him about the requirement of permission from their departments. I also informed him which departments do not insist for such permission and which ones are very strict about such necessities." ***~FF02, Nonfamily Employee***

"Yeah, in my field, the department I look after, the work involved in marketing involves all those things, purchase, sales, transportation, advertisements, now we can say these software things also and customer relationship and all the things. I used to talk to him, he used to ask me questions. I used to tell what and how are all the things going on. What needs which department involves first and which department needs to solve the problems. Which customer have special needs, which vendor give better pricing." ***~ FF03, Nonfamily Employee***

When successors are humble enough to learn from the nonfamily employees, regardless of their position in the hierarchy in the company, they gain tacit knowledge as well as make strong relationships with them.

Finding 9: When successors learn the tacit knowledge that the nonfamily employees have on external stakeholders of the firm, they are likely to enhance the quality of their relationship with the employee.

ii. **Teaching Firm Functioning**: Often owners – particularly founders of family firms – believe they are best placed to teach their successor how the firm functions (Jaskiewicz et al., 2015). However, in many firms, particularly those that have grown under the incumbent, there is a high possibility that the leader is not involved in the nitty gritty of the firm functioning which is taken care of by senior nonfamily employees while the leader handles the strategy, planning, and decision-making of the company. Thus, the nonfamily employees can teach the successors about the functioning of the firm much better.

"And with [nonfamily employee name] he was the key person who taught me about the company… he taught me how to do the accounting part and the export documentations also, where to file documents, the process in the company. Everything he taught me, even my father didn't know some of these things…maybe he forgot but [nonfamily employee name] knew and taught me." ***~FF13, Successor***

"He [nonfamily employee] taught me everything how the company runs. And I have no problem to tell the world who has taught me because everywhere when I can introduce him to anybody, I say, this is my teacher. He has taught me now where I am. He was watering [crying] in his eyes and saying no no, but it is true." ***~FF07, Successor***

"During the transition, I guided [successor name] what happens and what we have to look after. I explained each and everything to him, the advantages and disadvantages. If it was regarding the finance, the production part or customer satisfaction, I used to teach him, and he was humble and liked to learn from me." ***~FF03, Nonfamily Employee***

When successors learn the firm functioning from the nonfamily employees, instead of from their predecessor-parent, they can gain intricate knowledge about the functioning of the firm. Further, by respecting the nonfamily employee for their knowledge they can develop high quality relationships with them.

Finding 10: When successors learn about the functioning of the firm from nonfamily employees, they gain deep knowledge and build high quality relationships with the nonfamily employees.

iii. **Sharing Expertise**: Family firms tend to hire nonfamily professionals for their expertise in order to complement the talent and knowledge present in family members in the business (Carney, 2005). Over the years, the expertise that these nonfamily employees brought with them gets enhanced and honed to suit the firm's particular needs and business processes. Successors need to learn from these nonfamily employees so that the firm does not lose the knowledge and expertise when the nonfamily employees leave for another job or retire.

"Whenever I had questions which might be primitive for them [nonfamily employees], but things that I don't know, I ask, they're always happy to take time to answer. So, it could be something finance related, or it could be technically related, but I don't know. Those things, they teach me, and they do it actively. ***~FF12, Successor***

"Whatever guidance they required from me, I provided. They inquired about the nuances of the business so many times like over-supply tactics or costing devices and I always cooperated with them and made them learn." ***~FF13, Nonfamily Employee***

"…there was an employee who taught me how to buy paper. I didn't know what GSM in paper was, and coated and uncoated paper, paper sizes and all that. He played an

important role in teaching me that. There was another employee who played a lot of role in print estimation, how do you price a job or how do you estimate a particular print job. My father didn't have all the time in the world to kind of go through the nitty gritties. So, I would spend time with these individuals to learn all of this." ***~FF09, Successor***

Sharing of expertise of nonfamily employees with successors is critical so that the successor can gain the necessary knowledge required to run the firm successfully. Another aspect is the enhancing the quality of the relationship between the two people by the successor clearly valuing and respecting the nonfamily employee's knowledge and expertise.

Finding 11: When successors allow nonfamily employees to teach them in the latter's area of expertise the relationship between the two develops into a high quality one due to the respect being shown for their knowledge.

2. **Grooming**: There is some debate in the literature on the effectiveness of succession planning through the grooming of the successor as opposed to bringing in professionals who already have the necessary skills and experience to run the business (Luthans & Youssef, 2004). However, this can result in the loss of tacit knowledge and affective attachment to the firm which are some of the factors that give family firms an edge over their nonfamily counterparts (Chua et al., 2012). The data in this research shows that grooming of the successor is an important part of developing the successor to take over the leadership and independent running of the business. Further, when nonfamily employees groom the successor, rather than it being done only by the predecessor and/or other family members, this can lead to the development of high-quality relationships between the two parties which can further impact a successful succession. Three ways that they can build the professional relationships are described below and the coding diagram depicting this theme is in Sub-section 9.5.5 Coding for Nonfamily Grooming Successor in Section 9.5 Appendix V: Data Coding Diagrams from Chapter 9 Appendices.

   i. **Advising/ Guiding**: Nonfamily employees, particularly those who are senior, have years of experience and knowledge under their belt and they can advise and guide the likely younger and inexperienced successor so that he/she is able to take on the mantle of running the company effectively.

"So, I would just jump into the task and if I had questions, I would bounce it off him [nonfamily employee] and take guidance from him. Even if I didn't know how to answer to a customer or vendor, I would just take his opinion. And he always gave it to me" ***~FF05, Successor***

"…all the time they used to come to me. They used to come for inquiring about the methodology of work and also seek advice. This usually happens. I would guide them in the beginning and now they know…still sometimes they will come to me to ask my advice and I feel the respect." ***~FF07, Nonfamily Employee***

“For example – there are some quotations to be made for some of the jobs where he is involved. He [successor] will always ask for the kind of people required in that job, what is the time investment, the expenses needed to make that happen, and when that input is available, he can give the right numbers to the customer because once you commit to a customer as an organization, you have to cater to that without losing money. So, on such instances, he asks for my advice...now also, in the past also, he comes to me.” ***~ FF12, Nonfamily Employee***

When successors take advice and guidance from the nonfamily employees, they gain deep tacit knowledge and also show respect to the latter due to which their relationship can develop into a high-quality relationship.

Finding 12: Nonfamily employees who advise and guide young successors and successors who seek such advice and guidance from nonfamily employees build a high-quality relationship between themselves.

ii. **Meaningful Conversations**: Given the complexity of organizations and workplaces, when individuals who work there regularly have meaningful conversations, this improves their dialogues, and enables trusting and respectful relationships to develop between them (T. Baker & Warren, 2016). In family firms there is the added complexity of emotions, affective attachment to the firm and to other members (both family and nonfamily), and loyalty that come into play (Memili & Welsh, 2012). The data suggests that when nonfamily employees and successors indulge in meaningful conversations regularly, they develop such high quality relationships that stand them in good stead at the time of and post-succession.

“…he often enquires from me about different issues, for instance if there is any problem, he would discuss with me as to how to handle that situation and also share what would be the consequences of tackling the issues in a specific manner that he has in his mind. Sometimes very general conversations in which we discuss issues. It brings us closer. Whenever he would not comprehend the problem, he will be straightforward in telling me and we just chat about it.” ***~FF02, Nonfamily Employee***

“That was there earlier much before he took over when he was practically studying, I would say, was certain inputs and ideas on the marketing side that I had given him because he was in the marketing side as a trainee. So those inputs were provided by me, there was a period of grooming, there was a period of course correction, that okay this should be done this way this should not be done kind of thing and a dialogue, and a dialogue that if you did this or why did you do this.” ***~FF10, Nonfamily Employee***

“So, they've [nonfamily employees] been very approachable. They've been very happy to have long conversations etc.…everything is in my control. I approach them. Whatever their function is…I still have a lot of conversations with them.” ***~FF12, Successor***

The data shows that when nonfamily employees and successors have meaningful conversations that comprise of sharing and listening, asking questions of each other, it brings about a closeness in the relationship.

Finding 13: When successors have meaningful conversations with nonfamily employees, they interact with them closely which can lead to the development of a strong bond and high-quality relationship between them.

iii. **Shadowing**: Studies show that shadowing a mentor in the workplace is an effective way to build the observer's (mentee's) learning and self-efficacy in the domain of the mentor's expertise (Luthans & Youssef, 2004). Shadowing is a powerful extension to other learning opportunities in the workplace (Eraut, 2007), and when successors in family firms shadow senior nonfamily employees, they learn within the context of the domain in which they are seeking knowledge.

"…what I really learnt from this guy [nonfamily employee] is that he handles things very calmly, where other people would stress out saying what's happening, what are we doing, things are not going the way they should. This guy was very calm, methodical…hold on, I will make a few phone calls, I will get in touch with a few good lawyers, I will get in touch with a few good friends and activate my connections so I can get a few good people on board to guide us and tell us what to do. And he did a fantastic job. So just watching him handle it and take care of it in a very effective way, it was a huge learning." ***~FF01, Successor***

"…I got to learn from all of them. I would sit with the plant heads and learn plant processes from their teams. R & D heads I would learn a lot in the R & D team. Marketing people, I used to sit with them, travel with them, and understand from them. I never used to report to them, they were not reporting to me, they were reporting to my father. But I would sit, listen, watch, and learn, so a lot of them groomed me in marketing, R&D, and plant processes. ***~FF05, Predecessor***

"…the president of the Renewable Energy Division…was a mentor to me in many ways. He taught me a lot about how business is really done v/s what we learnt in management school. I got a lot of hands-on experience just seeing him… we were setting up a big project, so during the whole negotiation of that project, I saw the audacity with which he could negotiate, and I was in awe. And these aren't things you learn in business school; these are things you just see live, and you pick up. So, in terms of negotiations, I learnt a lot from him." ***~FF05, Successor***

The data shows that when successors shadow nonfamily employees, even if they are not directly reporting to the latter and/or being formally trained or mentored by them, they learn from watching and listening. At the same time, they develop a respect for the nonfamily employees' expertise and experience while the nonfamily employees on the other hand, feel respected and valued by the successors.

Finding 14: When successors shadow nonfamily employees, they develop better as leaders of the family firm and also develop strong bonds with the nonfamily employees.

4.2.1.3 Theme 3: Early Affiliation of Successor with Firm and Nonfamily Employees

There was a total of 61 instances of this theme with two categories: Professional Affiliation (24 instances) and Personal Affiliation (37 instances). These categories are described individually below, and the hierarchy is in Figure 12 below.

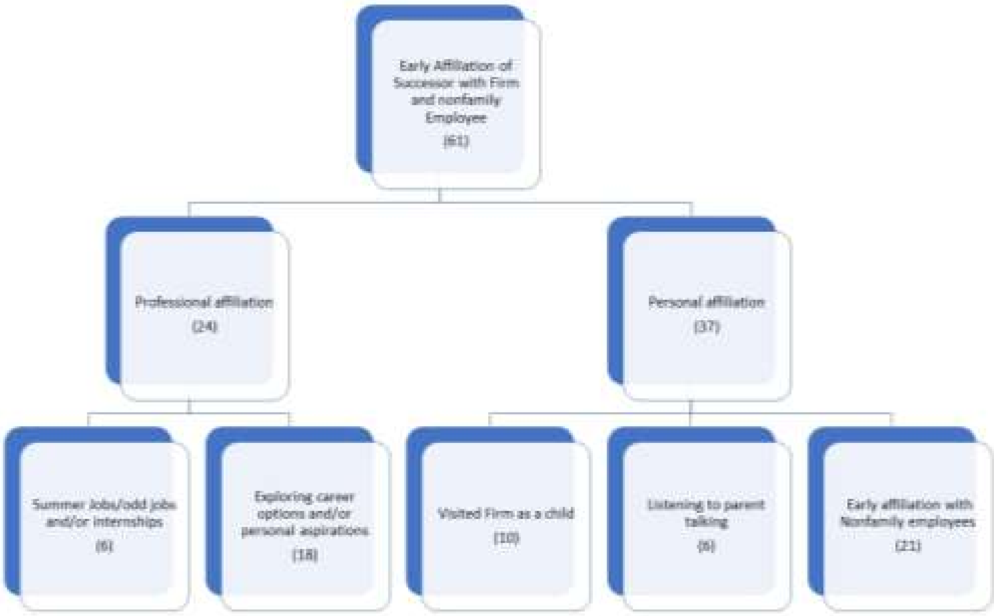

Figure 12: Themes of Early Affiliation of Successor with Firm and Nonfamily Employees

Early affiliation of successors with the family firm has been shown to enable the development of high quality relationships between next generation family business leaders and family and nonfamily members of the firm (Kandade et al., 2021). Taking that argument forward, I look at how the early affiliation of successors with the firm also implies early affiliation of successors with nonfamily employees which can lead to long-lasting bonds when the successor joins the firm and easy acceptance of them as the leader when they take over leadership of the firm i.e., post-succession.

1. **Professional Affiliation**: Successors of family firms can have an early affiliation with the firm professionally through internships, summer jobs etc. during their university or even school studies. Secondly, when successors choose the firm over their personal career aspirations and/or after exploring other career options, they display commitment to the family firm which enhances the trust of all stakeholders in them. Such affiliations allow them to engage with and interact with nonfamily employees at a professional level from a very young age, which can enable respect to develop between them and the employees. There are two sub-themes that emerged under this theme, and they are described below. The coding for the theme of professional affiliation is

shown in Sub-section 9.5.6 Coding for Early Affiliation - Professional in Section 9.5 Appendix V: Data Coding Diagrams from Chapter 9 Appendices.

i. **Summer/ odd Jobs or internships**: When future successors of the family firm work at the company from a young age doing summer jobs or odd jobs or taking up internships, as mentioned above, they gain an early affiliation with the nonfamily employees they work with. However, additionally, they also get a deeper knowledge of the company and are able to understand whether they would like to make their careers here when they have completed their studies. Further, doing such jobs allows them to gain insights which help them in making choices of subjects to learn in their university education.

"I would say it was more the emotional drive that made me join the firm. Historically, it's not that my first experience with the company was when I joined full-time. Since I was in school, every holidays I would go to the lab or go to the factory. So, in every break for 4 years that I came back from college, I would go to the factory or the office. I not only got attached to the company, I also made friends with the employees." ***~FF05, Successor***

"When I was in school, even while I was in college, in all my summer holidays, my father would ask me to go to the plant…. I would spend the whole day in the plant working with my own hands, while I was still 16-18 yrs. old. So, for me to be comfortable in a plant environment, talk to the workers was easy. I grew up in that setup. I sat in an empty furnace, held the piece of steel in my hand, did the hammering, trying to change its shape…that was part of my practical training. When I was in college and the subject was industrial engineering, I used to sleep while the others found the subject very difficult because I had done it practically." ***~FF01, Successor***

"Yes, this was obvious that after completion of his studies he would also start practicing here only. Whenever he would find time or during his vacation he would pay a visit to this hospital, work in the holidays as admin, interact with all of us, so it was clear that he is bound to involve in the affairs of this hospital." ***~FF02, Nonfamily Employee***

"From the time I was a kid my father brought me to the office …I grew up having a very good relationship with all the senior management . So, it was kind of an unspoken encouragement that that this guy technically seems quite with it, why don't we expose him to some of the things … in the business. I… enjoyed walking around, talking to people, discussing… So, he would send me to the factory,… put my hands on the machines ... learn from workers, you work on their timings, no frills…when you are in the plant you are … a trainee …that inculcated in me a love for the business and for me it was a natural that… instead of… working somewhere else, … to come back into a company where I am familiar." ***~FF01, Successor***

The data shows that when future successors of family firms get affiliated with the company early in life through summer jobs, odd jobs, or internships, they learn about the company from the grass roots level, they create a sense of awareness and acceptance in the nonfamily employees of their joining the firm and eventually succeeding the incumbent leader to the leadership role, and they develop strong relationships with the nonfamily employees that will be assets to them during and post succession.

Finding 15: ***Successors who affiliate early with the company through summer jobs or internships create similar affiliations with nonfamily employees which can lead to easier acceptance of them as future leaders and the development of high-quality relationships between them and nonfamily employees.***

ii. Exploring other options and/or personal career aspirations: In family businesses, specifically in the Indian context, very often successors (particularly if there is only one possible successor) are not given the option whether to join the family business or not; there is an expectation for the next generation to take the business forward, and often the next generation join out of a sense of obligation rather than for their own aspirational reasons (Sharma & Irving, 2005). Regardless of whether there is external family pressure on them to join the business, or whether they do so out of a sense of obligation, when successors do not explore other options or follow their own personal career aspirations, it could result in a future leader who lacks the skills and/or the interest to take over the leadership of the firm. This could impact how the employees view them, trust their leadership, and transfer loyalty from the predecessor to them.

"I was super interested in Model UN, in geography, in politics, in economics and media. I would've probably drifted towards that. But for him [father – predecessor] it was Chemical Engineering or business. So, once I started with Chemical Engineering and for the amount of work that I was putting in, the grades that were being thrown out, that was really frustrating. And my grades weren't good enough to shift to a business school." ***~FF05, Successor***

"There was no compulsion, my father … said whatever you choose you can do… a lucrative job offer, I was about to settle in US but I thought my father has built this company … and he has given his life for this so after him somebody has to take care, though my brother is there, he is …a commercial guy. … but since it is an engineering firm and I being an engineer, … I should step up and take care of my family business and I would not have come if our brand was a normal fabrication shop. We are a branded company; our product is known all over India, we were exporting also, my father had built the quality not available in India, I was passionate about the product … and our reputation in the market was good…when I came the company was already 30 years old, after I came it grew 10 times and we are hoping that it will grow another 10 times in the next 10 years. I took this decision to come back. Though, financially I have sacrificed a lot." ***~FF07, Successor***

"…that thought [a career outside the family business] would have not occurred to me because sub consciously there was a drip irrigation that was being put into my head constantly that you will have to take charge. It was an unwritten rule in the family that we are doing this business, naturally you will take an interest and you will take it forward and you will do what you want, or you will diversify, or you will expand, or you will run it the way you want. But it was never an option, even thought of that you should go and work somewhere else. It would be like deserting your parents." ***~FF06, Successor***

The data shows that often children of family business owners are not given a choice in whether they would like to join the family business or pursue their own career aspirations. Even when they are given a choice, they feel an emotional or moral obligation to join the business because of the expectations on them. Successors who make the decision to join the family business or wholeheartedly accept the decision thrust on them, find it easier to take over the reins of leadership of the family business and earn the respect and loyalty of the nonfamily employees.

Finding 16: Successors who join the family business wholeheartedly despite personal career aspirations are more likely to have a successful succession.

2. **Personal Affiliation**: Successors of family firms often have early personal affiliation with the firm when through listening to dining table conversations, visiting the firm as a child, and making early connections with nonfamily employees in childhood (Kandade et al., 2021). These early personal affiliations create a bond for the successors with the firm and with nonfamily employees. Such affiliations allow them to engage and interact with nonfamily employees at a personal level from a very young age, which enables an easy acceptance of them as future leaders of the firm as well as loyalty and a bond to develop between them and the employees. There are three sub-themes that emerged under this theme, and they are described below. The coding for the theme of professional affiliation is shown in Sub-section 9.5.6 Coding for Early Affiliation - Personal in Section 9.5 Appendix V: Data Coding Diagrams from Chapter 9 Appendices.

   i. **Visited Firm as a Child**: When children of family business owners visit the firm as a child, they learn about the firm in an informal way by watching processes and interactions, they make bonds with the nonfamily employees during such visits, and they develop an emotional bond with the firm and the employees (Kandade et al., 2021).

"During school days my father used to always take me to the shop. At that time, it was a small shop, not the company it is today. He would tell me if I sit in the shop for a whole day, I would get Rs. 5. So to get those Rs. 5, I used to sit in the shop whole day. That was during the holidays. So, we used to always go there, come to know about our items, meet the employees, and even play with them." ***~FF13, Predecessor***

"Since childhood, when I've visited my dad in the office, I've known them. It feels like family." ***~FF05, Successor***

The data shows that when future successors visit the family firm as a child, they create bonds with the employees and get insights into the processes and working of the firm all of which help them when they eventually join the firm and later, when they take on the reins of leadership of the firm.

Finding 17: When leaders of family firms take their future successors for visits to the firm as children, they enable the development of bonds between their future successors and the firm and nonfamily employees.

ii. **Listening to parents talking**: The data shows that successors had early awareness of and affiliation with the family business through conversations at the dining table among their parents or to them. These conversations gave them a degree of familiarity with the company and when they joined, they felt comfortable right from the start with the firm, with the ways of working, and most importantly, with the nonfamily employees.

"My parents always spoke to me about entrepreneurship, inspiring my brother and me to … be entrepreneurs ourselves. So those seeds were always so enhanced. I wasn't sure whether I would be an entrepreneur myself. The memories of those conversations helped me to make the decision." ***~FF12, Successor***

"There was an emotional attachment to the company because of listening to my parents and grandfather talking at the dining table. I already knew the people, knew what's going on. Now in hindsight it was purely blinkers on that this is what I have to do. I didn't even experiment or try to think of something else. I wouldn't say there was something else that was more exciting that I gave up, because honestly, I never let my mind wander into doing something else, because I knew this is the path I will take. So, there was no point challenging myself to look at something else." ***~FF05, Successor***

"I always was fascinated by the world of finance so while I was in college if you had asked me this question I would have said, no way I am joining the family business. But when it came time to make the decision, I remembered all those childhood memories, those conversations between my parents, my dad talking to me about the company…I only joined it after an emotional reason that I need to come and help my dad in the company." ***~FF09, Successor***

Many of the interviewees spoke about how the memories of those overheard conversations about the firm at the dining table between the senior family members or when their elders spoke to them about the firm, were the driving factors in their feeling familiar with the firm, its environment, and the employees and in their deciding to join the firm.

Finding 18: When senior family members of the family firm include their next generations in conversations about the firm, they inculcate in them a bond and familiarity with the firm, increasing the likelihood of their wanting to join it happily.

iii. **Early affiliation with nonfamily employees**: Many of the successor and nonfamily employee interviewees asserted that the early affiliation between the two even before the former had joined the company, helped greatly in easing the successor into the company when they eventually joined and in creating bonds of loyalty, respect, and trust in the workplace.

"Even before their joining I used to interact with both of them [successors] since they were children, and I had a very intense relationship with them. After they joined, it was an extension of that early relationship." ***~FF07, Nonfamily Employee***

"Personal relationship is very good… we know him from our childhood, so we are like a family. Actually, it was a tricky situation because Mr. [nonfamily employee's name] has seen us from our childhood… when we were 10 years old, he joined us and now I am giving him instructions, that is a very tricky situation. But I hope that I have handled it well and we give his due respect while talking to him." ***~FF07, Successor***

"It's been like an Indian family; we have family values…you may not like your uncle, but …you must still respect him. For him [successor], I am still the elderly uncle because he used to wear half pants and play tennis and come to the office, but he still respects me. … I have to respect him. Reciprocal of respect is respect. He doesn't scold or …pull you down. He will ask you nicely, very nicely." **~FF09, Nonfamily Employee**

The data shows that when incumbent leaders of the family firm and other senior family members encourage a relationship of future successors with nonfamily employees in the firm, this early affiliation from their childhood translates into working relationships of respect and loyalty when they join the company later in life.

Finding 19: When family leaders and senior family members of family firms encourage their children to engage with and interact with nonfamily employees since childhood, this early affiliation can lead to high quality adult relationships.

4.2.1.4 Theme 4: Impact of Collectivistic Culture on Relationships

There was a total of 75 instances of this theme with three sub-themes. These themes are described individually below, and the hierarchy is shown in Figure 13 below.

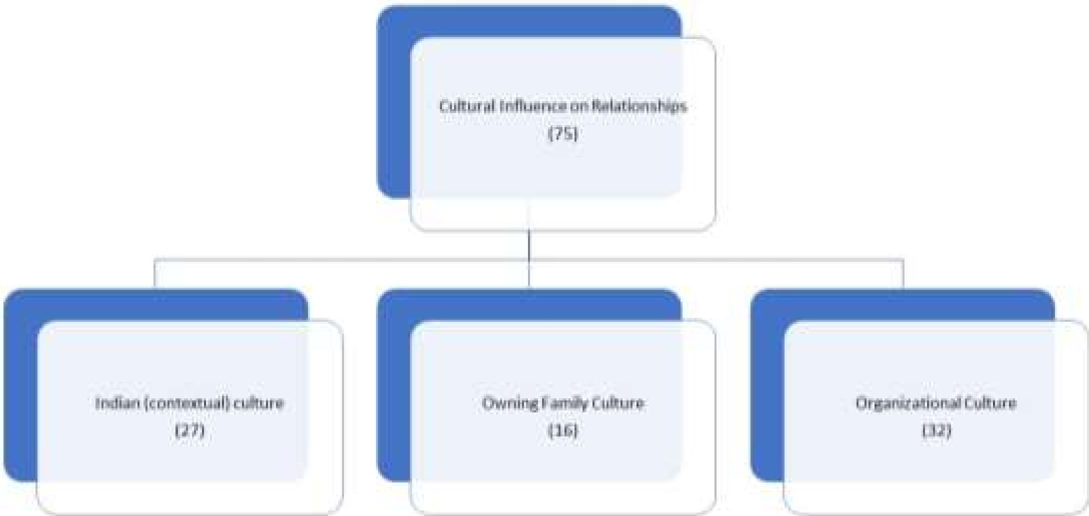

Figure 13: Themes of Impact of Collectivistic Cultures on Relationships

Scholars of family business have varying arguments on the influence of cultural dimensions of different countries on family firms around the world. Institutional economists argue that the lack of institutional facilities, standards, and regulations have a stronger influence (North, 1990), whereas cultural sociologists are of the opinion that the culture of the society and country has a stronger influence on the structures of the business (Biggart & Delbridge, 2004). Collectivism is an important cultural dimension (Hofstede, 1984) and it has been shown that the national culture is as important an influence on the structures and relationships in family businesses as the institutional economic factors (Chakrabarty, 2009). For this study, I examine the impact of culture on relationships to contextualize this study.

1. Indian Contextual Culture

There are 27 instances of this theme. The dimension of collectivism/ individualism informs the values of leaders in firms (Merkin, 2015) which in turn informs their management styles and the organizational culture. In family firms, this influence can be even greater given the fact that leaders are also owners of the firms. Family firm leaders are often paternalistic and make unilateral strategic or tactical decisions based on their values.

"…In India, it is very important for potential successor when he comes in to first, listen more and talk less, listen and observe…No one in India, likes a young child making comments on something he has been exposed for 6 months only, you can't tell a finance or HR guy this is the way. And, over time as you observe and build your own thoughts you should discuss with your parent to bounce off ideas before giving comments to a team. Senior team members may not like a comment coming from a 22-year-old…when they are someone with 25 years' experience and he is telling him that this is the way it should be done. So be careful you don't step on people's toes" ***~FF05, Predecessor***

Succession, in Indian context, you have to be a total package when it comes to running a business. You have to be relying more on yourself than on others first, in terms of all the knowledges…that is required to take some decisions. When it comes to succession, obviously that junior leader will lack that than the senior because the experience which have taught him several things, which is not readily available with this guy, he's more reliant on people like us on that front. So, it's very important that he is around with the right guys. Could be that our skills are not tested because the senior leader was having those skills whereas this guy, when he is doing it, he is also testing our skills and we are not guiding him properly which is actually causing him to get into a flounder and then it's always possible that you have a stagnation period or have a dip at the time of succession."
~FF12, Nonfamily Employee

The data shows that when successors enter the organization, they need to be careful about their behaviour, and to be respectful of senior nonfamily employees and value their experience. Such behaviour can enable them to build trustful and mutually respecting relationships with the employees which they will need when they ascend to the leadership position. Further, in the Indian context, successors need to have well-rounded skills and experience before taking over the senior leadership position. The employees have come to expect that from the predecessor-leader and the successor-leader needs to be able to command the same respect and trust that the former enjoys with the employees. In order to achieve this skill level, nonfamily employees need to initially guide the successor so that they are ready when they take on the mantle of leadership of the organization.

"In India, company is like a family, all the family members contribution is very important. If all members of the family do not contribute, it is very difficult to run the business. Whether it is a brother or brother's son or my son, … there should be convergent ideas. And the top leader should welcome the opinions and suggestions of the down below. If I want to do any expansion, I should not feel that I am the ultimate decider. This happens in India…You should not feel that what you decide is final. You should welcome ideas, get your ideas refined, discuss with people who is having knowledge …, then you take the decision. It should not be a unilateral decision. Whether they are non-family employees, I welcome suggestions from employees also madam. … if we enforce anything, if we are not entrusted, it is going to be a failure. You should enforce it in such a way that others should accept it. Then only it will be successful." ***~FF03, Predecessor***

"In our country, in India, there is fear around sharing feedback. I have a team and some of the girls, I can see on their faces…too frightened to share their views and talk about something going wrong with someone in the team or with the team in general or with the process. But one thing that helps everyone is honest feedback. We have to change this in India… across the board if there is transparent discussion between all stakeholders, it helps to manage expectations and also helps everyone to process that information. As long as everyone's intention is to get better, information helps everyone move in that direction." ***~FF06, Successor***

Given the Indian culture of respecting one's leaders as patriarchs of the organization (Saini & Budhwar, 2008), it is often the case that, junior members of the organization – whether family or nonfamily employees – defer to the senior leaders and do not speak up. The data shows that when leaders proactively encourage employees – both family and nonfamily – to voice their feelings and ask for their opinions when making decisions before making critical decisions or new strategies, they are likely to build and enhance trust within the employees as well as get their support in new initiatives in the organization. Successor leaders of family firms will be able to grow the trust and respect with nonfamily employees better by adopting this approach.

"Yes, of course he [successor] respects me…it's like an Indian family, we have Indian family values… you may not like your uncle, but he is your dad's brother. So, you must still respect him. For him, I am still the elderly uncle like because he used to wear half pants and play tennis and come to the office, but he still respects me. If he respects me, I have to respect him. Reciprocal of respect is respect…He doesn't scold or pull you down. He will ask you very nicely." ***~FF09, Nonfamily Employee***

"I wish they [nonfamily employees] would take more decisions. But my problem is that they keep coming back to me to ask, 'Can I do this?' I say, 'Of course, go ahead and do it'. Indians normally don't want to take decisions." ***~FF09, Predecessor***

"I'm very proud to tell you that even as an Indian company, even though it is the norm in India, we don't bribe. We never take grease money. We are willing to take the

consequences of delayed permissions etc. but we don't bribe. Period. And that is something we are extremely proud of. That is a commonality of our styles.” **~FF12, Predecessor**

In summary, the data shows that there are aspects of the Indian culture that impact the relationships between the stakeholders both positively and negatively. There is sometimes a reluctance in nonfamily employees to speak up when it is for the benefit of the organization, a trait that can harm the company. On the other hand, there is a natural tendency to respect elders and seniors and learn from them, which can enhance the relationship between the successor and nonfamily employees. Another aspect that showed up in the data, is that of maintaining a standard of ethics which is not necessarily the cultural norm, an aspect that affects the organizational culture.

Finding 20:** **In the Indian culture, successors should encourage nonfamily employees to speak up and voice their opinions on organizational issues, thus creating trust between themselves and the nonfamily employees while also benefitting the family firm.

Finding 21:** **In the Indian context, successors should respect, observe, and learn from nonfamily employees instead of behaving like their superior, thus developing mutual respect between themselves and can build high-quality relationships with them.

2. Owning Family Culture: There are 16 instances of this theme.

“…in the Indian context… there is a tendency to belittle the next generation saying, "ah what does that guy know?" or "he's stupid" or "he has a lot to learn". Of course, he's young, of course he has a lot to learn but mentor them, handhold them, trust them. The younger generation has far more capability, intelligence, than our generation had. All they need is the sense of belief that my parents trust me, that I'm guided, I'm going to be respected, and my mistakes are not going to be held against me as a sign of me being a fool. So, if we stick to these rules strongly and at the same time be very firm about what we expect out of them, that may make all the difference.” **~FF12, Predecessor**

“One of my employees … had some medical problem. So, she requested us, ‘I can’t come daily’. We have 6 days working in India, so we gave her 3 days off and 3 days working. And we have developed a family relation with her. I went outstation for her son’s wedding also. That shows the loyalty from her part also. We think of the organization like a family and treat them like we treat family.” **~FF02, Predecessor**

“I lost my husband in 2015 and ever since this couple [founders] has been like godfather for my children. As long as I have vigour and strength in my body, I will continue to work for them till my last breath. In fact, my sons address (naming wife of predecessor) as Mausi (maternal aunt) and all their three children also address me as aunty. All their three children have been associated with this organization. We have never had an official relationship with each other. We are family.” **~FF02, Nonfamily Employee**

When the family values of the owning family permeate into the organization, they impact the behaviours of the employees. Family values can be about treating nonfamily employees as family as well as bringing in values relating to personal lifestyles into the organization. In collectivistic cultures like India, where the family business owners and leaders are viewed as patriarchs even by the nonfamily employees, often the personal lifestyles of the owning family become part of the lifestyles of the nonfamily employees of the organization. When family owners treat nonfamily employees like family by taking care of them in need, and when their successors also adopt that behaviour, they may be able to develop the same bonds with the nonfamily employees like their predecessors did.

Finding 22:** **Successors of family business in collectivistic cultures should adopt the caring and family-like approach to nonfamily employees like their predecessor did, in order to develop the same bonds of trust, loyalty, and commitment that the predecessors had.

3. Organizational Culture: There are 32 instances of this theme.

"The overarching value that is carried across three generations is honesty, uprightness and be upfront, which is a very silly thing for somebody to be saying in a company but in India there are so many ways to complicate things and to take shortcuts and to bypass and to make things easier by finding a shortcut. For us it has always been – be upright, make profits, pay taxes, do everything above board… we have always had a very clear system, partly that comes from our values and partly it comes from giving people the confidence that you are dealing with a professional organization, even if it was a very small company at that time, it is a lot bigger now…that is also one of these values and our people know it." ***~FF01, Successor***

"He [predecessor] would fire somebody for lack of integrity… Non-negotiable elements would not be tolerated by him. If there's something that's just not tolerable in our culture, e.g., employee misbehaviour, even if he might be best performing, he's not going to support the view of keeping him. That's because values come before business." ***~FF04, Nonfamily Employee***

"If you build your organizational culture, around your values, strategy will fall in place…for us that is a strategy. E.g., we evaluated investment banking…but it involves false commitments, false projections, storytelling. Ultimately, you want to get the deal. No matter how much you know that company is not worth it, you inflate your numbers… it's about lie telling, which doesn't go down well with us. And we were very clear we don't want to get into this, even if so many clients of ours are saying why don't you take us to market... we were just not okay with it." ***~FF04, Successor***

The data shows that when the organization's leader walks the talk of the values they espouse, these values seep into the very DNA of the organization and translate into processes and procedures that define how the organization operates. Family firm leaders who ensure that they hire, promote, and fire (when necessary) to the values of the organization, will earn greater respect from employees and ensure the espoused values become an integral part of the firm and its strategies. Family firms have traditionally faced challenges in attracting and retaining talent (Merchant et al., 2017) but when they operate to their values, the data shows that employees get the confidence that they are dealing with a professional organization.

"…my father has a very inclusive, caring attitude towards his employees. He treats them like family… one of our senior employees was very unwell and my father made sure to ensure his health, hospitalization, everything was on track. He would be constantly in touch with his children, his wife, like 'if you need anything…' and when this person came out, he was very caring and understanding… a lot of people may – for a CFO, who is so unwell – want to get someone else because you're already at a retirement age…but he decided that relationship is more important and…my father is a very caring man. So, it makes them extremely loyal…tomorrow if they were to get a better opportunity financially, they would still value this more for sure. This is now part of our company…even my brother and I think the same way now. We value and take care of them." ***~FF05, Successor***

"I think they [nonfamily employees] could speak quite freely with him [predecessor] on any issues. there is not that much fear because the company culture has never been hire or fire. There were no KRAs or KPIs…at the end of the year, dad would sit and based on his memory or what he thinks this person did or can do, he would just decide this much percentage. But they could speak freely…they feel valued and respected." ~FF05, Successor

In summary, organizational values are often informed and influenced by the cultural values of the country in which the family firm is based and sometimes, the personal values of the founders/ predecessor. The data shows that when the organizational culture is one where employees can speak freely, feel respected, and when the organization stands by its ethical values through its processes and decisions, this can increase the loyalty and commitment of the nonfamily values to the family and to the successor. Further, when leaders of family firms walk the talk of the past stated values of the organization, they ensure employees feel the organizational culture is being carried forward and thus feel there is stability and continuity even after the succession of leadership.

Finding 23: Successors of family firms who carry forward the organizational values of caring and creating a fearless atmosphere for nonfamily employees, can gain the same commitment and loyalty from the nonfamily employees.

4.2.2 Advice from Respondents

At the end of the interviews, respondents were asked for their advice to other family firms poised to have an intergenerational intrafamily succession of leadership. Given that the respondents had just gone through (or were going through) the leadership handover/ preparation of the next generation leader, they had a recent hands-on experience of this event in the family firm. As such, they could articulate what went well in their firm and also what didn't go well (or didn't happen) in terms of the succession in their own firm. Thus, their advice was very pertinent and relevant to this study.

4.2.2.1 Advice to Predecessors/ Incumbent Leaders of Other Family Firms

The themes that emerged from the coding of the advice given to predecessors of other family firms are outlined in Figure 14: Themes of Advice to Predecessors of Family Firms. The number of instances of the codes are mentioned in parentheses with each code. While advice given to the other two categories of interviewees, viz., successors and nonfamily employees, had a significantly larger emphasis on building relationships, that for predecessors tended to focus on the development of the successor. The codes were under the categories "Develop Successor" (53 instances) and "Build Relationships" (9 instances) and further subdivided into the codes that are further elaborated below.

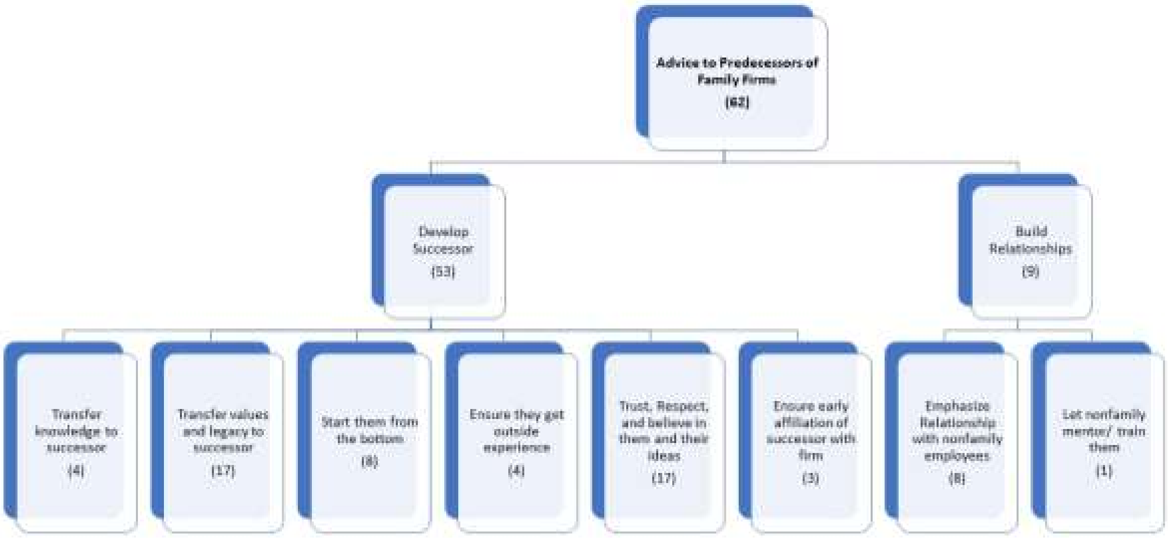

Figure 14: Themes of Advice to Predecessors of Family Firms

3. **Develop Successor**: There are 53 instances of the advice under this category. The codes under this category are broken down into (1) Transfer knowledge to successor, (2) Transfer values and legacy to the successor, (3) Start the successor from the bottom of the firm, (4) Ensure successor works in another company before joining the family firm, (5) Trust, respect and believe in the successor and their ideas, and (6) ensure early affiliation of the successor with the firm.
   i. **Transfer knowledge to successor**: All the four instances of this advice came from the nonfamily employee category of respondents. Employees strongly felt that for the next generation leader to develop and take over the leadership of the firm, their knowledge – both technical and managerial – needed to match with the outgoing leader. This enables the next generation leader to earn the respect of the employees and other external stakeholders of the firm in terms of being able to resolve problems in the company.

"One thing I would advise [to predecessors of other firms] is that whatever products and services that you are offering, your 2nd generation should have a detailed thorough knowledge of it. Like I mentioned… we both are learning so when we learn more, if anybody knows less than us, that doesn't go hand in hand. As far as Indian context… when an employee looks at the employer, they think I will find solutions here." ***~FF12, Nonfamily Employee***

*"Before bringing the next generation into the forefront, they need to be inducted in the organization… so that they understand the entire operations before really taking over. Moreover, it should be done professionally. Like any other professional organizations, where you don't have any owners, and…the relationship with an employer and employee has to be of a professional nature, because we have to respect the professional, what he gives us. So, we cannot just ignore or disrespect a professional. So, you need to respect the individual. You have to be professional before coming into the industry…you should spend some time to understand how the business runs. The operations, the finance and everything." **~ FF01, Nonfamily Employee***

*"Advise is actually when he [predecessor] is handovering (sic) the business to new generation, he has to see that all the knowledge regarding the accounts or whatever business or whatever, not only accounts, all the things we should have a knowledge. Then only he should hand over, then it will be better, if directly handovering (sic) means he also has to struggle lot… The best thing is the struggle should not be there and that's the reason first he should be expert in that field then he should hand over". **~FF03, Nonfamily Employee***

This was an interesting emergent theme in the research which also impacts the relationship between the nonfamily employees and the successor, as the former are able to develop respect for the latter which enhances the quality of the relationship. The literature tells us that, on the one hand, often senior members are unwilling to pass knowledge and information on to the next generation (Lansberg, 1999), while on the other hand, sometimes next generation members lack the desire to learn (Le Breton-Miller et al., 2004). Sharing and transferring knowledge to the next generation allows the family firm to build and maintain its technological capabilities and maintain its competitive edge in the market across intergenerational transfer of leadership (Zahra et al., 2007). Thus, this study finds that the sharing of knowledge allows the next generation leader to develop their leadership skills while earning the respect and trust of the nonfamily employees.

Finding 24: Transferring knowledge from senior members of the family firm to the successor, allows the successor to develop their leadership skills and earn the respect and trust of nonfamily employees.

ii. **Transfer Values and Legacy to the Successor**: The importance of transferring the values and legacy on which the firm is built, to the successor can be understood from the fact that all three categories of interviewees – predecessors, successors, nonfamily employees – felt it important enough to offer it as an advice to the predecessors of other family firms.

"…show to the younger generation, that this is how we treat our employees with respect and dignity. And that's what we expect you also to do…Translating the values that they've had, the good treatment of employees that the previous generation had, the dignity that they give to people at the workplace… that's what makes or breaks an organization, and the trust. Basically, all the values that they translate down to the younger generation

…helps in making an environment which is conducive to work in." ***~FF01, Nonfamily employee***

"…instil the values on which you have built the organization in your next gen and trust the next gen wholeheartedly" ***~FF04, Nonfamily employee***

"Teach, train your successor to build those relationships…the way in which you have. To build relationships … but be okay to change the nature of those relationships so that your successor is able to build his or her own relationships." ***~FF12, Successor***

"… child learns from what their parents do. So…if a successor sees that his father is respecting one person…he acknowledges that. And that is where this previous generation should make that successor understand that this is an important guy, and he has given his life for this company. So, you speak to him, and learn from him, so that should be passed on from the previous generation to the successor directly". ***~FF07, Successor***

"…you have to value the sentiments of the employees. That is more important…If you value the sentiments of the employees, automatic results will come. Without employees, you cannot run the organization. The employees are very important. One should keep that in mind, and they should behave with the employees. Whether he is the manager or general manager, it is of not any concern. The behaviour of the owner is very important towards the employees." ***~FF03, Predecessor***

The previous code emphasized the importance of the previous generation transferring knowledge to the next generation leader so that the employees could develop respect for and trust in the decisions of the leader. The process of successfully transferring knowledge from one generation to the next is based on – among other factors like open communication and mutual respect – shared values (Higginson, 2010). Studies have shown that shared values have a positive impact on the quality of relations between the generations (Merchant et al., 2017; Royer et al., 2008). Thus, this study finds that the sharing of values and the legacy allows the next generation leader to build the same quality relationships with the nonfamily employees that the latter had with the predecessor.

Finding 25: When the predecessor shares the values and legacy of the firm with the successor, they enable the successor to build the same quality relationships with nonfamily employees that they themselves shared.

iii. **Start the successor from the bottom of the firm**: The eight instances of this code were advice from nonfamily employees to the predecessor. Although it does not have as high an occurrence as other advice to the predecessor, it is clearly an important one as it is also repeated as an advice to the successor. Secondly, this advice is closely tied to the next code (with eight instances too) wherein the interviewees have exhorted the predecessor and the successor to ensure the successor gets experience working in an outside firm before joining the family firm and when they do join the family firm, to do so at a junior position i.e., not to be given a leadership position immediately. While these two codes are different, they have been spoken about in the same breath by all the interviewees. Thus, I treat both together. The quotes and discussion on this advice is combined with the next code.

iv. **Ensure successor works in another company before joining the family firm**: As mentioned above, the nonfamily employees across all the cases felt that the successor should not only join the firm at the bottom but also should have worked in an outside company (as an ordinary employee) before joining the family firm.

"… you must not bring in your family person to a leadership level unless he has had external exposure…If there is any value addition to be given to the organization, the person must have some exposure outside of the family business. And not in a bossing position, not on a top-level position … so that he gets to report to the boss, and he gets the colleagues to report to him, so he has seen both sides of the two situations so that when he is in his own organization he is able to handle it more effectively than a person who comes in without any external exposure." ***~FF01, Nonfamily Employee***

"Ask their son to work in another organization…, where they do not have any say. Where they have gone for an interview, get selected at a junior level, for 4 or 5 or 6 years, and then they join their own firm. So basically the second generation preparation starts at least 6 to 7 years before. You cannot hand over somebody a senior leadership when they do not have this sort of experience." ***~FF12, Nonfamily Employee***

"Encourage the next generation to explore opportunities outside before getting involved. Because … it gives you context for what you have when you finally have it. You also get to be more empathetic with the people you work with because that is one thing that I was missing at that point. You have a sense of entitlement when you get into family business, straight out of college v/s having worked somewhere where you get to be a part of pain that everyone in the organization is going through. You know what the challenges are. It makes you a better leader in the long run. ***~FF06, Successor***

The literature tells us that the next generation leaders of family businesses should be allowed to choose whether they want to join the family business or not (Birley et al., 1999); However, if they have decided to join, it is critical that they start at the bottom (Birley et al., 1999; Garcia-Alvarez et al., 2002) and have outside experience in other firms where they are not related to the owners of the company (Lambrecht, 2005; Ward, 1998). This study finds that when successors do so, they show that they have a bottom-up perspective of the organization and are able to put themselves in the shoes of the employees. This allows them to earn the respect and loyalty of the nonfamily employees, thus enhancing the quality of their relationship.

Finding 26: When successors of family firms get outside experience before joining the family firm and start at the bottom when they do, they earn the respect and loyalty of nonfamily employees.

v. **Trust, respect and believe in the successor and their ideas**: SERs are high quality relationships that evolve over time such that trust, respect, loyalty, and a sense of mutual obligation form the fundamental ingredients (Cropanzano & Mitchell, 2005). While it is likely that such high quality relationships already between the predecessor and the successor, that may not translate into the former giving the latter freedom to try out their new ideas, allowing them time to learn and grow, accepting their new ideas and changes they would like to bring about, and overtly believing in them.

"…be patient with the next generation, don't lose your cool. Every generation has its way. Be there for them but don't micromanage. Be prepared to accept their mistakes as their learning curve. ***~FF06, predecessor***

"My advice is that the first generation has to understand the thought process of the 2nd generation and wherever one finds a good point in them, then all those points should be accepted gracefully." ***~FF08, Predecessor***

"My advice would be … that freedom should be given to the next generation that while keeping a rein… correct him if he is going out of the way but freedom should be given to a person. So, you run the business as you want but stick to the values and missions and vision of the company of the previous generation. ***~FF07, Successor1***

"…have trust in the successor that you have chosen. Because at the end of the day, it is the successor who has to take the company forward. So, … if you might be doing something in a certain way for a long time, and they might want to do … differently, let them do it in their way." ***~FF02, Successor***

When the nonfamily employees see the visible trust, respect, and belief in the successor from the predecessor, they are likely to emulate those feelings and feel the same way. Most of the predecessors and successors who voiced the sentiment of the former giving the latter freedom and time, believing in them, trusting them, and respecting them, felt that the nonfamily employees would take the cue from this approach. As the successors learn and grow, they would be able to earn the respect and trust of the employees. Thus, this study finds that when successors are given the freedom and space to grow and learn and to try their ideas, this impacts their relationships with the nonfamily employees positively.

Finding 27: When successors are given the space and freedom to try out ideas and grow, they earn respect from nonfamily employees and develop high-quality relationships with them.

vi. **Ensure early affiliation of the successor with the firm**: Early affiliation of the successor with the firm has been shown to have a positive impact on the leadership development of the successor (Kandade et al., 2021) and allows the successor to jump start their career in the family firm. However, Kandade et al., (2021) also argue that early affiliation enables the building of the relationship of the successor with the employees of the firm outside the family.

Some of the interviewees even suggest that the affiliation with the firm should start from early childhood.

"I will advise them that after the birth of a child they have to watch, and from the beginning they have to put in all your efforts and whoever the child is worth it, they should from the beginning develop the child so that one day he becomes a successor, maybe it is a daughter or a son…it is not a day journey, it is a long journey, it takes time and it requires a very, high level of trust and level of love, affection, you have to be true with this generation, who is the successor. ***~FF02, Predecessor***

Although there were only three instances of this code, it has still been included in the coding structure as prior literature has also emphasized how early affiliation with the firm can help develop the future professional relationships with the nonfamily employees. Further, it ties up with **Finding 15** from the previous section. Thus, I argue that early affiliation of the successor with the firm, while helping their leadership development, can also positively impact the relationships with the nonfamily employees.

Finding 28: Predecessors who ensure early affiliation of their next generation with the family firm, can enable the development of high-quality relationships between their successor and nonfamily employees.

4. Build Relationships

There are nine instances of the advice under this category. The codes under this category are broken down into (1) Emphasize the relationship between successor and Nonfamily employees, and (2) Ensure successor is groomed/ trained/ mentored by the nonfamily employees. Interestingly, while this category was less emphasized with the predecessor, there were significantly larger instances with the successor and with nonfamily employees.

i. **Emphasize relationships between successors and nonfamily employees**: The relationships between the predecessor and the nonfamily employees have been shown to be critical and important for the success and performance of the family firm (Daspit et al., 2016). Post succession, the successor would need the loyalty and trust that these relationships carry and from which the predecessor has benefitted. Since nonfamily employees, particularly the senior ones who carry tacit knowledge and networks with them (Daspit et al., 2016; Hall & Nordqvist, 2005), would be needed by the successor to ensure continuity in terms of loyalty, knowledge, and the socioemotional wealth of the networks, it is important that the predecessor facilitates an understanding between the successor and the nonfamily employees, thereby ensuring the relationships are also transferred to the former along with the knowledge and values.

"That respect that he has given, that trust that he has given us, that should be transferred, that respect should be there." ***~FF09, Nonfamily employee***

"As the previous generation, as amicably as possible, put forth the basis of the relation, of the trust and faith you have in an employee…If the previous generation takes a call which is not meeting your perception of an employee find out why. If the person is a trusted employee, 85% of the time it is something which has been tested before coming to this level of faith and confidence and trust. Don't discount that person, understand why. Understand what the previous generation sees in him." *~**FF10, Nonfamily Employee***

"Build long term relationships with your employees, that's very important. Ensure your successor too values these relationships and takes them forward." ***~FF09, Predecessor***

The relationships between the predecessor/ incumbent and the nonfamily employees are an asset that has an impact at the firm and individual level. At the firm level, it enhances the performance and growth of the company and at the individual level, it enhances the performance and development of the predecessor. Thus, this study argues that the relationships are assets as much as knowledge of the firm as the values of the firm are and the predecessor needs to ensure that the importance of these relationships and the relationships themselves are transferred to the successor.

Finding 29: ***When predecessors ensure that the relationships they enjoy with nonfamily employees are passed on to their next generation successor, this can positively influence a successful succession of leadership.***

ii. **Ensure successor is groomed/ trained/ mentored by the nonfamily employees**: The grooming of the successor is considered one of the most important phases in the event of succession in the family business (Daspit et al., 2016). Given that the successor is expected to take over the role of the incumbent, scholars have discussed the criticality of their grooming and training by the parent (Boyd et al., 1999; Houshmand et al., 2017; Ward, 2011). However, there are also excellent arguments put forward by several researchers for the training of the successor to be by persons other than the predecessor and/or other senior family members; the training and mentoring by nonfamily stakeholders particularly senior nonfamily employees can lead to the successor getting a truly ground-up perspective and knowledge of the firm (Cater & Justis, 2009; Goldberg, 1996; Kandade et al., 2021; Patel & Cooper, 2014).

"The core members of previous generation's leadership must be involved with the next generation leader. The previous and next generation working together is bound to give a better output in the business. The persons who have the old pillars must be valued and the successor must learn from them. This should come from the sides of both employees and boss because it is a natural process and their long experience in the business must be adopted by the younger ones." ***~FF02, Nonfamily Employee***

While there is only one instance under the advice to predecessors, of this code under this category of Building Relationships, it is critical as it is repeated more significantly for the successor and the nonfamily employees. Further, the grooming and mentoring of the successor by the nonfamily employees is also a key finding in the previous sections through **Finding 10**, **Finding 11**, and **Finding 12**. Getting training and mentoring from the nonfamily employees will allow the successors to not only absorb the tacit knowledge that the employees have, but also develop the relationships with them by showing them respect for their position and knowledge. Thus, this study finds that when successors get training from the nonfamily employees, the relationship between both the actors can evolve into high quality SERs which could in turn positively impact the performance of the firm and the successor.

Finding 30: Predecessors who ensure that their next generation successor is groomed, mentored, and trained by nonfamily employees, can positively enhance the relationships between their successor and the employees.

4.2.2.2 Advice to Successors of Other Family Firms

The advice given to successors of other family firms are outlined in Figure 15: Themes of Advice to Successors of Family Firms. The number of instances of the codes are mentioned in parentheses with each code. This advice had a significantly larger emphasis on building relationships than that for predecessors had. The codes were under the categories “Develop Successor” (50 instances) and “Build Relationships” (29 instances) and further subdivided into the codes as elaborated below.

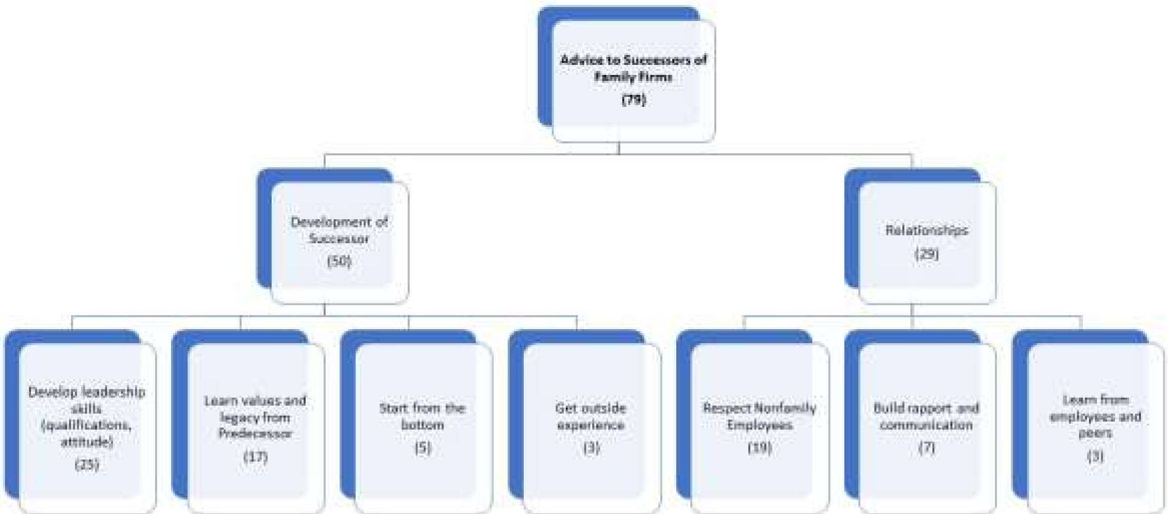

Figure 15: Themes of Advice to Successors of Family Firms

1. **Develop Successor**: There are 50 instances of the advice to successors. The codes under this category are broken down into (1) Develop Leadership Skills, (2) Learn values and legacy from the predecessor, (3) Start working from the bottom of the firm, and (4) Get outside experience before joining the family firm

   i. The literature tells us that getting the right hard skills like qualifications and the soft skills like attitude are critical aspects of the development of successors for the leadership role (Handler, 1994). Most of the interviewees felt that the development of the successor was important and said as much.

"See attitude is very important for your success. And that's why consistency is very important in your behaviour. You can build a team with consistency, and you must value knowledge, experience, and loyalty. And this is not done overnight. This happens over a period of time. So, you have to have basic trust in people, keep observing them, gauge them, learn. And then you decide the amount of trust you can repose in them." ***~FF05, Nonfamily Employee***

"It is to do with making the younger generation guys aware that ultimately you have to earn your respect. He [predecessor] can play a limited role in transferring those loyalties to his son…but you [successor] will have to perform and show those leadership qualities, for the older generation to take notice. Like I know …they are lacking in maybe managerial skills, but they have their core competencies. That generates the respect which I have. And the employees know they are ultimately going to be the bosses…they have to earn it and as a father, you will have to make them aware that this is what you have to work to." ***~FF04, Nonfamily Employee***

"Connect with them [nonfamily employees], meet them, see how they work, learn from them. You should not have that ego that I'm the Chairperson. Why should I not go to their desk and learn something. Go to them, see what they're doing, and why are they so efficient. There should be a reason for them to be around for 20 years. That is what I learnt. See, that ego should not be there, because that normally happens. 'I am the boss' son whereas he is just an employee', that should not happen". ***~FF10, Successor***

"… start preparing early, because you never know when you will have to step into those shoes. And then be very focused. And initially, don't make a lot of changes. First get a hang of the way things are happening. Because if you start changing things too early, then it can backfire." ***~FF02, Successor***

The development of skills, attitude, and qualifications by the successor can enable nonfamily employees to respect the successor and to realize that they can work under his or her leadership when the predecessor has completely handed over the business. Thus, ensuring the successor develops the right attitude and skills and gets the right qualifications and experience, can impact their relationship with nonfamily employees.

Finding 31: When predecessors ensure they impart the right attitudes, skills, and the appropriate qualifications and experience before joining the family firm, they

will enable the successor to gain respect for and trust in their leadership by nonfamily employees.

iii. **Learn Values and Legacy from the Predecessor**: As described in the subsection "Develop Successor" under the previous section 4.2.2.1 Advice to Predecessors/ Incumbent Leaders of Other Family Firms, the importance of transferring the values and legacy on which the firm is built, to the successor was emphasized by all three categories of interviewees – predecessors, successors, nonfamily employees. The nonfamily employees emphasized that the successor needs to understand the values of the predecessor in terms of how they have built relationships with nonfamily employees and taken care of them and their career growth. The predecessors emphasized the legacy they had built and how it was critical for the successors to learn that so they could take it forward.

"…are you clear that you want to run this business? Because my needs, aspirations, growth so far…has been fulfilled by the previous leader. And there is some equation struck between me and him. Are you clear that you want to take it in the same passion, taking care of me, my relations, my respect, my growth, on a happy note? So, you must do that, on the same passion… or more than what he is doing" ***~FF12, Nonfamily Employee***

"This new generation should continue values of the older generation. Because this company, is going on since years. So, it has some standard... So, they should follow that standard also." ***~FF09, Nonfamily employee***

"They are the 2nd generation and they have not seen the hardships of what the 1st generation has gone through, they should keep their feet on the ground. They should learn the history of the company, the legacy of the father. Only then can they run the business by knowing where the company has come from." ***~FF08, Predecessor***

"In the previous generation people normally used to give more importance to their employees rather than the successor. So… the successor … needs to understand what the relationship his father had with that employee, why was this relationship there, why was the trust there, what is the background…then he can earn their respect and carry forward the business." ***~FF02, Predecessor***

As described in the previous section (advice to predecessors), the next generation is better able to absorb the knowledge that the previous generation transfers to them when there are shared values between the two generations (Higginson, 2010). Given that the nonfamily employees in traditional societies like the Indian cultural environment, view the leader as a patriarchal figure and follow the same cultural and value norms (Saini & Budhwar, 2008), they too are likely to absorb the values of the predecessor. Thus, by the successor following the values and honouring the legacy of the family firm, they will have shared values with the nonfamily employees. Given that shared values have a positive impact on the quality of relations between the people concerned (Merchant et al., 2017; Royer et al., 2008), this study finds that when successors learn the legacy of the company and adopt the values of the predecessor, they are more likely to build high quality relationships with nonfamily employees.

Finding 32: When successors of family firms ensure they learn the legacy and values of the firm, this can have a positive impact on their relationship with nonfamily employees.

iii. **Start working from the bottom of the firm**: Similar to the subsection "Develop Successor" under the previous section 4.2.2.1 Advice to Predecessors/ Incumbent Leaders of Other Family Firms, the five instances of this code were all advice from nonfamily employees to the successor. Also similar to this advice to the predecessor, the occurrence of this code is not as high as others but given that the nonfamily employees repeated it for the predecessor as well, I consider it an important one. Secondly, and also similar to the advice to predecessors, this code was closely tied with the next code (three occurrences) wherein the interviewees have advised that the successor gets experience from outside the family firm before joining. Thus, like in the previous section, I treat both together. The quotes and discussion on this advice is combined with the next code.

iv. **Get outside experience before joining the family firm**: As mentioned above, the interviewees across all the cases felt that the successor should not only join the firm at the bottom but also should have worked in an outside company (as an ordinary employee) before joining the family firm.

"I think that it is to do with making the younger generation guys aware that ultimately you will have to earn your respect. He [predecessor] can play a very limited role in transferring, on his own transferring those loyalties to his son… you also have to perform like all employees have to perform in the company, you will to show those leadership qualities…Expertise has to be built by them, for the employees to take notice That generates the respect …They have to earn it." ***~FF04, Nonfamily Employee***

"I would say that whatever work you want to do you should start from the bottom. You should learn steadily, step by step. If you … just want to sit on the chair and have conversation over phone, you would not succeed." ***~FF13, Nonfamily Employee***

"When this new generation join, … they need to understand the operations, how the business runs. And to really understand they need to get feedback from the present employees. So, naturally they have to respect the employees to earn the respect …by working from the bottom." ***~FF01, Nonfamily Employee***

Successor-leaders who start in the family firm from the bottom of the hierarchy, not only learn the business operations minutely but also earn the trust and respect of the employees.

"… they should work with outside company for at least three to four years, and after that he should come to join own family business. If they come directly, then they cannot understand

company policy, how to behave with the staff, how to work in a company. My suggestion is you get experience how to work in an unknown company." **~FF08, Nonfamily Employee**

"The same what I advised the older generation is to try and get some experience working outside first." **~FF06, Successor**

The literature tells us that when next generation leaders of family businesses join the firm, it is critical that they start at the bottom (Birley et al., 1999; Garcia-Alvarez et al., 2002) and have outside experience in other firms where they are not related to the owners of the company (Lambrecht, 2005; Ward, 1998). This study finds that when successors do so, they show that they have a bottom-up perspective of the organization and are able to put themselves in the shoes of the employees. This allows them to earn the respect and loyalty of the nonfamily employees, thus enhancing the quality of their relationship.

Finding 33: Successors who get outside experience before joining the firm earn respect from nonfamily employees when they join the firm, enhancing the quality of their relationship.

Finding 34: Successors who start from the bottom of the firm are more empathetic to nonfamily employees and earn trust from nonfamily employees when they succeed to the leadership position.

a. Relationship Building

There are 29 instances of the advice under this category. The codes under this category are broken down into (1) Respect Nonfamily employees (2) Build rapport and communication, and (3) Learn from employees and peers.

i. **Respect Nonfamily Employees**: The literature has discussed the importance of respect and understanding between family business leaders and their next generation successors and how this respect is critical for a successful succession (Handler, 1994). However, beyond family boundaries, when the family business leader has respect for nonfamily employees, this creates high quality relationships where the respect is reciprocated (Sreih et al., 2019). Thus, it is important for the incoming leader, the successor, to clearly show respect to the nonfamily employees so that the high quality relationship that the predecessor enjoyed with the employees can be transferred to them too, leading to a successful succession. There are 19 instances of this code among all the interviewees, showing that predecessors, successors, and nonfamily employees felt that it was important that the successor respect nonfamily employees and their experience.

"He [successor] has to consider the diversity, what the organization has created, and how to maintain harmony within this diversity. This is someone who has…not even half of

experience of the senior employees within the organization …The young generation need to show respect for this experience and knowledge.” ***~FF12, Nonfamily Employee***

“I think if they [nonfamily] are shown basic humility and respect, if they are shown that what you have done for my family company is very important and is very valuable and I recognize that and if they want to give their opinions on different... change certain things, go along with them.” ***~FF05, Successor***

“These employees have certain experience, and you can't come and just completely cut them off. Earn their respect, learn from them, and if you have new ideas get them to buy into those new ideas.” ***~FF09, Successor***

“Most leaders think employees are there for money… But I have seen a lot of instances where employees don't ask for money but for respect. That is more important than giving them money. I personally feel they expect praise and respect.” ***~FF11, Successor***

Respect for nonfamily employees is an essential part of the relationship between the employees and the successor. Employees are aware that they will probably never occupy the CEO role and that it will most likely go to a family member. However, nonfamily employees have a great contribution to the performance and success of the family firm based on the tacit knowledge, loyalty, and networks that they have (Daspit et al., 2016; Hall & Nordqvist, 2005). This study finds that successors should ensure they overtly and clearly show respect to the nonfamily employees, value their experience, and learn from them.

Finding 35: Successors who show respect to nonfamily employees by valuing their experience and learning from them are likely to develop high-quality relationships with them.

ii. **Build Rapport and Communication**: Open and trusting communication is key to high quality relationships (Higginson, 2010). There are seven instances of this code in the advice given to the successors by all three categories of interviewees, viz., it is important for them to build rapport and communication channels with nonfamily employees. Secondly, the interviewees spoke of building rapport along with open communication. Studies have shown that it is essential to build trust and rapport in order to work together effectively and that such rapport can be developed in high quality relationships (Sorenson, 2000).

“I would tell them [successors] to hear everybody out and then start talking because if you have not heard somebody out then you have not heard what the issue is. If you start giving an opinion without hearing the others, then you have not given the opportunity to the other to give their opinion on the question and it's quite possible that the opinion given by the other person is the same opinion that you had. But if it comes from the other guy it puts him in a different light. He feels elated that the boss heard me.” ***~FF01, Nonfamily employee***

They [successors] know technology. They must be more vocal. They must ask questions…For me, it is routine to meet all the heads of departments daily. They don’t do this…Today email, WhatsApp are so common. Picking up a call and talking to internal stakeholders is *very important and they need to do this more to build the connection and rapport with the employees.* ***~FF04, Predecessor***

"I don't think it is possible for them [predecessor] to transfer a relationship…The successor has to build it. It is their responsibility. Just expecting my father-in-law to do it, I don't think that will work. The people, even though they look up to my father-in-law, they have to have some connection with the next generation. And it is up to the successor to build that connection through constant and patient communication." ***~FF11, Successor***

Building rapport and developing open communication between the successor and the nonfamily employee enables the two important actors in the family firm to develop their relationship into one that is high quality and based on trust, mutual respect, loyalty, and mutual obligation. As shown by the data, the predecessor, the successor, and nonfamily employees consider rapport and communication as important tools to build this relationship. Thus, this study finds that building rapport and communication is one of the ways of developing high quality relationships between the successor and nonfamily employees.

Finding 36: Successors who build rapport and open communication with nonfamily employees can build high-quality relationships with them.

ii. **Learn from nonfamily employees and peers**: The literature has shown that it is important for the successor to be trained in technical as well as managerial aspects of the business (Daspit et al., 2016). It has been shown that when successors learn from the nonfamily employees in addition to family members, they learn about the firm gaining well-rounded knowledge of the firm (Goldberg, 1996; Kandade et al., 2021; Patel & Cooper, 2014). Although there are just three instances of this code, it is considered important as it aligns itself with the advice given to predecessors and nonfamily employees for the latter to be involved in the training and grooming of the successors.

"I would say that do whatever new things you want to bring into the company, take advice from your senior employees in addition to your father." ***~FF13, Successor***

"The best way of learning is from those who might later report to you…the employees have been in the business for 20 years; I am here for four years only. They will be able to teach us things, little, little things, that have been a part of the company, about manufacturing, about selling, about customers… but not written anywhere." ***~FF05, Successor***

Learning from the nonfamily employees not only enables the successor to gain ground-up knowledge but also to develop a bonding with the employees. This bond and relationship will be critical for the successor to take the company forward. Thus, this study finds that when successors get their induction training under the nonfamily employees, it positively impacts the relationship between the two people.

Finding 37: When successors get their induction training from and learn from nonfamily employees, it helps them to develop a deeper bond and high-quality relationship with them.

4.2.2.3 Advice to Nonfamily Employees of Other Family Firms

The advice given to Nonfamily employees of other family firms are outlined in Figure 16: Themes of Advice to Nonfamily Employees of Family Firms. The number of instances of the codes are mentioned in parentheses with each code. The advice for these stakeholders of the family firms interviewed, unlike those in the previous two, had a significantly larger emphasis on building relationships as compared to the category for Developing the Successor. The codes were under the categories "Develop Successor" (8 instances) and "Build Relationships" (59 instances) and further subdivided into the codes as explained below.

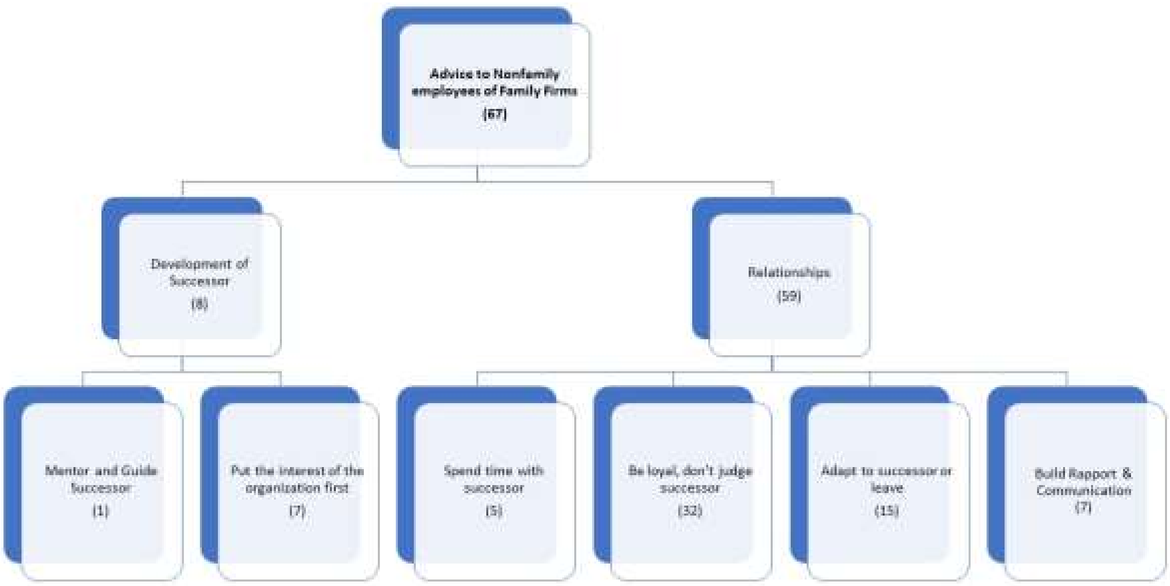

Figure 16: Themes of Advice to Nonfamily Employees of Family Firms

1. Develop Successor

There are eight instances of the advice to successors. The codes under this category are broken down into (1) Mentor and Guide Successor, and (2) Put the interest of the organization first.

a. **Mentor and Guide Successor**: Mentoring and training of the successor is critical for their development as the future leader of the firm (Cabrera-Suárez, 2005). When this training is carried out by the nonfamily employees, it has the added advantage of giving the successor the perspective of those down in the hierarchy thus allowing them to get an all-rounded awareness of the firm. However, it also allows the successor to develop high quality relationships of respect, loyalty, and trust with the nonfamily employees as they feel valued for themselves beyond mere employees (Le Breton-Miller et al., 2004; Mazzola et al., 2008). Although there is only one instance of this code in the advice to nonfamily employees, there have been significantly more instances in the advice to predecessors and successors. I believe one of the reasons for the lower number of instances here is that most of the interviewees felt that the decision to have the training of the successors by the nonfamily employees is a decision by the family business leaders not the employees. Thus, they do not have much control over this decision.

"I will advise them that they [nonfamily employees] should be more careful with the new generation so that there should not be any differences between that generation and them, the next generation is young, and they have to take care of him much more rather than the father. Because once they get a bad feeling about employee he might decide in his mind, that this employee is not good, he doesn't give me respect." ***~FF02, Predecessor***

Training of the successor is an advantage for the successor; however, it also allows the nonfamily employee to allow the successor to know the depth and breadth of their knowledge and thus earn their respect. Sharing their knowledge with the successor is also an indication of the respect towards the next generation leader (Ramachandran, 2017). Thus, I find that training of the successor by the nonfamily employee can positively impact the quality of the relationship between both parties.

Finding 38: Formal Training of the successor by the nonfamily employee will positively impact the quality of the relationship between both of them.

iii. **Put the interest of the organization first**: This advice to nonfamily employees has occurred in seven instances. The interviewees indicated that nonfamily employees should realize that their loyalty to the predecessor should translate in putting the interest of the organization first, thereby suggesting that when the leadership changes hands to the next generation, they must continue to extend that loyalty to the successor too.

"Be aware that this [change by successor] is happening in the best interest of the organization and recognize there could be certain changes. Please be patient with those changes…This is happening for the growth of you as well as the organization. And if you believe that this is not in the best interest of the organization then speak up and put forward that perspective…Because the organization should be and is bigger than any one individual." ***~FF12, Successor***

"I think they should trust them [successors]. And support them, give them freedom to take the company forward. Because otherwise, you're just wasting time and not acting in the best interest of the organization." ***~FF02, Successor***

"Every person is different; a new successor is also different. Maybe they are used to work culture or doing work in a different way. So, they [nonfamily employees] also need to adapt

to this successor… Taking a consultative approach, talk to that successor and adapt to the new generation." ***~FF07, Successor***

When, like family members, nonfamily employees also put the interest of the organization first by sharing feedback honestly, adopting a collaborative and adaptive approach, have patience with changes, this leads to building of trust and a sense of mutual obligation, both of which attitudes are necessary ingredients of high quality SERs (Cropanzano & Mitchell, 2005). As the new leader can see that the employee's goal is the interest of the organization and not merely their own ego, they tend to trust the employees more. Thus, this study finds that when nonfamily employees put the interest of the organization first, the relationship between them and the successor is positively impacted.

Finding 39: When nonfamily employees put the interest of the organization first, they build trust and respect in the family successor leaders leading to the development of better bonds and high-quality relationships between them.

2. Relationship Building

There are 59 instances of the advice under this category. The codes under this category are broken down into (1) Spend time with successor (2) Be loyal and don't judge the successor, (3) Adapt to the successor or leave, and (4) Build Rapport and communication channels.

a. **Spend Time with Successor**: Nonfamily employees who have worked under the leadership of the predecessor for many years, are often habituated to going back to their previous generation leader to get directions or to discuss strategies, often disregarding the successor who is taking over leadership of the firm. Although there are only five instances of this code, they come from nonfamily employees and successors and thus are important.

"Mingle with the successor, spend as much time as possible, …and give him whatever your thoughts are for the organization. If a person has spent 20-25yrs. in an organization, he certainly has created some value in the organization. Therefore, he's there. Let the successor also understand what is the value." ***~FF05, Nonfamily Employee***

"Even in adjusting with the previous boss we have taken ample time as no relations can be developed in a day or two, so we must continue to function in the same manner with the new leader also. We need not think that we are supporting individuals rather the support should be towards our company…we need to maintain consistency by spending time with the new leader also." ~***FF02, Nonfamily Employee***

"I would like to advise them [nonfamily] that maybe this previous generation has done with you a very good thing , in your 25 years you are working, you do have a loyalty but the way the previous generation is allowing this next generation to grow, you should also listen to them, trust them, spend time with them, listen to them, and if you find any difficulty to handle them, don't complain your previous generation, because if the successor becomes

*annoyed with you, they cannot work with you. And then the father or the previous leaders cannot do anything." **~FF07, Successor***

Nonfamily employees of family businesses who are witnessing a succession need to understand that they have a history with the predecessor which informs their relationship with the leader (Guidice et al., 2013). However, they may need to build this relationship with the successor who has not been associated with them or the firm for the same amount of time. As such, they need to be associated with the successor, not try to circumvent them by taking problems and decision-making to the predecessor and spend time understanding and communicating with them. Thus, nonfamily employees who spend time with the successors can positively impact their relationship with the successors.

Finding 40: When nonfamily employees of a family firm spend time with the successors to understand and communicate with them, they enable the development of a relationship between them.

b. **Be Loyal and Don't Judge the Successor**: There are 32 instances of this code, thus indicating how all interviewees considered this aspect of the relationship extremely important.

*"I would advise them to continue with the new generation as you did with the older generation, giving them the respect, same loyalty, same support that you gave to the older generation. Maybe they are younger, but at the same time, the respect you give is the respect you will earn back… and understand that they are going to learn and takeover, and you have to give them the support." **~FF01, Nonfamily Employee***

*"They should continue to work the way they were loyal with the existing generation. The new generation has come in, …and you will feel that the person is a young chap, he does not know much…but don't forget that he has the responsibility of carrying the organization which means carrying on his young shoulder, such a large load… the nonfamily employees have to accept the fact and cooperate and support as much as possible if the organization has to grow." **~FF01, Nonfamily Employee***

*"Not to judge the successor immediately. Not to be judgmental, give them time and understand that two generations can never be exactly the same… the new generation may have come from an international university…, from something which the employee may not be exposed to. So, accept and not make judgement in the first instance." **~FF06, Predecessor***

When nonfamily employees accept rather than judge the successor, give the successor time to grow into the role, and accept the new way of thinking rather than reject it outright because it's different from what they were used to under the predecessor, they show trust and loyalty to the successor. This enhances the quality of the relationship between the nonfamily employee and the successor. Thus, I argue that when nonfamily employees are unjudgmental and extend the same loyalty and support to the successor, the relationship between them is positively impacted.

Finding 41: ***When nonfamily employees accept the successor wholeheartedly by extending the loyalty and support that they had given to the predecessor, the relationship between them and the successor develops into a high-quality relationship.***

iii. **Adapt to the Successor or Leave**: There are 15 instances of this code. While there may be an apparent similarity between adapting to the successor and the previous code which advises the nonfamily employees to extend loyalty to and be unjudgmental to the successor, there is a nuanced difference. The previous code expresses the behavior of loyalty which is more passive. Adapting to the successor is an active behavior that asks nonfamily employees to behave and react differently than they used to with the predecessor.

"You have to build the confidence [of the successor], … by adjusting to his ways…until the organization is successful and grows, only then you will grow. That thing should be there in the mind of the employees. If they think only about their welfare or their ego, then the organization will not grow, and his welfare will also not grow. Adjustment is very important." ***~FF03, Predecessor***

"I would advise them to not look at it as a threat because they have been around for a while, they are obviously valued...and I think they should just be a little open minded to the new generation, adapt to them." ***~FF05, Successor2***

"You [nonfamily employee] have to be flexible, you have to be able to go with the flow, times keep changing, whatever we are talking about today will be obsolete again in the next five years, the next generation will have a different way of doing things. You have to be open to new ideas…you have to listen, accept and understand the person's thought process, at the end of the day that person is going to end up in a chair running the business.." ***~FF01, Successor***

"Nonfamily employees have to realize that in a family business, it is the way of the world that eventually the family member does take over and that you don't fight that, try and be part of the system. Tomorrow he can come over and take it, it is a family business and it's going to happen that way, you don't have a choice here. Change with the times and the leader" ***~FF09, Successor***

As the data shows, in family businesses, particularly in traditional cultures like the Indian context in which this study is conducted, the next generation successor will be chosen by bloodline and not based on the experience or seniority in the company (Kansal 2012; Ramachandran 2017; Sharma & Rao 2000). Thus, it is in the best interests of the nonfamily employees to adjust to the new leader's style as the only other option might be to leave the organization. Given that nonfamily employees in the Indian context, too consider the business as a family (Saini & Budhwar, 2008), they have a vested interest in staying on and adapting to the management and leadership style of the new leader.

Finding 42: ***When nonfamily employees adjust to the successor's management and leadership style, they are able to build a relationship with the successor that can positively impact a successful succession.***

iv. **Build Rapport and Communication Channels**: There are seven instances of this code; they are still considered important as they have been repeated in the advice to the successors as well.

"Basically, when we people know who are going to be the successors, it's extremely important that we try and build those relationships which we have with the previous generation. That rapport has to be built…communication lines with them has to be excellent and you are ultimately a contributor to their training part as well as the mentoring part. So, it's in the company's interest to support and make them grow because they are always going to be there." ***~FF04, Nonfamily Employee***

"All employees will have to work very hard and remain neutral and objective without taking sides of any specific person in the family. They must remain open and transparent and work as a team member. They should support the new leader and build a connection with him… They should discuss all the issues openly." ***~FF021, Nonfamily Employee***

"Whatever may be the situation, never tussle with the successor. Never get into tussles. Build a rapport with them instead." ***~FF07, Successor***

The above data shows that nonfamily employees must also make an effort to build a connection and rapport with the successor through open communication channels. The literature tells us that open communication is vital for the development of high quality relationships (Merchant et al., 2017) and that lack of communication results in lowering of trust and reduction in a trusting relationship between the parties (Handler, 1994). Thus, I find that when nonfamily employees make an effort to create a rapport with the successor, they enable the development of a high-quality relationship with them and thus contribute to a successful succession.

Finding 43: When nonfamily employees build a rapport and create communication channels with the successor, they enable the development of a high-quality relationship with them

4.2.2.4 Summary on Advice for Building Relationships and Developing Successors

In this section, I summarize the above codes for advice given to the stakeholders of family businesses on the verge of or undergoing a change of leadership through intergenerational intrafamily succession. The predecessor/ incumbent in the family businesses tend to have worked with the senior nonfamily employees for years and they have built relationships of trust, respect, loyalty, and obligation with them. These relationships are critical for the success of the succession and for the development of the successor as the leader of the organization (Kandade et al., 2021) and the respondents described how it is critical for the relationships to between the successor and the nonfamily employees to be developed. The combined coding diagrams are depicted in Appendix for Data Coding in Figure for Coding for Advice on Relationship Building and Coding for Advice on Supporting Succession.

4.2.3 Unexpected Findings

4.2.3.1 Sibling Rivalry

Rivalry in family businesses and the conflict that ensues from it and its impact on various firm level factors (Avloniti et al., 2014; Chen et al., 2019; Jayantilal et al., 2016 ;Le Breton-Miller et al., 2004) and individual level factors (Higginson, 2010; Zellweger et al., 2019), has been explored by several scholars; in particular sibling rivalry in family businesses has been the subject of research in this domain extensively.

Family business scholars have explored the issue of sibling rivalry when siblings of the incumbent/ predecessor are in contention for the leadership role. The relationship among siblings, unique due to its longevity and shared genetics, upbringing, and social/ cultural background, is one of the "*most enduring of all familial relationships*" (Avloniti et al., 2012, p. 289); it is also a highly complex relationship due to the multiple factors that affect it from childhood, into adolescence, and then into adulthood. These adult sibling relationships greatly impact the event of succession in family businesses, often being destructive to both the family and the business when rivalry rears its head (Birley et al., 1999) and impacting the relationships between family and nonfamily members of the business too (Zellweger et al., 2019).

Using a game theory approach, Jayantilal et al., (2016) explore the impact of sibling rivalry on the event of succession in family firms and find that when family members cooperate, thus ensuring that the intergenerational intrafamily transfer of leadership to the preferred child of the founder/ predecessor is smoother, the succession is more likely to be successful. Also, an examination of sibling relationships, vis-à-vis bonding and rivalry, suggests that the next generation leadership is more effective and devoid of sibling rivalry, when siblings are able to work and resolve their conflict and rivalry independently, not undermined with the relationship with their parents (Swogger, 1991). Suggesting ways to mitigate sibling rivalry, Friedman, (1991) argues that one way of dealing with the siblings is as unique individuals with their own specific talents and interests while Handler, (1994) recommends that sibling rivalry can be eliminated through enabling the development of mutual empathy and understanding between siblings. Grant & Nicholson, (2010) discuss some of the biggest family-owned-and-managed businesses that were beset by in-fighting, of which sibling rivalry is one of the main reasons that caused the downfall of the business.

Siblings of opposite genders and/or with a large age gap tend to be able to find "*peaceful coexistence*" (Grant & Nicholson, 2010, p.37) while the issues of rivalry and conflict are larger with siblings of the same gender and with a small age gap between them. The story of the Gallo Wine

Company[3] where the sibling rivalry between the sons of the co-founder Joe Gallo created a bitter feud that lasted for decades is an example of how such conflicts can have a huge negative impact on the family business. Similarly, the McCain Dynasty [4] too encountered sibling rivalry in the second generation of family ownership between two brothers and is a story revolving around changing adult relationships between siblings.

The literature also tells us that the issues caused by sibling rivalry can spill over and affect relationships beyond the family boundaries with nonfamily employees (Zellweger et al., 2019). This section discusses sibling rivalry (or the lack of it) and how relationships of the successors with nonfamily employees can be impacted, leading further to an impact on a successful succession. Among the 13 cases in this study, there were five cases with more than one sibling who were in line for the leadership role. See sub-section 9.4.7 Cases with Sibling Successors in section 9.4 Appendix IV: Details of Interviews, Cases and Respondents from Chapter 9 Appendices details of the five cases with sibling successors.

Among the five cases with more than one sibling, FF05 showed the absence of sibling rivalry as the daughter-successor was clear that she was in the company, not to take over from or succeed her father as the leader of the company but because she wanted to temporarily help her father since she believed he was overworked and overstressed.

> *"I had no intention of joining my father's business, I was very inclined towards the brand strategy space, so I joined a brand consultancy… then I felt I should be there for my father. I just felt I don't know what I want to do here but I know I can make a difference in some way, ease his stress because he felt very burdened…everything was on him, he was running a big company without any support. And his style of working was such that he want to take all the responsibility himself, he micromanages, which needed to change because I don't think that is a smart way of running such a big company."* ***~FF05, Daughter***

Her aim was to free up her father and relieve him from the enormous pressure he was under. Her own ambitions lie elsewhere, and she is happy for her brother to eventually take on the leadership mantle of the company. The other four cases viz., FF04, FF07, FF12, and FF13 all have two son-successors each.

1. No Sibling Rivalry – FF12 and FF13

[3] The Gallo Wine Company was co-founded by Joe Gallo and his brother in 1907 in the United States. The story of the family business is outlined in (Grant & Nicholson, 2010, p. 60-67).

[4] McCain Foods was founded in the 1860s by immigrants from the British Isles in Eastern Canada. The story of this family business is outlined in (Grant & Nicholson, 2010, p. 73-84).

In FF12, I observed the absence of sibling rivalry in the form of (1) the younger brother accepting that he was very junior and accepting of his elder brother being in a senior role and probably the successor, (2) the incumbent grooming both of his sons equally but showing a clear preference for the elder son based on competence not on birth order, (3) the nonfamily employees showing acceptance of both sons as potential successors, and (4) the brothers talking about their achievements with no rancour towards each other.

When asked about deciding on succession, the predecessor (who is still the incumbent) said:

"both my sons were studying in the U.S, roughly 11 years ago, I was touching 50. …As we started growing, there was pressure from bankers, pressure from lenders, to say what's the second line of succession. Should something happen to you, who would take charge of the company. So, that's when the seeds of having a second line started in me. By then I had 2-3 guys who were already with me for more than 10-15 years. And those guys were trusted. They knew the company culture well. They could have stood in as an emergency second line, should something have happened to me then. So, that was Plan B. I was not sure that my sons would return to India, I was not sure they were even interested in the business… [I decided] By 2016 if I don't have a clear sight of where the boys are going to be and whether they are interested in the business or not, I would start selling the company. I was sure that by 2020-2021 I would be able to sell it at a reasonably good price. So, succession planning in my mind was either the 2 boys come back and take over or have a Plan B but sell the company when I am about to be 61-62… but both of them came back and joined the company. So I'm happy." ***~FF12, Predecessor***

In terms of choosing between his two sons, the leader clearly preferred the older son in the CEO role after him. He said:

"…since I have two successors, it is a possibility that I see myself at some time having to choose between them for the CEO role… right now [named elder son] is the COO while [named younger son] is an executive… As COO [elder son] is performing very well and everyone can see that…if he continues this way, I don't see any problem with anyone in naming him as the CEO." ***~FF12, Predecessor***

The founder had inculcated in both his children equally the desire to be entrepreneurs since early childhood. However, he left the decision to them, and both the sons joined the business willingly and enthusiastically. The sons also affirmed that this approach was what made them want to join the family business.

"My parents always spoke to us about entrepreneurship, inspiring us both - my brother and me - to set up our own organization or to be entrepreneurs ourselves. So those seeds of entrepreneurship were always so enhanced…. And my brother also feels the same way…we both joined because we wanted to after thinking about it well and long." ***~FF12, Successor1***

"I worked for 2 ½ years in the advertising industry…enjoyed my stint there, learned a lot. But after seeing how, my brother had developed as well as conversations with parents. My dad always told me aspire to be an entrepreneur. Don't be happy being a slave of someone else, working at someone else's ambitions. You don't have a say in the autonomy,

accelerated growth, exposure that you get in the family business, and the prestige and overall ease of working in a family business are much higher. So those values were always espoused on me by my parents, particularly my father. I realized what is the next step and if I wanted to join [family business name], it has to be now…because later on I would get into another comfort zone. In many ways joining a family business is taking yourself out of the comfort zone but also full of exciting challenges." ***~FF12, Successor2***

"…if I ignore his [successor – elder son] age and that he is the son of my senior leader, full compliments to him. He is a brilliant kid…one thing I always liked about him was – whenever I give suggestions to my colleagues, he is asking me, 'Are you giving it from your experience or are you giving it on research basis? How exactly are you giving your data? From your experience or you studied about it and this is the right way of doing?'…that always attracted me. He brought in a new perspective of looking at a thing and he was more inclined to research basis kind of data rather than having it hands on. There were several new waves of transformation of changes and ways of working have been implemented and rolled out in the organization and several changes made to the structure of the organization which are his speciality." ***~FF12, Nonfamily Employee***

In FF13, I observed the absence of sibling rivalry in the form of (1) both brothers having a deep bond between themselves and claiming contributions using "our" and "we" rather than "my" and "I", (3) both brothers give credit to one another for achievements in the company and recognize each other's strengths (4) the succession choice for the father-predecessor is to have both his sons in leadership roles, (5) clear division of responsibilities, and (6) harmony among the nonfamily employees in terms of both sons.

The elder son said:

"my brother and me, we had something clarity that if we have to grow, unless ...we employ more people...we still consider everybody our assets, don't consider them as a liability…and we also kept people of higher salary. More professionals like that." ***~FF13, Successor1***

"I started off taking care of the sales and then we started out with a new venture of manufacturing herbal extracts… I am handling the whole division of herbal extracts individually. This was 10 years after I joined the business…my brother and I agreed that I should take care of it." ***~FF13, Successor2***

The younger son said:

"he [elder brother] is more disciplined, with time, with his own work…it's his own discipline. He will read books, he is more academically strong. And…I am more strong with public relations. In fact, it plays a very good combination because I can bring in people and if there is anything more [about] the product base and academically and if I don't know something I will take him along. So we play a good combination I feel." ***~FF13, Successor2***

The predecessor, speaking about who would be his successor, believes that they can run the company together and is not particularly concerned about who is named the leader:

I feel two people running the company together is also ok. As long as they have the required qualities – which both of them have…they should be risk taking. I have trained both of *them… they were learning from me and also my overseas buyers. They also learned from my senior employees. I am not worried."* ***~FF13, Predecessor***

The nonfamily employees, reaffirming the harmony in the family and across generations said:

"…both the sons grew up in my presence only. They are just like children to me only. As it is I don't call them by name. I will always tell them, 'beta' [son]. So you see, they are just like sons to me. They were small kids when I joined the company. They are the same to me… whoever is the leader, is the same to me." ***~FF13, Nonfamily Employee***

"I was very happy when they joined the business… it is a nature, that the young generation takes up forefather's business. So I was looking forward for them to take over the business and I could be a part of the system in their working days because of my experience. I had no problem reporting to them…." ***~FF13, Nonfamily Employee***

2. Presence of Sibling Rivalry – FF04 and FF07

In FF04, I observed some sibling rivalry in the form of (1) both successors – particularly the younger son – individually feeling they were more senior, had made and continue to make greater contributions, and were the rightful successor, (2) the successors running down each other subtly (3) the predecessor (still the incumbent) not making a clear choice of the successor and having a low opinion of both sons, (4) lack of transparency between the brothers, and (5) nonfamily employees being unsure of who the next leader will be.

When discussing relationships with nonfamily employees, one of the successors said:

"…something which is not my domain…Say acccounts. And if I want to understand it, they [nonfamily employees] leave everything and explain, because it's coming from me. They are so close to me…And I also respect them by…I don't call them here I go to their desk….that is a very big thing... if I want to learn, I go to them... I will not tell them come here and explain. I've never said that because I'm learning so I'm going with that humble face…my brother's ulta (opposite)..he'll say come and explain…it's a different personality, but I believe if I want to learn something and get mentored, then I reach out to them. ***~FF04, Successor***

The younger successor has studied MBA in Family Business and recognizes the issues during succession. However, apparently the predecessor does not. He spoke of the necessity of education for his father's generation.

"I very strongly feel that even the senior generation needs to do some sort of upliftment for themselves by way of education. Counseling may or may not work, but education would really work…it's been four years since I finished my course. And if, in the next five years, I don't take up something, I'll get rusted. These guys have been doing the same thing for last 20-30 years… particularly when it comes to succession, it's also included in our course, where the next generation has to come in and spend three days with our professor. And many students' parents came, but my father refused saying that he has studied enough…he sent my brother, whereas the content, which I knew the Professor was going to speak is very important for him. I'm not saying this because I'm biased by my own father, but I'm sure this is the case." ***~FF04, Successor***

Often predecessors are secretive and not willing to share information beyond their successors, to their families.

*"So this is something which I want to share with you, which I learned from [named professors]. Which I think you should also incorporate in your taking business decisions to the family, taking office decisions to the home. I'll tell you what happens. So my father, and I, we are three brothers, the youngest one he is doing a job. So it's us two brothers and my father… We both are married. So my father will never want to discuss anything with any of our wives. Because (he says), what will they know? But it is so much important to have your family involved in the family business…so in my case, I don't have a mom, she's passed. So if there's a tussle between my wife and me, that action has an impact in office next day. But if you have accepted it, you are okay with it, you're not going to let it come in the way. So your office and your family are different, but you have to walk with it. So you can't leave them out of something which is very important to you. So I would have been happy if you'd have asked me - What is the relationship of your father and wife." **~FF04, Successor***

Speaking of the differences between his father and himself, the elder successor maintained that the atmosphere is very stressful and difficult because of different expectations from his father.

*The benchmark is so high and you always fear nonperformance or deliverables not being up to mark…this business we are in is highly regulated and it's high pressure. So every day you wake up and keep your fingers crossed that nothing new should come up…when you're in a business which is so mentally stressful, growth becomes a very big challenge, and competition is so high. So your business ideas don't sync with your father, with your brother. I have reached a stage where I don't want to aggressively grow the business because I feel that what we have, needs to be maintained. We are somewhere at a saturation business life cycle, like you say… that we have reached maturity. We need to maintain this and then probably focus on growth…earlier there was a lot of difference between me and my father and brother. And I was not very dominating or bossy… I would not want to check every day what a person is doing… but my father expected that from me…He would've loved that I be so much into it so every day I know who is doing what. And, I was never of that style, because if I had to put myself in that place with someone constantly breathing down my neck, I wouldn't be able to work." **~FF04, Successor***

*"..my dad felt my experience and my way of handling people is not great if he were to compare it with my brother. That's his opinion, I don't agree to his opinion. I feel my brother has a different way of handling things. I'm very practical. I don't like to sit with an employee and explain or spoon feed, I'm not that guy. I can give him time to learn things and then deliver. If you don't deliver, you make calls for yourself whether you are in the right business or not." **~FF04, Successor***

"I always had this vision of my brother and me jointly heading the business. Then it would be the best thing because I have a knack for leading people, creating processes, multitasking at various areas, being more on the operational knowledge. He has a knack for PR, for business ideas, implementation. So, I feel I'm more on the people and the operational side, leading it from the back and pushing systems ahead, he's more a person who would be more towards clients, engaging with the market, engaging with our clientele. I'm not a person who interacts much with clients. So these two elements are very necessary – growth and management. If both minds meet, then we can run the show really well. Somewhere that has not yet clicked. I see that we are still very different in our own ways,

we still lack transparency, which sadly should not be there. So, I would not know what he's doing today." ***~FF04, Successor***

When talking about criteria for choosing the successor, the predecessor was very clear that he may not leave the company to either of his sons. Lack of clarity in the choice of successor by the predecessor can cause confusion among not only the successors but also the nonfamily employees who look for leadership and a clear way forward.

"I never thought about this. I provided opportunities to my sons and told them if you want you can join. I was already grooming the Heads of the different departments by then. I have no particular vision for the company. As long as it goes on, it goes on. If my sons want to put their efforts elsewhere, they can do so. I don't mind. As for attributes of my successor, I like to get engaged with people and I like to build a 360 degrees view. If I have to hand over, I want to know what kind of view does he hold about managing the company. If he has at least 180 degrees view and has capability and is interested in getting the remaining 180 degrees, then that is good. But I have not seen that so far." ***~FF04, Predecessor***

"…I have 2 sons but a ship has to be run by 1 captain only. Bringing an outsider to run the company is not good. The culture, values, philosophy will go for a toss. But, on the other hand, my sons need entrepreneurship.So, if my old employees or my children want to take the company forward, I will think like this. I will sell my stakes to them. To an outsider I'll sell at premium but to them I'll sell at a decent price." ***~FF04, Predecessor***

"In their own departments, I wouldn't say either of them [successors-sons] are 100% successful. I feel they are missing opportunities. I think they don't have talent. I feel more assured in giving orders to my heads of departments." ***~FF04, Predecessor***

The nonfamily employees believe that one of the sons will eventually take over but there is no clarity on who will be the successor to the incumbent leader.

…right from the beginning it was clear that someone from family would be taking it over. And, since one of the sons was put under my leadership, I was consulted on that, that how and whether he can be working in this position. I was running a department so I was asked whether this person can join as a junior under me because he would be interested. That was how he was introduced. Like any other person who joins, I had to groom him, and he would be under my supervision… it was not discussed how he would progress…under my mentorship, he grew. But no idea who will take over." ***~FF04, Nonfamily Employee***

In FF07, I observed sibling rivalry in the form of (1) both successors individually feeling they were senior – the younger son by virtue of having joined the family firm first and the elder son by virtue of having excellent educational qualifications (2) the father-predecessor showing a marked preference for one over the other but not trying to resolve the feelings of rivalry between the sons, and (3) camps for each brother being created among the nonfamily employees.

The younger son felt that he had a better relationship with the nonfamily employees as he worked at their level rather than as a boss or as the owner's son. This behaviour is different from the elder successor's approach.

"…he [father] has made me very rooted person and grounded me. I work from the ground, when one employee is ill, I make the delivery. I am also there to make a screwdriver and make it with them. I am also pushing the material with them, they feel bad and they used to say Chota babu [young sir].. it's ok, let it be.. so that I've done… they say if Chota Babu will tell us to do this, right now we will do that…loyalty got transferred automatically. My brother is little... he is little bit, 'I am MBA' and all that. The way their pain they share with me...not with him." ***~FF07, Successor***

While the predecessor does not believe he has handed over leadership to either son fully, the younger son believes he is the senior leader of the firm.

"So now for all practical purposes I am leader of the firm. My father is there, my brother is there but I take the serious decisions. I am Director, my father is called Managing Director that's all respect in India. My feelings, as leader, is awesome, it's tremendous… When I joined I wanted this type of… fame. 3 things I require are fame, money and power. Now I have a very good power … now people will call me up and say, "Boss I want to do that business. Can you give me consultancy how to do it"… "You have many connections boss, if you can give some"... I have made many people to employee in other companies where I have the connection. Overall it's a sense of leadership, so that is a tremendous feeling I have." ***~FF07, Successor***

Having faced conflict, the brothers now handle different verticals.

Lift, elevater division I have started myself. And in 1 year I made this division 1 crore. So that is my own passion…now my dad and my brother when sees that after doing all these things he again started and it has made 1 crore in 1 year. And my dad said, "You have the potentiality, wherever you want you can do this business". So in previous years in June, July we had a very big tussle started. I said, 'Keep the values intact. We are a brother, we are not partners. Let you do the whole thing that, this division. I will do my own this.." ***~FF07, Successor***

On the other hand, the elder successor too believes he is the greater contributor and that his joining the family business led to its growth.

"my brother is the non-technical guy, he's a commercial guy. He has good grip on commercial and financial things but since it is an engineering firm and I being an engineer, I decided that I should step up and take care of my family business and when I came the company was already 29-30 years old. So after I came it grew 10 times." ***~FF07, Successor***

The predecessor has a marked preference for the elder son, but this is not made clear to the younger son who believes he has already taken over leadership from the father.

"…my 2 sons are equal…but I see future in my son my elder son, what I am doing the business of this engineering is there, he is quite capable of because of his qualification and experience and management experience and management qualification, he can the run the

business in a better way. That's why I may tell him to go for leader role. After me the managing director will be my elder son." ***~FF07, Predecessor***

The nonfamily employees indicate a personal preference for the younger son with whom they have engaged for years and have developed high quality SERs. There is confusion about the eventual successor in the company.

"The big boss had a distinct style of functioning, he would talk with us very warmly, but the present generation has a different style. The elder son is not like that. He would have conversations about the salary etc but that's all. I feel more comfortable with the younger son… prefer him to become big boss, but I don't know." ***~FF07, Nonfamily Employee***

"…the elder son is a graduate of IIM so he knows a lot about this business and he does not require anything from us but the younger son had relations with me right from the beginning, ever since his father was the boss. He would play with me when his father had gone out so the relations were intense…the relations with both of them are equal but the younger one had been with me since his childhood. Though even the elder one is also younger to me in age but I maintain rather free relations with the younger one and I am more comfortable with him." ***~FF07, Nonfamily Employee***

From the above four cases, in situations where there are more than one sibling-contender for the successor, the data offers the following findings:

Finding 44: When there is more than one sibling for the successor, the predecessor should make a clear choice based on competence rather than on gender or birth order.

Finding 45: Predecessors should make the effort to transfer the relationships with nonfamily employees to the successors equally.

Finding 46: Predecessors should intervene in conflict between siblings and resolve it right from the start.

Finding 47: All successors should imitate the predecessor's relationship with the nonfamily employees and make attempts to learn from nonfamily employees in order to build a relationship with them.

Finding 48: Nonfamily employees should avoid personal preferences among the siblings, and train and transfer knowledge, equally among all the offspring of the predecessor.

4.2.3.2 Gender Issues

While in the West or in individualistic cultures, birth order, gender, or bloodlike are not principal factors in successor selection for the leadership of the family firm (Chrisman et al., 1998), founders and leaders of family businesses in collectivistic cultures like India follow male preference primogeniture when choosing their successor to lead the company (Kansal, 2012; Ramachandran, 2017; Sharma & Rao, 2000), often resulting in a leader who may lack the competence or the interest or the desire to lead the firm. While only four of the cases in this study had qualified daughter successors, it was clear that daughters were chosen only when the founder had no male offspring. In the case of FF02, the founder-predecessor has one son and two daughters all of them fully qualified to work and/or lead the family firm. The son is the successor, and he has taken over the leadership role while the daughters work in the organization but have never been considered for this role.

"Now I'll tell you, the Indian culture, the Indian inheritance is such that once the daughter is married now, she is of that family, they have to decide about her, she has to follow them. And son, he is married at present, now he has moved with us and naturally he is the only successor left because those 2 daughters they are bonded by so many family issues and other things so they have to follow them so that is the main important thing."
~Predecessor, FF02

The study of relationships between successors and nonfamily employees is indeed critical for a successful succession (Chua et al., 2003; Daspit et al., 2016); additionally, it has also been argued that nonfamily employees in patriarchal and traditional societies too follow the same cultural norms, implying that they view the employer as a symbol of authority and as a "father-figure" (Saini & Budhwar, 2008). Given this norm, there is a gender bias towards male successors as they are expected to take the place of the predecessor, regardless of their age. This causes the relationship of the nonfamily employee with a daughter successor to often be fraught with distrust and lack of acceptance of the successor as the leader. A nonfamily employee from FF08 where there were only daughter successors, said of the daughter-leader he reported to:

"She [daughter-successor] doesn't respect me so much…doesn't reply properly to work, her language used in business is not proper, [I] am not happy with her… last 2yrs., I am completely into teaching her about looking after the whole business… but there is no respect" ***~Nonfamily Manager, FF08***

Similarly, a senior nonfamily manager in FF05, where there is a son successor and a daughter successor, said of the daughter:

"What I observe is [the] daughter is a little aggressive than the son… Daughter expresses herself in a different manner from the father… the son is more like him." ***~Nonfamily Manager, FF05***

Founders of family firms should consider preparing their senior nonfamily employees for a daughter-successor by allowing her to be groomed and mentored by the nonfamily employees which would create a strong bond between both the stakeholders, allow the nonfamily employee to accept her as a future leader while still feeling respected. Further founders should openly exhibit their trust and respect for the daughter, giving her power and decision-making responsibilities, and inculcate in her the need for respecting and trusting the long-term nonfamily employees so that the loyalty, trust, respect, and obligation that they give him could be transferred to her.

In family firms where there are daughter offspring, this study finds that:

Finding 49: Incumbent leaders of family firms should prepare their nonfamily employees for the possibility of a daughter successor from early on, to ensure that they give the same respect and loyalty to the daughter-successor that they gave to the predecessor.

Finding 50: Incumbent leaders of family firms should openly show trust and respect in daughter-successors by giving them the power and freedom to run the company, which can in turn inculcate trust, respect, and loyalty in nonfamily employees towards the successor.

However, given the data for firms with daughter-successors is not sufficient for generalization, these findings are not included in the propositions in the section below.

4.3 Propositions

Based on the existing literature and using the qualitative data from exploratory open-ended interviews predecessors, successors, and nonfamily employees of family businesses, I develop the framework model presented in Figure 25. Further, I grouped the findings in the previous sections by predecessors, successor, and nonfamily employees and by the various stages in the life of the firm as well as that of the successor and offer the following propositions in this study that future researchers can test empirically.

1. Predecessor – Early Childhood of Successor

   Based on the category of predecessor during the early childhood of the successor, Figure 17 shows the propositions which are further elaborated below. The literature supports the notion that succession preparation for future successors can begin in early childhood and can continue into the “pre-business stage” of the successor (Lefebvre & Lefebvre, 2016). In fact, family business scholars have stressed that succession planning in the form of socialization of successors with the firm and with employees should and can start as early as 10-15 years before the actual transfer of leadership and management in order to ensure a successful handover of leadership (De Massis et al., 2008; Heck et al., 2008; Steier et al., 2009). The data supports the argument that predecessors who prepare their successors to take on future leadership roles from childhood, adolescence, and early career experiences, give them a head start by allowing them to not only accumulate knowledge about the business, industry, competition (Cope, 2005), and leadership and management, but also enables them to foster high quality SERs with the nonfamily employees by creating trust and mutual respect with them (Daspit et al., 2016). Thus, I extend SET by offering the following four propositions (1a to 1d) that describe how the predecessor can facilitate the development of SERs between their future successors in their early years (childhood to early career) and the nonfamily employees of the family firm to enhance the likelihood of a successful succession.

Proposition 1a: Predecessors who ensure the childhood association of the successors with the firm and with nonfamily employees will enable high-quality relationships of the successor with the nonfamily employees after succession.

Proposition 1b: Predecessors who ensure visits of the successors to the firm during childhood will enable high-quality relationships of the successor with the nonfamily employees after succession.

Proposition 1c: Predecessors who include successors in dining table conversations at home about the firm and nonfamily employees during childhood of the successors, will enable high-quality relationships of the successors with nonfamily employees after succession.

Proposition 1d: Predecessors who encourage successors to engage with nonfamily employees during visits to the firm and during social interactions will enable high-quality relationships of the successors with nonfamily employees after succession.

Figure 17: Propositions for Predecessor in Early Childhood of Successor

2. Predecessor – Handover stage

Based on the category of predecessor during the handover stage of succession, Figure 18 shows the propositions which are further elaborated below. The literature tells us of the criticality of the transfer of knowledge – both tacit and explicit – and of social capital during the transfer of leadership from one generation to the next (Steier, 2001). While the relationship between the next generation successor and their previous generation leader is a key determinant of the preparedness of the next generation as well as of the succession itself (Sharma, 2004), the relationship of the successor with the other stakeholders of the family firm is as important a factor in determining the success of the succession. Chrisman et al.,(

2005) argue that when successors naturally immerse themselves in the relationships around them and when incumbent leaders recognize the importance of this “natural immersion” and consciously and deliberately ensure they transfer the social relationships around them to their successors, they enable a high level of preparedness in the successor for the leadership role. Thus, I extend SET by offering the following five propositions (2a to 2e) that describe how the predecessor can foster the development of SERs between their selected successors during the handover stage of the succession, and the nonfamily employees of the family firm to enhance the likelihood of a successful succession.

Proposition 2a: Predecessors who work towards transferring the relationship they have with the nonfamily employee to the successor, will enable high-quality relationships of the successor with nonfamily employees after succession.

Proposition 2b: Predecessors who encourage successors to recognize nonfamily employees’ skills and expertise and learn from them, will enable high-quality relationships of the successor with nonfamily employees after succession.

Proposition 2c: Predecessors who encourage successors to engage and have conversations with nonfamily employees, will enable high-quality relationships of the successor with nonfamily employees after succession.

Proposition 2d: Predecessors who proactively work towards resolving conflicts between sibling successors will enable high-quality relationships of the chosen successor with nonfamily employees after succession.

Proposition 2e: Predecessors who do not interfere in daily operations of the family firm after the handover to the successor, but remain in an advisory capacity, will enable high-quality relationships of the successor with nonfamily employees after succession.

Figure 18: Propositions for Predecessor in Handover Stage of Succession

3. Successor – Early Career

Based on the category of successor during the early stage of their career, Figure 19 shows the propositions which are further elaborated below. Early family business scholarship has discussed the importance of family firm successors developing a bond with the firm through early affiliation with it in the form of summer jobs, internships etc (Lansberg & Astrachan, 1994; Rosenblatt et al., 1985). Scholars have also argued that the training of the successor should involve an explicit training plan which includes their being coached, mentored, and groomed by key nonfamily employees to give them a thorough introduction to technical and business knowledge and more importantly to ensure they develop relationships with these stakeholders of the firm (Lansberg, 1988; Ward, 1987). This notion of developing successors through internships as well as starting from the bottom of the firm (when they join full-time) has been supported by recent studies as well, a strategy that ensures they gain acceptance and develop strong relationships with nonfamily employees too (Ciravegna et al., 2020). Thus, I extend SET by offering the following four propositions (3a to 3d) that describe how next generation successors of family firms can develop high quality SERs with nonfamily employees of the family firm early in their career, in order to enhance the likelihood of a successful succession.

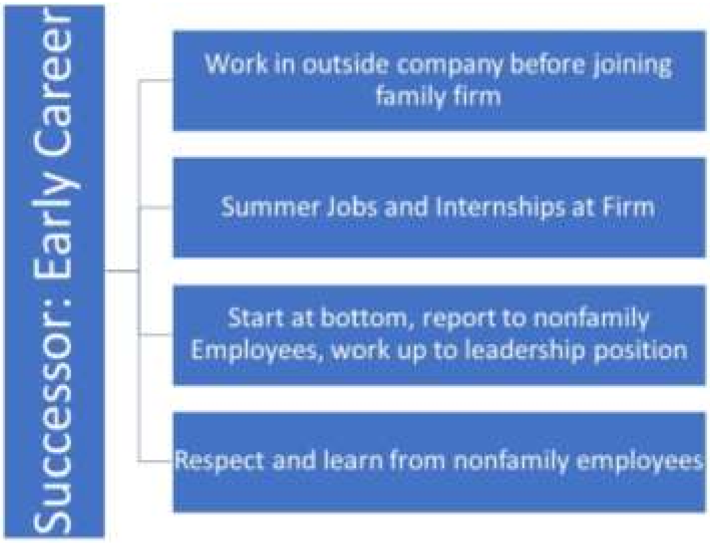

Figure 19: Propositions for Successor in Early Stage of Career

Proposition 3a: **Successors who have an early affiliation with the firm by doing summer jobs, odd jobs, and/or internships at the firm, can develop high-quality relationships with nonfamily employees when they succeed to the leadership position.**

Proposition 3b: **Successors who work at outside companies unrelated to the family firm before joining the family firm, will earn the respect of the nonfamily**

employees and can develop high-quality relationships with nonfamily employees when they succeed to the leadership position.

Proposition 3c: Successors who start at the bottom of the family firm, report to nonfamily employees, and work their way to senior management roles, will earn the trust and respect of nonfamily employees and can develop high-quality relationships with nonfamily employees when they succeed to the leadership position.

Proposition 3d: Successors who respect nonfamily employees for their skills, expertise, and experience and who learn from nonfamily employees, will earn the trust and loyalty of nonfamily employees, and can develop high-quality relationships with nonfamily employees when they succeed to the leadership position.

4. Successor – Leadership

Based on the category of successor in the leadership position (i.e., after succession), Figure 20 shows the propositions which are further elaborated below. Research from human resource management tells us that organizations that deliberately and consciously inculcate a consultative and collaborative culture in their practices can enhance the organizational performance by moving from economic exchange relationships to SERs (Zhang & Jia, 2010). Such collaborative management strategies can also enable the mitigation or avoidance of conflict as opposed to strategies like avoidance or compromise, thus fostering stronger relationships within the family and with nonfamily members of the family firm (Chrisman et al., 2005). In particular, given that nonfamily members, like family members, tend to have shared values with the family business, there is a natural expectation of a collaborative and collective culture across family and nonfamily members in family firms (Davis et al., 2010). When successors to the leadership position in family firms take forward this collaborative work culture built by their predecessors and when they explicitly and overtly value the expertise, knowledge, and experience of the nonfamily employees, they foster an environment of mutual trust and respect between themselves and the employees (Stea et al., 2017). Thus, I extend SET by offering the following five propositions (4a to 4e) that describe how successors of family firms upon taking over the mantle of leadership of the firm, can foster and build high quality SERs with nonfamily employees of the family firm by carrying forward the collaborative and consultative work culture built by their predecessor.

Figure 20: Propositions for Successors in Leadership Position.

Proposition 4a: **Successors who build a collaborative and consultative work culture in the family firm can develop high-quality relationships with nonfamily employees.**

Proposition 4b: **Successors who imitate the predecessor's behaviour with nonfamily employees can develop the same high-quality relationships that the predecessor enjoyed with nonfamily employees.**

Proposition 4c: **Successors who value nonfamily employees' expertise, knowledge, and experience will earn their trust and loyalty, and can develop high-quality relationships that the predecessor enjoyed with nonfamily employees.**

Proposition 4d: **Successors who go beyond professional relationships with nonfamily employees to build personal and social connections, can develop high-quality relationships with nonfamily employees.**

Proposition 4e: **Successors who have meaningful conversations with nonfamily employees will earn their trust and respect and can develop high-quality relationships with nonfamily employees.**

5. Nonfamily Employee – Handover stage

Based on the category of Nonfamily employees in the handover of leadership stage of succession, Figure 21 shows the propositions which are further elaborated below. Nonfamily employees in family firms are a valuable resource for the firm due to the shared values they have with the firm (Davis et al., 2010) and, just as importantly, because they possess tacit and idiosyncratic knowledge of the firm and carry with them valuable networks of connections (Lee et al., 2003) all of which factors impact the performance of the firm. When next generation successors join the business, they often lack the experience, knowledge, and sometimes even the competence of the nonfamily employees. Further, even when there is a transfer of leadership from the predecessor, successors still need the guidance of the nonfamily employees and more importantly, the loyalty and respect that the latter had built with the previous generation leader. Thus, beyond contributing to the performance of the firm, nonfamily employees of family firms have an important role as mentors and guides of successors who can help in the development of the latter as effective leaders of the firm (Davis, 1988). Daspit et al., (2016, p.11) argue that there is a "*dearth of prior research …examining the effect that nonfamily employees of family firms have on the development of potential successors of the firm*" and how the social exchange perspective offers a way to overcome this lacuna in the literature. Thus, I extend SET by offering the following four propositions (5a to 5d) that describe how during the leadership handover stage of the succession, nonfamily employees of family firms, can mentor and guide the successor so that they grow into capable future leaders of the firm.

Figure 21: Propositions for Nonfamily Employee in the Handover stage of succession

Proposition 5a: **Nonfamily employees who accept the predecessor's choice of the successor and support them, will enable the development of a high-quality relationship with the successor of the family firm.**

Proposition 5b: **Nonfamily employees who train, groom, and mentor the successor in the leadership handover stage will earn their respect and can develop high-quality relationships with the successor.**

Proposition 5c: **Nonfamily employees who are unjudgmental and patient and give the successor time to grow and learn, can develop high-quality relationships with the successor.**

Proposition 5d: **Nonfamily employees who put the interest of the organization above their personal agendas or careers will earn the respect of successors and can develop high-quality relationships with the successor.**

6. Nonfamily Employee – Post Succession

Based on the category of Nonfamily employees in the handover of leadership stage of succession, Figure 22 shows the propositions which are further elaborated below. The previous set of propositions show how nonfamily employees of family firms have a key role to play in mentoring and guiding the successor during the handover stage. Post the leadership handover stage, nonfamily employees continue to have an important role in not only guiding the successor, who likely has less experience and knowledge of the firm than they themselves do, but also needs the same loyalty and commitment that they gave to the predecessor leader. SERs are characterized by trust, mutual respect, and a sense of obligation without an expectation of reciprocity (Emerson, 1976) and nonfamily employees can enable the developing of these SERs and of the firm itself, by continuing to be invested in the development and success of the leader through supporting them, advising them, and trusting their leadership style. Thus, I extend SET by offering the following four propositions (6a to 6d) that describe how post the leadership handover, nonfamily employees of family firms, can consciously work towards the further development of the successor and enable high quality relationships with them, thus contributing to the prosperity and longevity of the family firm across intergenerational transfer of leadership.

Proposition 6a: Nonfamily employees who advise and guide the successor leader of the family firm will earn their respect and can develop high-quality relationships with the successor.

Proposition 6b: Nonfamily employees who proactively transfer their skills, expertise, and their networks of connections to the successor, can develop high-quality relationships with the successor.

Proposition 6c: Nonfamily employees who give the same loyalty and commitment as they gave to the predecessor, to the successor, can develop high-quality relationships with the successor.

Proposition 6d: Nonfamily employees who adjust to the successor's management and leadership style, can develop high-quality relationships with the successor.

Figure 22: Propositions for Nonfamily Employees in the Post Succession stage

7. All – Company culture, values, and legacy

This last set of propositions encompass all the stakeholders of the family business throughout the succession process from early stages to final handover of leadership. Figure 23 shows the propositions which are further elaborated below. Family firms that nurture their legacy and values across generations, do so through the older generations strategically encouraging and educating the younger generation and the younger generation embracing that education and work experience in areas that are key to the firm's future potential (Jaskiewicz et al., 2015). When there is an intergenerational transfer of the firm and family's legacy, this could motivate and drive the family firms to maintain harmony and continue to create a legacy for their future generations, thus ensuring the longevity and prosperity of the firm across several generations (Alrubaishi et al., 2021). Thus, I offer the following three propositions (7a-7c) that describe how, when the main stakeholders in the firm – the predecessor, the successor, and nonfamily employees, consciously and strategically work towards transferring the values and legacy of the firm across the generations of leadership, they can impact the relationships between all the actors and contribute to the prosperity and longevity of the firm.

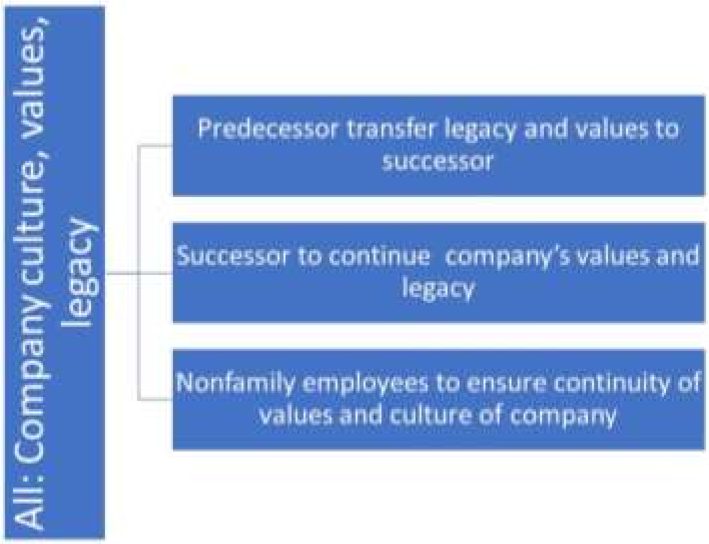

Figure 23: Propositions on Company Values, Legacy, and Culture

Proposition 7a: **Predecessors who transfer the values, culture, and legacy of the family firm to their successor can ensure a high-quality relationship between their successor and the nonfamily employees.**

Proposition 7b: **Successors who take forward the values, culture, and legacy set by the predecessor and previous generation leaders of the family firm can develop a high-quality relationship with the nonfamily employees of the firm.**

Proposition 7c: **Nonfamily employees who work to ensure continuity of the values, culture, and legacy of the family firm from the predecessor can earn respect from the successor and can develop high-quality relationships with the successor.**

8. Impact of Cultural Context

The following set of propositions are related to the impact of the contextual collectivistic culture of the country setting after the handover of leadership from the predecessor to the successor. Figure 24 shows the propositions which are further elaborated below. The cultural setting of organizations has a large impact on the relationships within the organization, and family business scholars have argued that this impact extends beyond family boundaries as well, including relationships with nonfamily employees as well (e.g., Chakrabarty, 2009; Samara et al., 2020; Sharma & Manikutty, 2005). The management styles of leaders and the organizational culture of firms is informed by the environmental or national culture to which they belong (Merkin, 2015). This impact of the environmental culture on the organizational culture and the leadership styles is enhanced in family firms as leaders of these firms, particularly in collectivistic cultures; such leaders, on the one hand, tend to be paternalistic and caring for their employees but, on the other hand, tend to adopt a non-participatory decision making style in strategic decisions which are often based on their personal values

(Saini & Budhwar, 2008). In such family firms, often nonfamily employees defer to the owners or leaders and do not voice opinions or offer advice proactively. Thus, I offer the following five propositions (8a-8e) that describe how successor leaders of the family firm can develop high quality relationships between themselves and the nonfamily employees and have a successful transition of leadership by encouraging participatory decision making regardless of the environmental culture, following cultural norms set by the predecessor of caring and respecting employees, ensuring the organization's values are carried forward while staying professional and not inflicting personal values on employees.

Figure 24: Propositions on Impact of Cultural Context

Proposition 8a: **Family business successors in collectivistic and hierarchical cultural settings who encourage nonfamily employees to speak up and voice their opinion, will create trust and commitment towards themselves in the nonfamily employees.**

Proposition 8b: **Successors in collectivistic and hierarchical cultures who follow the predecessor's values of caring and respect for nonfamily employees will earn trust, loyalty, and commitment from the nonfamily employees.**

Proposition 8c: **Successors who carry forward the organization's values set by the predecessor will develop high-quality relationships with the nonfamily employees as they earn their trust, respect, and loyalty.**

Proposition 8d: **Successors who stay consistent to the family values espoused by the predecessor and which have informed the organization culture, will earn the loyalty and respect of nonfamily employees leading to the development of high-quality relationships between the successor and the nonfamily employees.**

Proposition 8e: **Family business leaders who separate their personal lifestyle choices from the organizational values will earn the respect of the nonfamily employees**

leading the building high-quality relationships between them and the nonfamily employees.

4.4 Relating Findings to Theory

As described earlier, SET explains how generalized exchange or SERs have the attributes of trust, mutual respect, and mutual obligation (Cropanzano & Mitchell, 2005). The findings in this study extend those attributes to include loyalty, affiliation from a young age, and faith in each other. I also find the impact of some SERs on others. E.g., when the predecessor has a high-quality SER with nonfamily employees, this relationship can impact the relationship of the successor with the same nonfamily employees. Finally, some behaviours like learning from nonfamily employees, allow the employees to feel respected and can thus lead to the development of SERs.

SET explains how generalized or SERs are characterized by factors like trust, mutual respect, and mutual obligation, while economic or RERs are characterized by exchanges that are based on a *quid pro quo* mentality and expectations of reciprocity (Long & Mathews, 2011). This study extends SET by finding that relationships between successors and nonfamily employees that start off with restricted exchanges can be developed into SERs when the successor imitates the behaviour of the predecessor towards nonfamily employees, thus creating SERs with them even if they did not have such a connection with the nonfamily employees. Another way for the development of SERs from RERs between the successor and nonfamily employees, is for the predecessor to proactively and consciously work towards transferring the generalized exchange relationships they themselves enjoy with the nonfamily employees, to the successor. This can be done by counselling the successor and the nonfamily employees and changing attitudes and behaviours towards one another.

Finally, with regard to the cultural setting of the family business, this study extends theory by finding that successors can leverage on the collectivistic and hierarchical culture they live in and continue to develop a family-like atmosphere in the family firm, which can enhance the commitment and loyalty of the nonfamily firms towards the firm and towards the successors.

4.5 Relating Findings to Gaps Identified Earlier

The gaps identified earlier in this study related to the development of relationships beyond family boundaries in family firms and the impact of a non-traditional choice of a successor on these relationships. This has been studied and explained above. Another gap identified was about a successor not being an offspring of the predecessor/ incumbent. This was not possible to study in depth as there was only one case with a son-in-law successor (FF11) and it was not possible to generalize from this case. However, I find that the predecessor needs to make a stronger effort to build that relationship between the successor and the nonfamily employees when the successor is not an offspring.

The gaps identified earlier were the lack of studies on relationships between nonfamily members and family successors which has been addressed in this study through the findings in this chapter and the propositions that are presented. The second gap identified related to non-traditional successors in the Indian context (viz., younger sons or daughters). Although there were no cases where the younger son had fully taken over the leadership of the firm, the findings relating to sibling rivalry when there were two sons who were potential successors, show that predecessors who have more than one potential successor, and who select the successor by competence and willingness of the successor, can enhance nonfamily employees' acceptance of the non-traditional successor, through a few means that have been presented in this chapter. Unfortunately, I did not have enough cases where there were daughters and sons as potential successors. In one case, FF05, there was a daughter and a son, but the daughter had other career ambitions for herself and as such was not interested in succeeding to the leadership position of the company. Thus, the findings were not generalizable. The third gap, this study addresses is that of how successors can overcome the boundaries of the short-term restricted exchanges with nonfamily employees and develop them into generalized exchange relationships by focusing on cultivating and building trust, loyalty, and commitment towards themselves. Finally, the gap of the impact of the cultural setting of the cases – viz., India – on the relationships between successors and nonfamily employees and how these relationships can be developed into high-quality relationships by leveraging on the collectivistic and hierarchical culture, is addressed through the eighth proposition group.

4.6 Implications of Findings for the Discipline

As explained above, incumbent family business leaders should make an effort to affiliate their potential successors with the firm and with the nonfamily employees from an early age by having them visit the company, through dining table conversations at home, and through ensuring they do summer jobs or internships at the company. Second, incumbent leaders should ensure that before their potential successors join the company on a full-time basis, they should get outside experience at a company unrelated to the family firm. Further, when they do join the company, they should start at the bottom and work alongside the employees, reporting to a senior nonfamily employee rather than to the family leader. Third, the training and grooming of the potential successors should be by nonfamily employees. Fourth, the predecessor should make a conscious and explicit attempt to transfer the relationships they themselves have with the nonfamily employees to the successors by counselling both the successor and the employees. Fifth, the successor should make attempts to learn the nitty-gritty and the tacit knowledge of the company's working, the processes, and the technical knowledge from the nonfamily employees. They should also learn about the relationships the nonfamily employees have with external stakeholders. Sixth, nonfamily employees should be non-judgmental about successors, accept them as future leaders, and attempt to groom them and teach them so that they can be effective leaders of the firm and positively impact the performance of the firm across the intergenerational transfer of leadership. Seventh, and finally, successors of family businesses can leverage on the collectivistic culture around them, to develop the high-quality relationships with the nonfamily employees by being observant about the values and behaviours that are dictated by country culture, the organizational culture, and the family culture, and ensure they carry them forward under their leadership.

------------End of Findings and Discussion Chapter------------

5. Contributions and Conclusions

5.1 Summary of Key Findings

This findings from this study can be summarized in four main categories. These are findings related to behaviours of the predecessor, the successor(/s), and nonfamily employees, and related to the situation of having rivalry between more than one potential successor.

In the first category, the onus of developing high-quality relationships between next generation family successors and nonfamily employees in family firms when the successor is young is on the predecessor as they play a large role in enabling these relationships at this time in the successor's life. The predecessor should enable visits to the company in the successors' childhood, dining-table talks about the company and nonfamily employees emphasizing the importance of the role that these employees play in the continued success of the company so that future successors can build an early affiliation with them. Further, when the potential successors are young adults, the predecessor should ensure the successor gets opportunities to work at the family firm for summer jobs and/or internships where the affiliation with the nonfamily employees can continue along with the successor learning the nitty gritty of the business. During this time, the successor should be treated like any other employee and should report to a nonfamily employee rather than a family member. This allows the successor to build deeper professional and personal relationships with the nonfamily members which they will be able to leverage on when they join the company full-time after their studies.

In the second category, the onus is now on the successors. When the successors are ready to join the workforce, a finding of this study is that they should start their working career by working at an outside firm unrelated to the family business. While, during this period they do not have opportunities to engage with the nonfamily employees from the family firm or be affiliated with the family firm, this experience will teach the successors what it is like to not be related to the owning family of their workplace and thus develop empathy and understanding of the nonfamily employees' work attitude and needs in their own family firm. Further, when the successors join the family firm, they should do so by starting at the bottom of the hierarchy or at a position that is appropriate for their educational qualifications and work experience. The successors should report to nonfamily employees rather than to a senior family member to allow the training, grooming, and mentoring of the successor to be at the hands of the nonfamily employee. This allows a bond to develop between the successor and the nonfamily employee, creates respect in the successor for the nonfamily employee, enhances the transfer of tacit knowledge from the nonfamily employee to the successor, and builds a feeling of loyalty in the nonfamily employee towards the successor who they have helped to groom and train. Finally, when the successor is at the stage of taking over leadership of the firm from the predecessor, they should ensure the predecessor has transferred the relationship the latter has with nonfamily employees through either directly influencing the nonfamily employee to accept the successor or by the successor imitating the behaviour of the predecessor towards the employee. The successor should establish a consultative and collaborative work atmosphere so that the nonfamily employees continue to offer their counsel and knowledge to impact decision-making and the continued thriving of the firm. At this stage of the succession, the successor should further ensure they spend time with the nonfamily, go beyond the professional connection into personal connections, so that they continue to have the loyalty from the nonfamily employee, that the predecessor enjoyed.

In the third category, viz., the behaviour of the nonfamily employee, this study finds that nonfamily employees who accept the successor wholeheartedly and without judgment, give them time to rise to the role of the leader, and train and groom them to meet the requirements of the leadership position, can ensure the firm continues to thrive and they themselves can continue to contribute to the growth of the firm. The nonfamily employees should give the same loyalty they gave to the predecessor to the successor too.

A fourth category of the findings relate to when there are sibling successors who may be rivals for the leadership position. Predecessors need to ensure they groom both the potential successors and make a clear choice of the successor to avoid rivalry among siblings. If such a choice is not possible, the predecessor may have to demarcate areas of responsibility between all the potential successors so that whoever is chosen to succeed the predecessor will be aware that their other siblings have their own territory in which they are the leader. Nonfamily employees should treat all siblings equally and not form political camps as this would be detrimental to the continued growth and performance of the company.

The findings have important implications for the field of family business research. This research explores relationships in family firms and shows, through the propositions, how these relationships can influence a successful inter-generational succession in these firms, leading to their longevity and prosperity across generations. The added nuance of the culture of the Indian collectivistic and hierarchical setting and how relationships can impact firm level outcomes in these settings, also has important implications for the field given that empirical studies in extant literature have tended to focus on Western or individualistic countries. Finally, this study offers another implication to the discipline in that it is the first to study relationships beyond family boundaries.

Studies on relationships in family firms have tended to focus on family relationships and there are little to no studies on SERs beyond family boundaries (Zhu et al., 2013). The findings from this study offer another important implication to the family business discipline by exploring SERs beyond family boundaries, their influence on firm level outcomes, and finally, examining how these relationships can be fostered and cultivated. Given that typically, relationships outside of the family tend to be characterized by restricted exchanges, this study also suggests how SET can be extended to such relationships and how they can be consciously and proactively converted into SERs.

5.2 Contributions of the Study

5.2.1 Theoretical Contributions

5.2.1.1 Literature

The first contribution of this study is that of examining relationships in family businesses beyond family boundaries. As explained in the Introduction and in the Literature Review chapters, prior studies on relationships in family business have explored SERs within family boundaries e.g., Higginson, (2010) examines the relationship between mother-predecessors and daughter-successors in family firms, Franco & Piceti, (2018) look at relationships between copreneurial husband-wife couples who own a family business together, and Amarapurkar & Danes, (2005) explore relationship conflict between farm-owning husband-wife couples. These and other researchers who have studied relationships have stayed within family boundaries whether examining the relationships or examining the impact of these relationships on other firm/ individual level factors or examining the antecedents of these relationships. There have been calls for research examining relationships beyond family boundaries but within the firm, specifically between family members and nonfamily employees (Daspit et al., 2016). This study expands the literature by filling that gap with a much-needed exploration of the relationships between family successors and nonfamily employees in family businesses. Further, this study qualitatively explores how these relationships can impact a successful succession and finally, how these relationships can be developed by the actors and by other key actors like the predecessor or incumbent leader of the firm. These are clear gaps in the literature and this study fills that gap. By showing how high-quality relationships between family successors and nonfamily employees can influence a successful succession, this study extends extant literature.

5.2.1.2 Theoretical Contributions

This study contributes to the theoretical framework used. SET is a useful theory for examining relationships in family businesses. SET provides a framework to examine generalized exchange relationships through the social structures that define, manage, and restrict the processes in family firms while still retaining the ability to integrate the individual motives, emotions, and agency that explain how they work (Daspit et al., 2016). Further, SET allows the exploration of mechanisms and outcomes of such generalized exchanges involving norms of trust, mutual respect, mutual obligation, commitment etc. as well as the setting of expectations from future exchanges (Coleman, 1986; Emerson, 1976; Long & Mathews, 2011). While SET has been used to examine relationships within family boundaries, there have been no empirical studies using SET as the theoretical framework to explore relationships outside of family boundaries. There have been studies using SET to examine relationships outside of family boundaries, but only from a conceptual and theoretical perspective. E.g., Löhde et al., (2020) explore relationships between shareholders and family and nonfamily managers in family firms in a conceptual study. Waldkirch, (2020) examines relationships between nonfamily CEOs of family businesses and family owners from the perspective of turnover/ retention of the nonfamily CEO; however, this is also a conceptual study. Thus, at the time of writing this thesis, this is the first study where SET is extended to empirically study relationships in family firms beyond family boundaries. This contribution to the theoretical framework of SET is a useful one as it shows future researchers how SET can be used outside of family boundaries and how nonfamily employees in the family firm also have social exchanges with family members that are governed by the emotions of trust, mutual respect, loyalty, etc. Further, by studying relationships beyond family boundaries, SET is extended to show how relationships can be developed from RERs (which are the *quid pro quo* employment relationships) to generalized exchange relationships (which are characterized by bonds and ties and a feeling of kinship as in families).

This study offers an extension to SET since it explores how the relationships of family business successors with nonfamily employees that are typically characterized by restricted exchanges and are inherently agentic in nature, can be converted to SERs by capitalizing on (1) the SER that these key actors in family firms already have with the predecessor, (2) the shared values that they have with the firm particularly in collectivistic cultures, and (3) the natural paternalistic regard that they tend to give to owners/ leaders of the firm.

Another theoretical contribution to the field is the synthesis of scholarly work on relationships in family businesses through a systematic literature review that offers future directions for the field.

Finally, I offer a Model as a summary of the findings of this study. This is a contribution to the literature. Future researchers should carry out empirical studies to test this model. The model also offers guidelines to family business stakeholders and is thus included and described in detail under the next section of practical contributions.

5.2.2 Practical/ Managerial Contributions

This study has practical implications for family business owners and leaders, as well as for nonfamily employees of family firms. These are outlined in the propositions in chapter 6, section 6.5 above.

Proposition groups one and two are intended for incumbent leaders and predecessors of family firms. Incumbent leaders are advised to ensure that their potential successors are affiliated with the firm and with the nonfamily employees of the firm through visits to the firm, listening to dining-table conversations comprising stories of nonfamily employees, and by encouraging their successors to engage with nonfamily employees so as to enable them to develop high-quality relationships later in life when, as adults, they join the firm then when they take on the leadership position. Once the successor choice is made – based on competency and interest of the successor, not on gender or birth order – predecessors are also advised, to proactively work to transfer the relationship they themselves enjoy with the nonfamily employees to the successor by teaching their successor to respect and value the nonfamily employees. Predecessors are further advised to encourage their successor to acknowledge and recognize the nonfamily employees' skills and expertise and learn from them as well as to engage with nonfamily employees through conversations. Should there be siblings, all of whom are potential successors, predecessors are advised to proactively resolve any conflict between them once the successor choice is made. Finally, after the handover, the predecessor is advised to allow the successor to be fully responsible for the day-to-day operations and strategy of the family firm while they themselves retain an advisory position only.

Proposition groups three and four are intended for successors of family firms. Potential successors are advised to be affiliated with the firm in young adulthood, during their studies, through summer jobs, odd jobs, and internships at the firm, during which time they report to a nonfamily employee and are treated as any other employee not as the owner's/ leader's offspring. Further, successors are advised to not start their career working for the family firm, but to instead take up a job at an outside firm, unrelated to the family or the family firm, for a few years to gain a perspective of nonfamily employees and understand their issues. This will also enable them to earn the trust of the nonfamily employees when they do join the family firm eventually. Potential successors who join the family firm with the intention of eventually occupying the leadership position, are advised to start working at the bottom of the firm alongside other employees, and report to nonfamily employees not the predecessor or any other senior family member. They should work their way up to and earn the leadership position. At all times, successors are advised to respect and learn from nonfamily employees which will stand them in good stead in terms of the development of high-quality relationships with the nonfamily employees.

Propositions groups five and six are intended for nonfamily employees in family firms. Given that employee commitment in family firms is lower than in their nonfamily counterparts, particularly when employees identify with the family business (Carmon et al., 2010) and given also that higher levels of commitment result in lower employee turnover (Ciravegna et al., 2020), the findings of this study that are relevant to nonfamily employees are particular relevant and important. Thus, there are practical implications for nonfamily employees of family firms in addition to those for predecessors and successors to the leadership position. Nonfamily employees are advised, during the handover stage of succession, that they should accept and trust in the successor choice that the predecessor has made and make all attempts to ensure the succession is successful by training, grooming, and mentoring the successor. Giving time to the new leader is another critical factor that can ensure a successful succession; thus, nonfamily employees are advised to put the interests of the organization above other interests and to be unjudgmental and patient, giving time to the successor to grow and to learn to lead the organization further. Post the succession, nonfamily employees are advised to continue to advise and guide the successor and to leverage on their years of experience to transfer their skills and network connections to the successor. They are further advised to spend time with the successor in order to build a good rapport and open communication channels that will allow the free flow of information both ways. Finally, nonfamily employees of family firms should give the same level of loyalty and commitment to the successor that they gave to the predecessor which allowed the latter to build the company over the years. Every individual has their own leadership and management style, and nonfamily employees should adjust to the new leader’s style to ensure a smooth and successful succession.

5.2.3 Framework Model Related to this Research

I offer a framework model based on the findings of this study. This framework is a three-by-two matrix with the stage of succession along the vertical axis and the successors type along the horizontal axis.

Figure 25: Research Framework Model

Summarizing the findings, this research framework model was created as a guideline for future researchers and managers/owners of family businesses. The model explains the guidelines for stakeholders of family businesses over the various stages of succession and types of successors.

1. **Early stage of succession, Single successor**: When there is only a single successor, in the early years of their life, predecessors should ensure their early affiliation with the firm and with nonfamily employees. The predecessor should also work towards building interest in the successor for the firm by including them in conversations at home. As the successor grows into young adulthood, they should do summer jobs and internships at the firm, during which time they report to nonfamily employees, learn from them, recognize their expertise and knowledge, and earn their respect. And when they step fully into the firm, successors should start at the bottom and earn their way to the top, during which time they also report to nonfamily employees. Finally, for nonfamily employees, during this stage they should groom the successors and pass on tacit and explicit knowledge as well as share their networks of external stakeholders with them as they are learning about the organization.
2. **Early stage of succession, Multiple successors**: When there are multiple successors, it behooves the predecessor to take proactive and preventive measures to ensure there is no sibling rivalry for the leadership position in the future. In addition to the measures taken for a single successor, predecessors should take care to prepare all successors equally, and the

chosen successor should be the one most competent and interested to fill the leadership role. The predecessor should also take care to nurture sibling relationships emphasizing the criticality of an egalitarian approach to successor selection so that the potential successors know that they will have to earn the leadership role, not have it handed down to them because of their birth order or gender. Finally, for nonfamily employees as for single successors, they should take care to groom all potential successors equally.

3. **Handover stage of succession, single successor**: At this stage, the choice of successor would have been made. The importance during this stage is handholding and mentoring not just by the predecessor but also by nonfamily employees which the predecessor should ensure. The successor should at this stage learn from the nonfamily employees and attempt to replicate the predecessor's long relationship with them so that they can continue to get the same trust, respect, loyalty, and commitment that was given to the predecessor. The nonfamily employees should, at this stage, accept the successor choice, and putting the organization's interests first, give the successor the same loyalty they gave to the predecessor.
4. **Handover stage of succession, Multiple successors**: While the stakeholders are all advised to follow the guidance in the above, there is the additional issue of rivalry and of the management and mitigation of the outcomes of rivalry should it arise. As such, predecessors should be on the watch for signs of rivalry, make their successor choice and the reasons for it clear, and resolve rivalry whenever it arises. Successor choice should be only by merit, competence, and interest in the role and not by birth order or gender or any other traditional reasons. Nonfamily employees need to ensure that they support the successor choice by grooming all successors equally – even if they are not the leader of the organization, they are likely to have senior management roles. Nonfamily employees also should not create camps of preference for a particular successor which can be negatively influence a successful succession.
5. **Succession completed, Single Successor**: Once the handover stage is complete, the successor becomes the incumbent leader and takes over the running of the company. At this stage, if it is possible, the predecessor should continue in an advisory role so that the company does not lose the years of experience and knowledge they possess. The successor should nurture the relationships with the nonfamily employee so that they can develop further into high-quality relationships characterized by trust, mutual respect, mutual obligation, and the loyalty and commitment that the predecessor had with them. The successor should also create a collaborative and consultative atmosphere so that nonfamily employees feel valued and

respected for their knowledge and experience. Nonfamily employees need to be patient, non-judgmental, and to give the successor the time to learn and grow into the role.

6. **Succession completed, Multiple successors**: At this stage, even though a clear choice would have been made for the successor among the siblings in line for the leadership role, and although the handover would have been completed, it is necessary for the predecessor, the successors, and the nonfamily employees to be vigilant for any rivalry that can cause harm to the company and undermine the succession event. As such, it is appropriate that the predecessor divide responsibilities between the siblings who are in the firm in terms of divisions, verticals of the company, markets, or activities. While the other siblings would still be answerable to the leader for decisions that impact the entire company, they would have independent responsibilities in which they are the ultimate authority. This might reduce the possibility of conflict due to future rivalry. Successors need to put the interest of the family business above their personal career goals and stay united regardless of their birth order or gender. Finally, nonfamily employees should accept the chosen successor without judgment and support them to enable the succession to be successful and to enable the firm to thrive and grow through the next generation of leadership.

5.2.4 Contextual Contributions

Finally, this thesis makes contributions to research that seeks to contextualize relationships and family business research (Randerson et al., 2015; Wright et al., 2014; Zahra, 2007). Scholars have been paying increasing attention to the role of context in influencing behaviours in the firm at the individual and firm levels (Welter, 2011) and recognizing that family firms are highly influenced by the context in which they are based (Lumpkin et al., 2011). The contexts can be institutional, organizational, or temporal factors that impact the behaviours, interactions, and decisions of the family firm stakeholders, thus leading to research that explore the interrelationships between different contexts and behaviours of family firms (Wright et al., 2014).

In particular, this study focuses on what drives relationships beyond family boundaries and the impact on a successful succession in collectivistic, hierarchical, and traditional country contexts such as India. The dominant literature on family business has been western-centric using North America and Europe as the setting (Khavul & Bruton, 2009), and the aim of this study is to move beyond that focus. This study, within the Indian context, explores relationships between next generation family successors of family firms and the nonfamily employees. The predecessors of family firms would have generalized exchange relationships with nonfamily employees, characterized by trust, mutual respect, mutual obligation, loyalty, and commitment, all of which enabled them to lead the firm successfully. Successors start out their leadership of the firm with RERs with nonfamily employees, characterized by *quid pro quo* expectations of reciprocity, as they step into the firm. This thesis shows how, through early affiliation with the firm by the predecessor, doing summer jobs and internships when still studying starting at the bottom of the firm, reporting to the nonfamily employees at the start of their career, being mentored and groomed by the nonfamily employees, and imitating the predecessor's behaviour with the nonfamily employees, they can develop these RERs to become generalized exchange relationships. This allows them to benefit from the nonfamily employees' tacit knowledge, experience, expertise, and network of contacts from the start. Thus, this thesis seeks to know how the successor can continue from the point where the predecessor handed over the leadership of the firm to them, rather than having a dip in company performance while they develop relationships with the nonfamily employees. For predecessors, this study finds that when they teach their successors the values and legacy of the company, they enable the successor getting trust, respect, and loyalty from the nonfamily employees.

This study also addresses the contingencies on the part of nonfamily employees that could make this relationship building easier for prospective successors. Research tells us that nonfamily employees can be good stewards in family firms (Bormann et al., 2021) and can enable the relationships between themselves and family successors through advising and guiding them, being patient and giving them time to learn and grow, and by giving them the same trust, respect, and loyalty that they gave to the predecessor. This study finds that when leaders choose their successor not by the cultural primogeniture norms but by competence and willingness of the successor, nonfamily employees have respect for the successor, enabling the development of the high-quality relationships.

The findings in this study can apply to other countries that have collectivistic and hierarchical cultures. For example, China where the Confucian values are upheld (Gong et al., 2021), has a collectivistic culture[5], and interpersonal relationships within and outside of the business family boundaries are impacted by the environmental influences thus giving greater meaning to them when they are examined in their social context (Yan & Sorenson, 2006). Relationships in the Chinese Confucian and collectivistic culture are based on shared interests and mutual benefits for both individuals in the relationship (Tsai et al., 2013). Also, in Chinese society, as in many patriarchal

[5] https://www.hofstede-insights.com/country/china/

societies, parents have a large influence on their children's decisions and it is normal for children to obey their parents (Chan et al., 2020). As such, predecessors of family firms would be able to transfer the high-quality relationships they enjoy with their nonfamily employees to their successors, by teaching their successors to pattern their behaviour with the nonfamily employees on their (the predecessor's) own behaviour. Thus, the findings of this study could be extended to other Asian countries which have similarly collectivistic, hierarchical, and patriarchal cultures.

Beyond Asia, African countries too show a collectivistic culture and similarity to the Indian culture with its broader notion of the family as compared to the American and Western European notion of the nuclear family (Eze et al., 2021; Khavul & Bruton, 2009). As such, the findings from this study could be applied to family businesses on the African continent as well.

This study aids the understanding of how SME family businesses in the collectivistic, hierarchical, and patriarchal cultural setting of India, can enhance the likelihood of a successful succession through the development of high-quality SERs between next generation family successors and nonfamily employees of the firm.

5.3 Limitations and Future Research Avenues

Like all qualitative research, there is a limitation to the generalizability of the results of this study. I have identified some of the core and key mechanisms that drive high quality relationships between nonfamily employees and family successors of family businesses. I have also identified how these relationships can drive and impact a successful succession. Thus, future studies can quantitatively test my findings. Future studies can also test the findings of this research in other contexts, in other collectivistic and traditional cultures to ascertain the contextual generalizability. It would also be interesting for future research to test the findings from this research in individualistic cultures or regions of the world to ascertain how much they are limited to specific cultures. Given that this research is based on critical realism and adopts the storytelling through interview approach, the findings should be moderated and appropriately qualified.

A second limitation of this research is that it is based on retrospective interviewing which means it depends on the interviewees' recollection of events, emotions, and experiences from their past. Research on qualitative interviewing tells us that there is a natural human propensity to gloss over details, varnish past events with current emotions, and the use of euphemisms, all of which can lead to bias in interviewees' responses to open-ended questions (Hoffrage et al., 2000). Further, respondents can give inaccurate accounts of past behaviour, events, and circumstances due to memory loss or presuppositions about things they had felt, seen, or heard in connection with the events they are describing (Bernard et al., 1984). Finally, another source of bias is the social and cultural values that influence how people consciously or unconsciously gravitate towards answers and explanations that are more culturally and socially acceptable (Pohl, 2004). For example, some nonfamily employees, despite being assured of confidentiality and anonymity, may have balked from giving a negative picture of their relationships with the successor who is also their employer. While I have taken all care to mitigate respondent bias by asking similar questions in a few ways to ensure accuracy of the responses, undoubtedly some amount of this bias could have crept into the data, which is a limitation of this study, though not any different from that in any qualitative research.

It is also important to remember that globalization, immigration, and travel, are causing intermingling and mixing of cultures and thus no one region in the world has a homogenous or unchanging culture (Rocha et al., 2019). Given the information age we are living in and the fact that India's technological advancement is of an international standard, considered at par with developed nations, Westernization is a growing phenomenon in the country (Aarya, 2015). While exact turning points in society are difficult to recognize at the time they are happening, the relevance and reliability of a research can sometimes become obvious only much later – often years later – than the turning points (Claßen & Schulte, 2017). Thus, the long-term impacts of the relationships this study examines cannot be clearly assessed until there are obvious and visible cultural developments and an all-rounded picture of the phenomenon can be observed. This translates to the possibility that the high-quality relationships that are seen as advantageous for a successful succession in family businesses at the time of this study, may turn out, in the future to be not quite as much of an asset for family firms or may even turn out to be irrelevant. Future research that does a longitudinal study of relationships adopting a mixed method approach with a larger sample of family businesses, that could shine the light on relationships across family boundaries, might be able to get interesting findings.

Another aspect of relationships of successors with nonfamily employees that this study does not address is that of a non-traditional choice of a successor. In the western context, birth order, gender, and even bloodline are considered lesser attributes that determine the selection of the successor (Chrisman et al., 1998). whereas in family firms in traditional societies like India, often family hierarchy and male preference primogeniture (i.e. eldest son) supersede meritocratic considerations when it comes to determining the next generation leader, a decision that sometimes results in the selection of a next generation leader who may lack the competence to fulfil the role (Kansal 2012; Ramachandran 2017; Sharma & Rao 2000). When a family firm in India goes against the norm and decides on a non-traditional choice of family successor, the support from family and nonfamily stakeholders of the business becomes even more imperative than for a traditional choice of successor. Further, in India, there is often a lack of clarity on the roles and responsibilities of family members in these firms, resulting in relationship conflicts that could pose threats to the business itself (Ramachandran & Bhatnagar 2012). Beyond family members, nonfamily employees too are prone to following the Indian cultural norms as they often regard the employer in a paternalistic role, as a symbol of authority and as a provider of their livelihood; this leads to the establishment of a family-like culture in the workplace as well as establishing close and high quality relationships with nonfamily employees (Saini & Budhwar, 2008). Thus, the relationships of these nonfamily employees with a non-traditional successor-leader becomes even more critical for family businesses in India. The impact of relationships between successors and nonfamily employees on a successful succession, particularly when the successor is not based on male preference primogeniture, but on competence and interest in running the company is thus critical. However, as the data sample included only one firm with a non-offspring successor (son-in-law), it was not possible to make any generalizable findings on this aspect. As such, this is a limitation of this study, and it is recommended that future researchers explore how relationships between non-offspring family successors (e.g., nieces, nephews, sons-in-law, daughters-in-law) and nonfamily employees of a family business can impact a successful succession.

Along the same lines, the sample data did not contain sufficient cases with daughter successors; thus, it was not possible to offer generalizable findings on the impact on a successful succession of relationships of nonfamily employees with daughter-successors. Researchers have explored daughter successors from the perspective of their relationships with mother-predecessors (e.g., Higginson, 2010) and father-predecessors (e.g., Haberman & Danes, 2007) as well as with siblings (e.g., Avloniti et al., 2012; 2014) There have also been studies on the impact on succession by daughter- or younger-son-successors (e.g., Barnes, 1988) but these have not been from the perspective of relationships with nonfamily employees of the business. Thus, this is a limitation of this study and an important gap in the literature that future researchers would do well to explore.

Finally, a limitation and avenue for future research is measuring a successful succession. In this study, and in alignment with the philosophy of critical realism, succession has been evaluated as successful (or not) qualitatively. Regardless of the topic of the study, scholars of family business have repeatedly and over the years lamented the issue of the non-survival of the family business over generations (Davis & Harveston, 1999 ; Overbeke et al., 2015; Suess-Reyes, 2016 ;Ward, 1988). This thus begs the interesting question as to what *can* be considered a successful succession (Avloniti et al., 2014). Le Breton-Miller et al., (2004) in their study on succession argue that while a successful succession outcome is determined by the positive financial performance of the business, the nonfinancial metrics like satisfaction, pride, and happiness of the family and nonfamily stakeholders of the business are just as important in determining whether a succession was successful. This study did not quantitatively examine the determinants of a successful succession and future researchers should look into evaluating this important event in the life of family firms through nonfinancial metrics or indicators.

------------End of Conclusions and Contributions Chapter------------

------------End of Thesis------------

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------------End of References------------

7. Appendices

7.1 Appendix I: Ethical Data Collection Approval Documents

7.1.1 Ethical Approval from Aston University Research Ethics Committee

Aston University

Aston University
Aston Triangle
Birmingham
B4 7ET
0121 204 3000

Date: 17 July 2019

Kiran Kandade
cc. Supervisor: Pawan Budhwar
Aston Business School

Dear Kiran,

Study title:	Reaching across family boundaries: A case-based study on the role of relationships between nonfamily managers and family successors from the social exchange perspective
REC REF:	Ethics application #ABSREC003

Confirmation of Ethical Opinion

On behalf of the Committee, I am pleased to confirm a favourable opinion for the above research based on the basis described in the application form, protocol and supporting documentation listed below.

Approved documents

AThe final list of documents reviewed and approved by the Committee is as follows.

Document	*Version*	*Date*
Participant Information Sheet	1	01/07/2019
Participant Consent Form	1	01/07/2019
Interview Questionnaire	1	01/07/2019

With the Committee's best wishes for the success of this project.

Yours sincerely

Ali Alshukry
Acting Chair, University Research Ethics Committee

7.1.2 Participant Consent Form

Aston University

REACHING ACROSS FAMILY BOUNDARIES: A CASE BASED STUDY ON RELATIONSHIPS BETWEEN NONFAMILY MANAGERS AND FAMILY SUCCESSORS FROM THE SOCIAL EXCHANGE PERSPECTIVE

Consent Form

Name of Chief Investigator: Kiran Kandade

Please initial boxes

1.	I confirm that I have read and understand the Participant Information Sheet (Version 1, 20190701) for the above study. I have had the opportunity to consider the information, ask questions and have had these answered satisfactorily.	
2.	I understand that my participation is voluntary and that I am free to withdraw at any time, without giving any reason and without my legal rights being affected.	
3.	I agree to my personal data and data relating to me collected during the study being processed as described in the Participant Information Sheet.	
4.	I understand that if during the study I tell the research team something that causes them to have concerns in relation to my health and/or welfare they may need to breach my confidentiality.	
5.	I agree to my interview being audio recorded and to anonymised direct quotes from me being used in publications resulting from the study.	
6.	I agree to my anonymised data being used by research teams for future research.	
7.	I agree to my personal data being processed for the purposes of inviting me to participate in future research projects. I understand that I may opt out of receiving these invitations at any time.	
8.	I agree to take part in this study.	

Name of participant	Date	Signature
Name of Person receiving consent.	Date	Signature

REC ID: ABSREC003, Version 1, 20190701

7.1.3 Participant Information Sheet

Aston University

REACHING ACROSS FAMILY BOUNDARIES: A CASE BASED STUDY ON RELATIONSHIPS BETWEEN NON-FAMILY MANAGERS AND FAMILY SUCCESSORS FROM THE SOCIAL EXCHANGE PERSPECTIVE

Participant Information Sheet

Invitation

We would like to invite you to take part in a research study.

Before you decide if you would like to participate, take time to read the following information carefully and, if you wish, discuss it with others such as your family, friends or colleagues.

Please ask a member of the research team, whose contact details can be found at the end of this information sheet, if there is anything that is not clear or if you would like more information before you make your decision.

What is the purpose of the study?

This research focuses on Indian family businesses as next generation leaders take over the business. The focus is relationships of the next generation family leaders with key non-family employees prior to, during, and post leadership succession, and the impact on the succession as well as the performance of the firm under the new leader post the succession.

Through this study, we hope to get more nuanced information on factors that can positively influence the longevity and prosperity of family businesses.

The study will take two years and will consist of interviews with current leaders, previous generation leaders, and at least three key non-family employees of family businesses to get insights and perspectives on their relationships and how these relationships make a difference. Thus there will be at least five interviews per participating family firm. Once all interviews are completed, information so obtained will be, anonymized and analysed to find common underlying trends and connections.

Why have I been chosen?

You are being invited to take part in this study because:

1. Your family firm meets the following criteria for selection
   a. Major shareholding is within the family, and
   b. Between 50-249 employees, and
   c. At least in the second generation of family leadership, and
   d. Succession i.e. significant handover of leadership and management, from the previous to the current leader, happened between three to five years back.

   AND

2. You are either
   a. The current leader, or
   b. A previous generation leader, or
   c. A key non-family employee

   OR

3. You are an expert (consultant or scholar) in the Indian family business field.

REC ID: [ABSREC 003], Version 1, 20190701 Page **1** of **4**

What will happen to me if I take part?

This interview will last for about an hour. The interview will consist of open-ended questions to elicit your stories, experiences, opinions, and feelings. You do not need any preparation for this interview and you will have no disadvantages in participating in this study. Everything you say during the interview will be kept confidential and only used in the study after being anonymized or pseudonymised.

With your permission we will audio record the interview and take notes. The recording will be typed into a document (transcribed) by a transcriber approved by Aston University. This process will involve removing any information which could be used to identify individuals e.g. names, locations etc. Audio recordings will be destroyed as soon as the transcripts have been checked for accuracy. We will ensure that anything you have told us that is included in the reporting of the study will be anonymous. You of course are free not to answer any questions that are asked without giving a reason.

Do I have to take part?

No. It is up to you to decide whether or not you wish to take part.

If you do decide to participate, you will be asked to sign and date a consent form. You would still be free to withdraw from the study at any time without giving a reason.

Will my taking part in this study be kept confidential?

Yes. A code will be attached to all the data you provide to maintain confidentiality.

Your personal data (name and contact details) will only be used if the researchers need to contact you to arrange study visits or collect data by phone. Analysis of your data will be undertaken using coded data.

The data we collect will be stored in a secure document store (paper records) or electronically on a secure encrypted mobile device, password protected computer server or secure cloud storage device.

To ensure the quality of the research, Aston University may need to access your data to check that the data has been recorded accurately. If this is required, your personal data will be treated as confidential by the individuals accessing your data.

What are the possible benefits of taking part?

While there are no direct benefits to you of taking part in this study, the data gained will contribute to a better understanding of how relationships in family businesses can make a difference to the prosperity, longevity, and success of these firms.

What are the possible risks and burdens of taking part?

Although there are no risks of any kind to you or your firm associated with taking part in this research, I will need about 1.5 hours of your time comprising about 30 minutes to read this information sheet and about an hour for the interview itself.

Given that the sample sizes are relatively small (12 companies and 5 participants in each company), there is a small risk that some participants might be identifiable even if the data is anonymized and the views and opinions they express could be likely to impact on their relationships/ standing within the organization.

To eliminate this risk, the filled-in questionnaires will not mention the participant or the company names; instead they will be coded right from the start. Any data/ information shared by a participant or company will be kept entirely confidential from other participants whether from the same organization or another organization. Regardless, all participants can refuse to answer any particular question or withdraw from the study at any time.

What will happen to the results of the study?

The results of this study may be published in scientific journals and/or presented at conferences. If the results of the study are published, your identity will remain confidential.

A lay summary of the results of the study will be available for participants when the study has been completed and the researchers will ask if you would like to receive a copy.

The results of the study will also be used in Kiran Kandade's PhD thesis.

Expenses and payments

There will be no payments or expenses paid to participants as the researcher will travel to meet you at a pre-appointed date and time convenient to you.

Who is funding the research?

The research is part of a PhD project. The researcher is a PhD student in receipt of the Aston University Dean's Scholarship.

Who is organising this study and acting as data controller for the study?

Aston University is organising this study and acting as data controller for the study. You can find out more about how we use your information in Appendix A.

Who has reviewed the study?

This study was given a favorable ethical opinion by the Aston Research Ethics Committee.

What if I have a concern about my participation in the study?

If you have any concerns about your participation in this study, please speak to the research team and they will do their best to answer your questions. Contact details can be found at the end of this information sheet.

If the research team are unable to address your concerns or you wish to make a complaint about how the study is being conducted you should contact the Aston University Director of Governance, Mr. John Walter, j.g.walter@aston.ac.uk or telephone 0121 204 4869.

Research Team

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Thank you for taking time to read this information sheet. If you have any questions regarding the study please don't hesitate to ask one of the research team.

REC ID: [ABSREC 003], Version 1, 20190701 Page 3 of 4

Appendix A: Transparency statement

Aston University

Aston University takes its obligations under data and privacy law seriously and complies with the General Data Protection Regulation ("GDPR") and the Data Protection Act 2018 ("DPA").

Aston University is the sponsor for this study based in the United Kingdom. We will be using information from you in order to undertake this study. Aston University will process your personal data in order to register you as a participant and to manage your participation in the study. It will process your personal data on the grounds that it is necessary for the performance of a task carried out in the public interest (GDPR Article 6(1)(e). Aston University may process special categories of data about you which includes details about your health. Aston University will process this data on the grounds that it is necessary for statistical or research purposes (GDPR Article 9(2)(j)). . Aston University will keep identifiable information about you for 6 years after the study has finished.

Your rights to access, change or move your information are limited, as we need to manage your information in specific ways in order for the research to be reliable and accurate. If you withdraw from the study, we will keep the information about you that we have already obtained. To safeguard your rights, we will use the minimum personally identifiable information possible.

You can find out more about how we use your information at www.aston.ac.uk/dataprotection or by contacting our Data Protection Officer at dp_officer@aston.ac.uk.

If you wish to raise a complaint on how we have handled your personal data, you can contact our Data Protection Officer who will investigate the matter. If you are not satisfied with our response or believe we are processing your personal data in a way that is not lawful you can complain to the Information Commissioner's Office (ICO).

7.2 Appendix II: Interview Questionnaires

7.2.1 Questionnaire for Predecessor/ Previous Generation Leader

Reaching across family boundaries: A qualitative study on relationships between nonfamily managers and family successors in family businesses

Kiran Kandade – Doctoral Researcher, Aston University, Birmingham, UK

Previous generation leaders - Questionnaire

Basic Information

Interviewer Name	:		
Interviewee Name	:	Interview Date	:
Code	: FF[xx]I[y]	Current Age	:
Designation	:	Age of joining the firm	:
Joining Designation	:	Age of becoming CEO	:
Organization Code	: FF[xx]	Qualifications	:

Questions (These are merely guidelines. Not all need to be asked depending on the situation)

Introductory Questions about the business and the founder:

1. Can you give me your age and qualifications?
2. Can you tell me about your family business and how it started?
3. If you are not the founder, can you tell me what were the driving factors for the founder to start the business? What was his/her educational background? What were his/her financial constraints or advantages? What challenges did he/she face to start up the business?

Questions about you – the previous generation leader

4. If you inherited the business, what was the driving factor for you to join the family business? Why, for example, did you not choose a career working as an employee for another company?
5. What criteria did you look for when deciding on who would be your successor? Did you have more than one choice? What made you choose the current leader to succeed you?
6. How did you plan the succession? How did you ensure the knowledge and relationships transfer to the current leader?
7. How long was the handholding period for your successor? What was it that gave you the feeling could hand over the business?
8. What would you say are the differences, if any, in the leadership styles of you and your successor? Can you explain to me with an example or story how the two of you deal differently with a similar situation?
9. What values or working styles do you feel your successor has imbibed from you and is carrying forward? What values or working styles are different?
10. When did you transition into the full CEO position i.e. a handover from the previous generation leader? How long was the transition or handholding phase?

Questions about relationships with non-family managers

11. Who are the most critical non-family employees around you (who have been with the firm for many years before your successor joined the business)? Can you tell me about your relationship with them before you took over and how, if at all, it has changed to what it is today?
12. Can you tell me about key non-family employees who you turn to for help and support as a leader?
13. What, if anything, did you do to promote the same relationship with your successor prior to and during his/her taking over the leadership reins from you? Can you give me a specific example?
14. Do you think these non-family employees have the same relationship with you as with your successor? If so, what are the similarities? If not, what are the differences?

Questions about post succession

REC ID: ABSREC003, Version 1, 20190701 Page **1** of **2**

15. What are the differences in the way the business operates today as compared to when you were the CEO? Can you give me a specific example?
16. Do you feel your successor has successfully taken over the reins of the leadership?
17. On a scale of 1 to 10 how would you rate the following of your feelings about the firm since you handed over control and management to your successor?
    Satisfaction ___ Happiness ___ Fulfillment ___ Pride ___
18. On a scale of 1 to 10 how would you rate the following of your feelings about the performance of your successor since you handed over the control and management to your successor
    Satisfaction ___ Happiness ___ Fulfillment ___ Pride ___

<u>Closing Questions</u>

19. What advice would you give to leaders of family firms who are handing over leadership to their next generation?
20. What advice would you give to successors of family firms prior to, during, and post the succession?
21. What advice would you give to nonfamily employees of family firms with regard to a succession of leadership?
22. Is there anything else you would like to add that I have not asked?

End of Interview

<u>For Interviewer Only:</u> Interview Notes (to be filled in immediately after the interview)

What are the *best quotes* that came out of this interview?

What were the *best stories* that came out of this interview?

What *recommendations/wishes/hopes*, if any, did you hear in this interview?

What *thoughts/emotions* stood out during the interview?

7.2.2 Family Successor Questionnaire

Reaching across family boundaries: A qualitative study on relationships between nonfamily managers and family successors in family businesses

Kiran Kandade – Doctoral Researcher, Aston University, Birmingham, UK

Family successors Questionnaire

Basic Information

Interviewer Name	:		
Interviewee Name	:	Interview Date	:
Code	: FF[xx]I[y]	Current Age	:
Designation	:	Age of joining the firm	:
Joining Designation	:	Age of becoming CEO	:
Organization Code	: FF[xx]		
Business Description	:		
Industrial sector	:	Age of business	:

Questions (These are merely guidelines. Not all need to be asked depending on the situation)

Introductory Questions about the business and the founder:

1. Can you give me your age and qualifications?
2. Can you tell me about your family business and how it started?
3. Tell me about the founder? What were the driving factors for him/her to start the business? What was his/her educational background? What were his/her financial constraints or advantages? What challenges did he/she face to start up the business?

Questions about you – the next generation leader

4. What was the driving factor for you to join the family business? Why, for example, did you not choose a career working as an employee for another company?
5. When did you know that you would join the family business and how did you prepare yourself for it? Other than formal education, how did you learn the ropes of the business? Can you tell me about your early years in the family business?
6. How did you prepare yourself to take on a leadership role in the business? Did you work in any outside organization, for example, first before joining the family business? How else did you equip yourself?
7. What would you say are the differences, if any, in the leadership styles of you and your previous generation leader? Can you explain to me with an example or story how the two of you would deal differently with a similar situation?
8. What values or working styles have you imbibed from your previous generation leader that you feel you are carrying forward? What values or working styles are different?
9. When did you transition into the full CEO position i.e. a significant handover from the previous generation leader? How long was the transition or handholding phase?
10. What changes did you make, if any, to the company's processes when you became the final authority?

Questions about relationships with non-family managers

11. Who are the most critical non-family employees around you (who were with the firm before you joined and/or before you took over as the CEO)? Are you aware of their relationship with your predecessor leader? Can you describe that relationship? Can you tell me of an incident that you observed/ were told about that characterizes their relationship with their predecessor?
12. Can you tell me about your personal relationship with them before you took over the leadership reins of the business?

REC ID: ABSREC003, Version 1, 20190701 Page 1 of 2

Reaching across family boundaries: A qualitative study on relationships between nonfamily managers and family successors in family businesses

Kiran Kandade – Doctoral Researcher, Aston University, Birmingham, UK

13. How have those relationships evolved/changed to what they are today? Can you tell me with a story/example what characterizes (e.g. trust/ respect/ mutual obligation/ loyalty) your relationships with them today?
14. Can you tell me about key non-family employees who you turn to for help and support as a leader? Can you tell me a story during your transition or after you took over as the CEO, when you faced a particularly challenging time and who were the key non-family employees that helped you pull through?

<u>Questions about post succession</u>

15. What are the differences in the way the business operates today as compared to when you joined the family business?
16. What new markets/products have you introduced to the firm since you took over as CEO of the firm?
17. Can you give me some comparison numbers – in terms of turnover, profitability, market share, and number of employees – before you joined the family business and today?
18. Can you describe to me your feelings and emotions as CEO of the firm as compared to when you joined the firm?
19. On a scale of 1 to 10 how would you rate the following of your feelings as the CEO of the firm you took over from your predecessor?

    Satisfaction ___ Happiness ___ Fulfillment ___ Pride ___

<u>Closing Questions</u>

20. What advice would you give to leaders of family firms who are handing over leadership to their next generation?
21. What advice would you give to successors of family firms prior to, during, and post the succession?
22. What advice would you give to nonfamily employees of family firms with regard to a succession of leadership?
23. Is there anything else you would like to add that I have not asked?

End of Interview

<u>For Interviewer Only:</u> Interview Notes (to be filled in immediately after the interview)

What are the *best quotes* that came out of this interview?

What were the *best stories* that came out of this interview?

What *recommendations/wishes/hopes*, if any, did you hear in this interview?

What *thoughts/emotions* stood out during the interview?

7.2.3 Nonfamily Employee Questionnaire

Reaching across family boundaries: A qualitative study on relationships between nonfamily managers and family successors in family businesses

Kiran Kandade – Doctoral Researcher, Aston University, Birmingham, UK

Non-family Employees

Basic Information

Interviewer Name	:		
Interviewee Name	:	Interview Date	:
Code	: FF[xx]I[y]		
Designation	:	Current Age	:
Joining Designation	:	Age of joining the firm	:
Organization Code	: FF[xx]	Organization Name	:
Qualifications	:		

Questions (These are merely guidelines. Not all need to be asked depending on the situation)

Introductory Questions about your relationship with the firm/previous generation leader:

1. When did you join the business and can you tell me your motivations/driving factor to join it as well as your wishes/hopes at the time of joining?
2. Tell me about your relationship with the previous generation leader. What feelings would you associate with him?
3. How did you meet challenging and difficult times with him/her? What successes did you achieve together?

Questions about your relationship with the next generation leader

4. When did you know that there would be a succession from the previous generation leader to the current one? Were you involved in the decision to select the successor? What were your feelings at that time?
5. How did you prepare yourself for the succession? How were you involved in the planning and actual transition process? How closely did you work with the chosen successor at that time?
6. How would you describe your relationship with the current leader?
7. What would you say are the differences, if any, in the leadership styles of the previous generation leader and the current one? Can you explain to me with an example or story how the two of them would deal differently with a similar situation?
8. What values or working styles from the previous generation leader do you feel are being carried forward under the new leadership? What values or working styles are different?
9. What changes did the new leader make, if any, to the company's processes when he/she became the final authority? How do you feel about those changes?
10. Can you tell me about your relationship with the new leader before they took over and how, if at all, it has changed to what it is today?
11. Do you feel the successor turned to you for guidance, support, and mentoring as he prepared to take over leadership of the firm? Can you tell me a story during their transition or after they took over as the CEO, when they faced a particularly challenging time and how you helped them pull through?

Questions about post succession

12. What are the differences in the way the business operates today as compared to under the previous leader? Can you give me a specific example?
13. On a scale of 1 to 10 how would you rate the following of your feelings and emotions as an employee of the firm today:
    Satisfaction ___ Happiness ___ Fulfillment ___ Pride ___

REC ID: ABSREC003, Version 1, 20190701 Page **1** of **2**

Reaching across family boundaries: A qualitative study on relationships between nonfamily managers and family successors in family businesses

Kiran Kandade – Doctoral Researcher, Aston University, Birmingham, UK

Closing Questions

14. What advice would you give to leaders of family firms who are handing over leadership to their next generation?
15. What would you advise family business leaders who are taking over from their previous generation leaders with regard to nonfamily employees?
16. What would you advise nonfamily employees who are seeing a transition of leadership from one generation to the next?
17. Is there anything else you would like to add that I have not asked?

Thank you for your time and great stories!

End of Interview

For Interviewer Only: Interview Notes (to be filled in immediately after the interview)

What are the *best quotes* that came out of this interview?

What were the *best stories* that came out of this interview?

What *recommendations/wishes/hopes*, if any, did you hear in this interview?

What *thoughts/emotions* stood out during the interview?

REC ID: ABSREC003, Version 1, 20190701 Page **2** of **2**

7.2.4 Experts' Questionnaire

Family Business Experts

Basic Information

Interviewer Name	: Kiran Kandade		
Interviewee Name	:	Interview Date	:
Code	: FBE[xx]	Years of Expertise	:
Expertise	: Consultant / Scholar / Advisor		

Questions (These are merely guidelines. Not all need to be asked depending on the situation)

1. What is your role in the family business field? (Scholar or consultant?). How long (in years) have you been working in this field?
2. How many family firms do you work with whether as a researcher or as a consultant, on an average per year?
3. What, according to you, are some of the biggest challenges for family firms in India, in regard to non-family employees?
4. Have you been closely involved with a family business during any phase of the succession (selection of successor, preparation of successor, succession planning, and handover)? Can you tell me about some of the main challenges the firm faced during each of these times?
5. Taking examples from your experience, what preparation for the succession do you generally observe by the previous generation leader, the successor, and key non-family employees? What specific activities/steps did you recommend for each of these people?
6. Have you been involved in the planning and actual transition process? How closely did you work with the above mentioned people at that time?
7. Taking examples from your experience, how would you describe the relationship of previous generation leaders with his/her key non-family employees?
8. Taking examples from your experience, how would you describe relationship of successors with the same key non-family employees? How do you compare the 2 relationships? Can you give me a specific example/story?
9. Taking examples from your experience, if you have been involved with the same companies post-succession, can you tell me about the evolution of the relationship of the non-family employees with the new leader from before they took over to what it is today? Has it changed? How? Can you give me a specific example/story?
10. Do you feel successors turned to key non-family employees for support, mentoring, and tacit knowledge as they prepare to take over leadership of the firm? Can you tell me a story during their transition or after they took over, when they faced a particularly challenging time and how a non-family employee helped them pull through?

<u>Closing Questions</u>

11. If you were interviewing a non-family employee, what questions would you ask them regarding their relationship with the next generation family successor that would throw light on the influence of this relationship on the succession?
12. If you were interviewing a family business leader who is planning to hand over leadership and control to a successor, what questions would you ask them that would throw light on the influence of relationships with nonfamily employees on the succession?
13. If you were interviewing a family business leader who is going to take over (or has recently taken over) leadership and control from their predecessor, what questions would you ask them that would throw light on the influence of relationships with nonfamily employees on the succession?

REC ID: ABSREC003, Version 1, 20190701

14. What advice would you give to leaders of family firms who are handing over leadership to their next generation?
15. What would you advise family business leaders who are taking over from their previous generation leaders with regard to nonfamily employees?
16. What would you advise nonfamily employees who are seeing a transition of leadership from one generation to the next?
17. Is there anything else you would like to add that I have not asked?

Thank you for your time and great stories!

End of Interview

For Interviewer Only: Interview Notes (to be filled in immediately after the interview)

What are the *best quotes* that came out of this interview?

What were the *best stories* that came out of this interview?

What *recommendations/wishes/hopes*, if any, did you hear in this interview?

What *thoughts/emotions* stood out during the interview?

REC ID: ABSREC003, Version 1, 20190701

7.4 Pilot Study Data Analysis

Code	Academic/ Industry Expertise	Expertise in Family Business	Years of experience
EX01	Academic in family business Professor in a management school	Consultancy: average eight-10 family firms per year Case research: five to six cases per year	32 years as academic and family business consultant
EX02	Retired as senior vice president in a large family owned and managed business (nonfamily). Consultant to family businesses	Worked in family business: 10 years Consultancy: 30 years for two family businesses	40 years as a nonfamily employee and as a family business consultant
EX03	Educated as a chemical engineer with specialization in marketing. PhD in family businesses (conflicted splits in Indian family businesses) Consultant and author.	Scholar, Consultant, and advisor to family businesses: 20 years Consultant and advisor to three – four family businesses per year.	20 years as a management consultant to family owned businesses
EX04	Educated as an engineer. Worked in family owned business for 15 years	Business owner of an engineering startup.	15 years as a nonfamily employee in a family owned business
EX05	Academic in family business Professor in a management school	Consultancy: average four-five family firms per year Academia: Head of MBA family business program	20 years as an academic and consultant to family owned businesses
EX06	Cost Accountant Owner of family business	Employee in other organizations: 20 years Successor-owner of family business: five years	25 years in the industry. Second generation owner of family owned business.

Table 6: Experts for Pilot Study

The interviewees were asked questions relating to their background in family businesses, their experience with the event of succession and how relationships impacted the succession. The interview questionnaires for the interviews were shared with them and they were requested to add any additional questions that were pertinent and relevant in the context of this research study. The six interviews were all recorded and transcribed verbatim and coded. Initially there were 23 codes but I re-coded and re-grouped them to fit in more aligned categories resulting in a total of 15 codes of which 10 codes were relevant for the validity of the research and five were about the experts' background, the details of their work, the real-life examples they gave of family businesses, the areas in which they advised family firms, and finally the questions they added to the questionnaires. The codes relevant to the research are shown in Figure 26: Themes - Experts' Interviews.

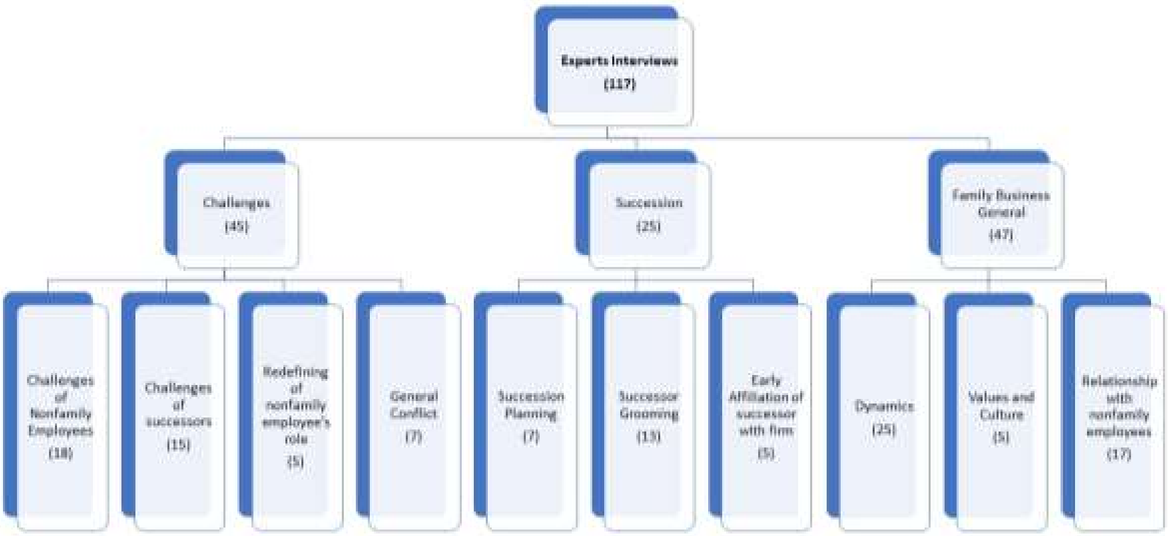

Figure 26: Themes - Experts' Interviews

The 10 codes were grouped into three categories – challenges, succession, and family business general. These were relevant to the questions in the questionnaires to my interviewees.

7.4.1 Coding of Experts' Interviews

7.4.1.1 Challenges in Family Businesses

1. Challenges of nonfamily employees

The experts spoke of the challenges that nonfamily employees face prior to, during, and post succession in family businesses. For example, Expert EX06 who is a successor-owner of a family business, said:

> *"They had to get used to the working style of the new boss – me. In my case, the previous leader – my father – had a working style that was very "boss-oriented" where the boss told you what to do. I require my employees to be very entrepreneurial in nature – to take decisions, come to me with solutions. They were used to sitting back and getting instructions or going to the boss with problems and asking for solutions. This was a big challenge for them – they now had to actually think for themselves."*

This was a validation of the questions in my questionnaires on the differences between the management and leadership styles of the predecessor and successor. The same expert also added:

> *"It was difficult for them to trust me. They knew they could trust my integrity, but it was difficult for them to trust my vision and my directions."*

This led to the questions on the differences in the relationships – and factors like trust, respect that defined them – the nonfamily employees had with the predecessor and the successor. And Expert EX03, who is an advisor to family businesses said:

"…Nonfamily executives create that impression based on the behaviour of the family members. Entitlement here is a big hurdle. Now entitlement is a sense or status, assuming that because I belong the family, I've got all the rights. By birth. If the family behaviour is promoting entitlement, then nonfamily members are not really bothered or even concerned or even happy about succession, because they know "seth ka beta to aane hi waala hai" (the owner's son will take over in any case). In such a case, even I've seen in some companies, where organization morale and organization culture goes down"

This validated the questions on the selection of the successor (to the predecessor) and readiness and willingness of the successor to take over the leadership (to the successor). Expert EX04, who was a nonfamily employee in a family business for several years before starting his own business, said of the family business where he was employed:

"People who are the professionals working there, the challenges… was not too much because the guy [successor] who came in was professionally qualified…although he was owner of x% of the equity, he never threw his weight around, he was quite a humble fellow willing to learn and all of that."

This validated the questions on the training and mentoring of the successor by the nonfamily employees and the willingness of the former to learn and earn the position of leader of the organization.

2. Challenges of successors

The experts also spoke of the challenges that nonfamily employees face prior to, during, and post succession in family businesses. For example, Expert EX06 said:

"Employees would be dismissive; they would talk down to me. They didn't accept me easily. I had to win them over – it was very difficult."

EX03 added:

"…the difference is nonfamily employees even if the son or younger generation comes in power and has the power but the senior employees, they tend to compare… what was there in your father's time and your time. Then they refuse to adjust. There are so many cases in the media too"

EX05 who is an academic and heads the MBA program for Family Businesses in a management school in India, added:

"They have to contend not just with the previous generation, they have to contend with the next layer…which is a huge mass out there. Which has not undergone any training, and which feels threatened with any new ideas coming in. So that is where I think it is very important for family businesses to actively consider building a second layer, okay. Because you cannot have growth…with just the owners."

This led to the validation of the questions on the preparation of nonfamily employees for the succession.

3. Redefining of nonfamily employees’ roles

Four of the experts spoke about how very often during and post succession, nonfamily employees’ roles get redefined leading to them sometimes becoming redundant for the organization and sometimes having to adjust to new responsibilities that may not be appealing to them. Expert EX01, an academic and consultant in the family business domain said:

“They think that's not relevant anymore. In some cases, they retain as consultants or advisors, that's only an interim period. But in general, what I've seen is that their operational involvement comes down. So, day to day operation, day to day reporting part comes down and this becomes more of an advisor role.”

Highlighting another reason for redefining the roles of nonfamily employees, EX04, said:

“A new leader will want his people working in this team, which will mean that some of the people who are working today may either be side-lined or may even be sacked”

This allowed me to further validate the questions on the relationships and rapport of the nonfamily employees with the successor

4. Conflict

The final code in the category of Challenges is conflict. Four of the experts mentioned it as an issue and how conflict can arise from various aspects – differences in management styles, inherent characteristics of family firms in India, and unspoken/ unmet expectations. Expert EX06, giving an example of the conflict she faced, said:

“There was an employee who had done this a few times before I took over. He would ask for leave for a month to go to his village but come back after 2-3 months. But he was such a good worker that the company (my father – I was not involved in this decision) took him back each time and he would promise not to do this again. But he would do this repeatedly. He did this again after I inherited the business and when he took leave, I told him clearly he had to be back on the day his leave expired. Again, he came back after 3 months, just showed up. I told him to get out – he was shocked. All the other senior employees came to me individually and then as a group. They insisted I should take him back because he is a good worker. I refused since if I can’t trust someone’s word, they are of no use to me. This upset my employees a lot and was a huge conflict in between me and my employees.”

This further validated the issues of differences in management styles. Adding another aspect, EX01 said:

“…There is no clarity, because the succession happens only if the incumbent leads the process of succession. And in most cases, the incumbent never thinks that it is time to hand off…Also, there is no clear criteria for selecting the successor… is it merit, family tradition, family seniority? Is it shareholding? Is it gender? So, there are a lot of the family related ambiguities that influence the phase of succession. And the incumbents worry about what next because most of them don't know how to do anything else and they are not trained. So, succession is a multi-dimensional phenomenon causing conflict...So, this is an unclear

phenomenon and for non-family employees completely misleading. Because there is no discussion, whether the person should warn, whether the person should show the mirror to the owners that it is his brief or not. And sometimes if they do that, it will not be accepted positively."

Effectively, the above quotes validate the questions centering around emotions prior to and during succession as it is not just a matter of impersonal handover. It is an emotional and conflict-ridden time for all the stakeholders – the predecessor, the successor, and the nonfamily employees.

7.4.1.2 Succession in Family Businesses

The experts described the issues around the event of succession itself which were relevant to my study and that I could link back to the relationships of the nonfamily employees with family business leaders.

1. Succession Planning

In terms of succession planning, expert EX01 advised family businesses as follows:

"First, develop your business strategy for the next three years or five years. Where the business is where it wants to go. And then look at the options of successors. If there is only one person fine, is the successor ready to jump in? If the person is not ready, prepare that person, either through mentoring or coaching, if the person is ready, still provide for an executive coach. So that the transition period is smooth and develop a review mechanism where both sit down and review to avoid the rough edges. So, follow the principle of relay race, you prepare the ground, decide when you want to pass the baton over to them, how are you going to do it, when is the timing, and what is the exact route? What will be the pace at which the runner will continue? And this should be a dialogue. It's not incumbent deciding, incumbent is building it together with successor."

EX06, giving an example of her own succession to the leadership position when her father passed away, and juxtaposing it with the succession planning she is doing with her successor, said:

"For me, the succession planning, the stated and unstated goal was that I would one day take over the company but that is where it stopped. The planning was that I was there, that's all. I was involved in salary discussions etc. so I did know something. But I wasn't too interested earlier and therefore didn't imbibe or learn too much. Somehow, I started seeing after my father died, that the company was an opportunity rather than a millstone around my neck. Now as the leader, I am grooming my daughter – I see her strengths and abilities as mapping directly on to the company's activities. So, it is serendipity and fortuitous that she is able to add a huge amount of value right away. It keeps her interested as opposed to my behaviour during my role as the successor. It makes her feel happy about being the successor and so she does more."

And EX05 adding another perspective to this topic:

"First, there has to be a very clear letting go of certain aspects of the business which have to be dealt with by the younger generation. And when I say let go, it cannot be only in name…Where the employee, if this guy [successor] gives him any instruction, the employee

turns around and says, no we've done that this way and I will talk to your father. So that sort of a thing cannot be encouraged…once you've given him this role, it is your responsibility to ensure that he makes it a success, that you help him make it a success, right? And for that you will need to ensure this kind of thing doesn't happen. It's easier said than done."

These validate the questions on the emotions of the respondents post succession. It is important that all the people involved – predecessor, successor, and nonfamily employee – feel emotionally happy and satisfied with the upcoming succession and with the new way of working.

2. Successor Grooming

Successor grooming was another aspect that most of the experts touched upon. Expert EX02, an ex-nonfamily employee of a large family firm and current consultant to family firms, said of the succession he witnessed as a nonfamily employee where part of the grooming was the successor starting from the bottom of the corporate ladder and building relationships with the employees who he would eventually lead:

"I don't think there was any problem for the employees because they were taken into confidence before the succession. And all the employees knew that he is the successor. So why actually challenge this? These people [successors] started from the bottom, and they worked alongside the employees. They used to eat in the same cafeteria, they used to work together, they used to discuss together"

Also, on successor grooming, EX03 pointed out the issues of entitlement and the necessity of having a planned induction process:

"Biggest challenge is entitlement that means I belong to the family; I have that last name on my cabin outside and I'm the director because of my last name. Then there is a conflict between nonfamily and family members. So, sensible families take their younger generation through a studied route of induction…they don't just enter the business and become the big boss. That should be a very planned process... from day one of joining the business as a trainee, it would take them five to seven years to get into the Board of Directors ideally."

Also, emphasizing the importance of relevant qualifications and training, EX05, said:

"Now, one thing which really does help is that a guy who has gone through a three year undergrad College course goes back and starts throwing his weight around is resented. But when he or she goes to a program specially for family managed business and are taught softer aspects of the family. And a large part of the way in which the younger generation behaves with the existing employees is determines the other person's response to them. And so that is where the soft training helps. Two, the fact that he is doing a course in family managed business lends a credibility."

Thus, I established the validity of the questions on the grooming and preparation of the successor for the handover of the leadership of the firm.

3. Early Affiliation of successor with firm

When discussing the challenges and issues associated with relationships beyond family boundaries in family businesses, one expert EX03 brought up the aspect of early affiliation with the firm. Although, this was mentioned by only one of the experts, it has been included because there were four instances of it during the same interview.

> *"That is a big dichotomy. The family always feels that my children should get the best education… Now in that zest and quest of giving the best, the mother and father keep their children away from the business environment, they go abroad study, and come back and then they say 'ok, beta [child] now do you want to join the business?' So, beta says no I don't want to join the business. Joining the business or continuing your business in the family is something that you should start when your child is five years old. Early affiliation and positive strokes not forcing or pushing, just creating a positive image 'our business, wow!'"*

This advice for family businesses validated the questions on early affiliation of the successor with the firm and with the nonfamily employees.

7.4.1.3 Family Business General

The last category was general pointers and discussions on family businesses in general, the idiosyncrasies and characteristics that defined them and that influenced succession as well as the relationships of the nonfamily employees with family business leaders.

1. Family Business Dynamics

Every one of the experts spoke about the inherent dynamics present in family businesses, regardless of the specificities of the nature, relationships, and challenges in that business. These dynamics also impact the relationships prior to and during the succession process, thus having a large influence on whether a succession is successful or not. EX01 says:

> *"90% or more of my family business consulting projects have succession as a big issue. And there are multiple dimensions. There is no period called succession. There's no clarity about when the succession happens, why the succession happens, who the successor is, and why that person is the choice. Because succession is never a planned exercise."*

On the other hand, EX03 discussed the predominance of emotions in decision-making in family firms as opposed to the objectivity that running a business requires, thus drawing a picture of a critical difference in the way family and nonfamily employees operate:

> *"Now, the big difference is that the families operate with a familialness [sic], and less with objectivity, which you find in the nonfamily employees. So, that is the difference of family owner, family, and nonfamily employees. Objectivity in family is difficult to bring because family is an emotional system, whereas business is a hardcore, objective meritocracy system."*

Extending the issue of emotions inherent in family businesses (through the family), expert EX05 discussed the inherent generational differences between the predecessor and the successor:

> *"The generation gap we keep hearing of in traditional family business literature, is a gap which is not so much in terms of age, but in terms of the technological divide that has become very prominent today. Having said that, you are also looking at a younger generation which wants to do more, which wants independence, which wants autonomy in decision making, and you have an age group which is not willing to let go, and that is what creates the most challenges."*

These inherent characteristics of family businesses, particularly in the Indian context, have a significant impact on the relationships between all the stakeholders and thus questions on these were included as advised by the experts and as described in the next section.

2. Values and Culture

Four of the experts I spoke with emphasized the significance of the values and culture of the business and how it impacted their decisions as well as the relationships with their nonfamily employees. Exemplifying the importance of the values of the business as set by the leader of the organization and the differences (despite being from the same family) in the values of the outgoing and incoming family leaders, through a story, EX06 said:

> *"The culture previously, under my father, was when customer came with a problem, to bat it back straight away without even thinking, to immediately ascribe anything that has gone wrong to the customer themselves, of their handling of the system etc. Whereas my approach is always that customers are not idiots so we must do fault analysis. We do a video call then go for a site visit and get a complete understanding of the problem. If it is a fault on our part, we will pay for it and fix it. I am ready to accept it if it is our fault. I found that people were in the habit of referring to customers using terms like 'idiot' and I admonished them to remember that customer is God and to be respectful to them even when talking about them. Stand for what is right but don't be disrespectful."*

The above story expresses how the values of the leader permeate down into the organization and a new leader – although from the same family and an offspring of the predecessor – may have different values which will inform the culture bringing about a culture change in the organization. This could have an impact on the relationships of the nonfamily employees with the successor, particularly if they resist the culture change. Along the same lines, touching on the differences in values of the two generations, EXO3 offered another example:

> *"I'll give you an example, where the founder is autocratic, and culture of organization is feudist and hierarchical. But the younger generation which comes in tries to change it drastically. This company was very successful. Two partners – founders – worked hard made it a very prestigious company. They were friends, so two different families. But they worked closely. Each had one son, they also worked very closely. But when both seniors died in a period of about two years, these younger generation guys who'd been working in*

the business for years had a rift, and drifted apart, for some emotional issues. And then they parted, and the company is now almost dead. The culture when the founders were there, was sort of autocratic. But now these two younger generation leaders could not hold on to that culture. Had they continued with whatever their fathers had given them that they could have survived at least. But they could not, they wanted to change the culture. And somehow, they themselves drifted apart and the company failed."

The two stories show how trying to change the values and culture of the organization can be a huge challenge and can also backfire badly if not treated with sensitivity and care. On another aspect of values and culture, EX01 said:

"If the successor has the right values like humility and respect for this older employee, then the other person doesn't lose his face, continues to feel relevant. And commands some respect, even if his role may be redefined. Although in reality the connection may be limited but give respect. But in many cases the children don't have that kind of reverence for this person. They try to get rid of that person, if not today, then tomorrow. This culture of lack of respect destroys the relationships."

Thus, culture and values can be a generational issue also. This validated the questions I had in my questionnaire on the differences in values between the two leaders from different generations.

3. Relationship with nonfamily employees

The final code in this category of inherent family business issues, is that of relationships of the business leaders with nonfamily employees. Explaining how in traditional societies like India, nonfamily employees accept the family successor as a matter of norm, EX01 said:

"This is in smaller companies, where they will say that "Malik ka beta bhi Malik hai" (the son of the owner is also the owner). So, they accept it [succession] blindly but not happily. So, if I don't agree with you, I will try to tell you, and if it becomes not tolerable, then I will go back to the founder and then find some way of getting out. They don't try to form a relationship with the son even though they accept him."

Explaining how the relationships between the nonfamily employees and the leader changed when the successor came in, EX02 described the situation in the company where he had been a senior nonfamily employee for many years:

"Well, with the previous generation leader the relations were extremely cohesive. They were selected by the chairman himself. And they were groomed and valued, and many of them were kept even after retirement. The present leader is little stricter and distant than the previous one. And the relations are not as much of bondage as with the previous one."

Expert EX03, an advisor to family firms, explained the importance of maintaining relationships with the nonfamily employees:

"If the senior generation is the founder, then there is lot of attachment with nonfamily employees. There is familiarity, a bit of obedience also, listen to him or do things that he wants. But nonfamily members listening to the younger generation may not happen. And

many times, the younger generation guys come to me and say, 'Ma'am, our CFO is working for the last 20 years with my dad, when I ask him about numbers and ask him to show me financials, he doesn't listen to me.' So, my immediate question is do you go to him to learn, or do you go to him because you are the son of the boss? That's a big difference. So, if you're the son of the boss, he doesn't care, because for him, your father is the boss. But if you go there, as a shishya (student) and say, sir, please teach me or explain me and take me through and groom me, then it becomes a different appearance."

Thus, I validated not just the questions around the relationships between the nonfamily employees and the successor but also the questions relating to the comparison of those relationships with the ones with the predecessor.

7.4.2 Additional Questions to Questionnaires from Pilot Study

7.4.2.1 Additional Questions to Previous Generation Leader

1. What are your views on the sustainability of the business across generations? Do you have a vision of your company continuing through generations? How do you intend to make it true? How will you discuss it with your next generation?
2. What are the key attributes that you look for in your successor? If some of them are missing in your offspring/chosen successor, what would you do? How will you groom your successor? What is the point at which you would go outside the family for a successor?
3. What are your views on the measurement of merit for family members in the business?
4. Do you feel it is correct for nonfamily employees to be totally reliant/dependent on you for their work? How would you prepare them for a change in management – i.e., succession?
5. If you have more than one possible successor, have you evaluated who shall play what responsibility after you? Would you plan a dialogue with your family and possible successors on this matter?
6. It has been shown that barely 30% of family businesses make it beyond the 2nd generation of leadership. It has also been proven that 1st to 2nd generation transition is the most difficult. In the face of these information, how would you change your approach to the transition of leadership to your next generation?

7.4.2.2 Additional Questions to Successor

1. What is your opinion on pursuing your passion v/s being practical?
2. What are your views on the overall financial situation of the family? Can the business support more than one successor-leader?

3. What expectations do you have from your siblings towards the business? What is being done right and what is wrong?
4. What is your long term vision or wish for the family and business?
5. What is your role as the elder/younger sibling in the overall scheme of things and how do you want it to shape up? How would you like others like your previous generation leader, employees, and family members etc. to see your role?
6. Is your leadership style suited for the business or does it need further molding? Is it the best match right now?

7.4.2.3 Additional Questions to Nonfamily Employee

1. What is your opinion about grooming the next generation?
2. Do you believe the next generation leader has been groomed properly? Do you believe the grooming was done in a practical manner? Who was principally responsible for grooming them - only family members or the seniors did/are doing the grooming, or have you also played a role in grooming them?
3. What is the difference between an employee becoming a successor and the family member becoming a successor? Do you feel that this family has such an open mind to accept a nonfamily successor?
4. Tell me three differences between the senior generation member's culture or the way of working then and way of working now?
5. Who do you enjoy working with more? The previous leader or the current one?
6. What is your ambition in the company? What would you like to be? Would you like to be the chairman, would you like to be the MD or just a technical superintendent?
7. How are the politics within the organization? Because in Indian organizations, typically, the politics is very difficult for the successor. He inherits certain negatives of the organizational politics, which takes him a lot of time to get over. So, is there a political structure, because people will pay loyalty to a certain professional manager, the ability for loyalty to shift to a new person is very difficult, because there's history there?
8. How would you use structured HR metrics? Do they exist within the organization, which then can be the foundation for shifting this leadership baton from a professional CEO to a family CEO?

9. A new leader will want his people working in this team, which will mean that some of the people who are working today may either be sidelined or may even be sacked. What is your view on that? And how could they proceed with minimum dissonance is another question that could throw some light.

10. What, in your opinion, should be the criteria for selection of the successor of the family business?

7.5 Appendix III: Literature Review Tables

7.5.1 Articles Selected for Review

#	Title	Authors, Year/ Citations	Journal Name
1	From Family Successors to Successful Business Leaders- The Determinants of High-Quality Relationships.	Kandade et al., 2020/ 29	Journal of Family Business Strategy
2	Beyond agency and stewardship theory: shareholder–manager relationships and governance structures in family firms	Löhde et al., 2020/ 9	Management Decision
3	Does Knowing "Who Knows What" Matter for Family Firm Innovation? Insights From Transactive Memory System Theory.	Madison et al., 2020/ 9	Family Business Review
4	Anointed or appointed? Father–daughter succession within the family business.	McAdam et al., 2020/ 3	International Small Business Journal: Researching Entrepreneurship
5	The Invisible Hand of Evolutionary Psychology: The Importance of Kinship in First-Generation Family Firms	Yu et al., 2020/ 24	Entrepreneurship, Theory and Practice
6	Sibling Rivalry vs. Brothers in Arms: The Contingency Effects of Involvement of Multiple Offsprings on Risk Taking in Family Firms	Chen et al., 2019/ 3	Sustainability (Switzerland)
7	When family social capital is too much of a good thing.	Herrero & Hughes , 2019/ 43	Journal of Family Business Strategy
8	Unrelated but together: Trust and intergroup relations in multi-family businesses	Kudlats et al., 2019/ 3	Journal of Business Research
9	Family Social Capital in the Family Firm: A Taxonomic Classification, Relationships with Outcomes, and Directions for Advancement	Sanchez-Ruiz et al., 2019/ 46	Family Business Review
10	Differences in management styles, levels of profitability, and performance across generations, and the development of the Family Business Success Model.	Sreih et al., 2019/ 24	Journal of Organizational Change Management
11	Limits to psychological ownership in the family business.	Broekaert et al., 2018/ 8	Journal of Family Business Management
12	Family dynamics and gender perspective influencing copreneurship practices: A qualitative analysis in the Brazilian context.	Franco & Piceti, 2018/ 11	International Journal of Entrepreneurial Behavior and Research
13	Family business succession: Impact on supplier relations and customer management.	Gaumer & Shaffer, 2018/ 10	Human Resource Management International Digest

#	Title	Authors, Year/ Citations	Journal Name
14	Difficulties in Building Relationships with External Stakeholders: A Family-Firm Perspective	Sadkowska, 2018/ 5	Sustainability (Switzerland)
15	Business stressors, family-business identity, and divorce in family business. A vulnerability-stress-adaptation (VSA) model	Sanchez-Ruiz et al., 2018/ 12	Journal of Family Business Strategy
16	CEO turnover in family firms: How social exchange relationships influence whether a non-family CEO stays or leaves	Waldkirch et al., 2018/ 34	Human Resource Management Review
17	Governance conflict in Chinese family firms: Managed by family-based managers or external managers?	Yu et al., 2018/ 3	International Journal of Conflict Management
18	Trust in family businesses: A more comprehensive empirical review.	Azizi et al., 2017/ 16	Cogent Business & Management
19	How do conflicts impact change in family businesses? The family system and familiness as a catalytic converter of change.	Claßen, & Schulte, 2017/ 22	Journal of Organizational Change Management
20	The Impact of Adolescent Work in Family Business on Child–Parent Relationships and Psychological Well Being	Houshmand et al., 2017/ 28	Family Business Review
21	The Role of Quality of Relations in Succession Planning of Family Businesses in India	Merchant et al., 2017/ 12	The Journal of Asian Finance, Economics and Business
22	Family firm identity and capital structure decisions.	Thiele & Wendt, 2017/ 15	Journal of Family Business Management
23	Family Ownership, Excess Control and Firm Performance: A Focus on the Family Firms in Pakistan.	Waseemullah & Hasan, 2017/ 4	Paradigms
24	The evolution of management from a trust to arm’s length model in family run businesses: The case of the diamond industry.	Berger et al., 2016/ 10	Journal of Management History
25	Family Factors in Small Family Business Growth.	Cater & Young, 2016/ 17	Journal of Applied Management and Entrepreneurship
26	Running in the Family – Paternalism and Familiness in the Development of Family Businesses.	Heidrich et al., 2016/ 17	Budapest Management Review
27	Effects of sibling competition on family firm succession: A game theory approach	Jayantilal et al., 2016/ 47	Journal of Family Business Strategy
28	CEO leadership and board decision processes in family-controlled firms: comparing family and non-family CEOs.	Zona, 2016/ 45	Small Business Economics
29	Family protocols as governance tools: Understanding why and how family protocols are important in family firms.	Botero et al., 2015/ 46	Journal of Family Business Management

#	Title	Authors, Year/ Citations	Journal Name
30	On the conditions for the cooperative relations between family businesses: The role of trust	Hadjielias & Poutziouris, 2015/ 41	International Journal of Entrepreneurial Behaviour and Research
31	The influence of family and non-family social capital on firm innovation: Exploring the role of family ownership. European	Sanchez-Famoso et al. , 2015/ 29	European Journal of International Management
32	Social capital in entrepreneurial family businesses: the role of trust.	Shi et al., 2015/ 83	International Journal of Entrepreneurial Behaviour and Research
33	Beyond the Thomas-Kilmann Model: Into Extreme Conflict.	Trippe & Baumoel , 2015/ 27	Negotiation Journal
34	Linking Bonding and Bridging Ownership Social Capital in Private Firms: Moderating Effects of Ownership–Management Overlap and Family Firm Identity	Uhlaner et al., 2015/ 46	Family Business Review
35	Sibling rivalry: implications for the family business succession process	Avloniti et al., 2014/ 10	International Entrepreneurship and Management Journal
36	A Study on the Influence of Family-on-Family Businesses and Its Relationship to Satisfaction with Financial Performance	Ayranci, 2014/ 25	Business Administration and Management
37	The culture of conflict in family business.	García et al., 2014/ 8	European Journal of Family Business
38	A Study of Chinese Guanxi Type in Family Business from the Perspective of Power-Based and Leadership Behaviours	Tsai & Wu, 2013/ 14	South African Journal of Economic and Management Sciences
39	The influence of relational-based issues on job satisfaction and organisational commitment in family businesses: The views of non-family employees.	Venter et al., 2013/ 4	Management Dynamics: Journal of the Southern African Institute for Management Scientists
40	From Personal Relationship to Psychological Ownership. The Importance of Manager-Owner Relationship Closeness in Family Businesses	Zhu et al., 2013/ 50	Management and Organization Review
41	Emotional Ownership: The Next Generation's Relationship with the Family Firm	Björnberg & Nicholson, 2012/ 239	Family Business Review
42	Parent-Child Relationships. Planting the Seeds of Deviant Behavior in the Family Firm	Eddleston & Kidwell, 2012/ 114	Entrepreneurship: Theory and Practice
43	Organisational-based factors influencing the non-financial goals of family businesses.	Farrington & Venter, 2011/ 12	Management Dynamics: Journal of the Southern African Institute for Management Scientists
44	Perceptions of Benevolence and the Design of Agency Contracts- CEO-TMT Relationships in Family Firms	Cruz et al., 2010/ 557	Academy of Management Journal

#	Title	Authors, Year/ Citations	Journal Name
45	Preparing the next Generation for the Family Business: Relational Factors and Knowledge Transfer in Mother-to-Daughter Succession	Higginson, N. , 2010/ 68	Journal of Management & Marketing Research
46	Family capital of family firms: Bridging human, social, and financial capital	Danes et al., 2009/ 461	Family Business Review
47	Succession in family firms from a multistaged perspective.	Pardo-del-val, 2009/ 53	International Entrepreneurship and Management Journal
48	Conflict, participative decision-making, and generational ownership dispersion: A multilevel analysis.	Eddleston et al., 2008/ 197	Journal of Small Business Management
49	Evolutionary Psychology and Family Business: A New Synthesis for Theory, Research and Practice.	Nicholson, 2008/ 163	Family Business Review
50	Toward a theory of familiness: A social capital perspective	Pearson et al., 2008/ 1087	Entrepreneurship Theory and Practice
51	The development of organizational social capital: Attributes of family firms	Arregle et al., 2007/ 2081	Journal of Management Studies
52	Destructive and productive family relationships: A stewardship theory perspective	Eddleston & Kellermanns, 2007/ 1138	Journal of Business Research
53	Father-daughter and father-son family business management transfer comparison: Family FIRO model application	Haberman & Danes, 2007/ 297	Family Business Review
54	A family perspective on when conflict benefits family firm performance	Kellermanns & Eddleston, 2007/ 253	Journal of Business Research
55	Achieving sustained competitive advantage: A family capital theory	Hoffman et al., 2006/ 545	Family Business Review
56	Impact of Family Relationships on Attitudes of the Second Generation in Family Business	Lee, 2006/ 197	Family Business Review
57	Farm business-owning couples: Interrelationships among business tensions, relationship conflict quality, and spousal satisfaction.	Amarapurkar & Danes, 2005/ 58	Journal of Family and Economic Issues
58	The Role of Family Members In Entrepreneurial Networks : Beyond the Boundaries of the Family Firm.	Anderson et al., 2005/ 566	Family Business Review
59	Leadership transfer and the successor's development in the family firm.	Cabrera-Suárez, 2005/ 253	Leadership Quarterly
60	Corporate Governance and Competitive advantage in family-controlled firms	Carney, 2005/ 1874	Enterpreneurship Theory & Practice
61	An Exploratory Comparison of the Behavioral Dynamics of Top Management Teams in Family and Nonfamily New Ventures: Cohesion, Conflict, Potency, and Consensus.	Ensley & Pearson, 2005/ 590	Entrepreneurship Theory and Practice
62	Keeping it all in the family: The role of particularistic relationships in business group performance during institutional transition	Luo & Chung, 2005/ 432	Administrative Science Quarterly

#	Title	Authors, Year/ Citations	Journal Name
63	Feuding families: When conflict does a family firm good.	Kellermanns & Eddleston, 2004/ 773	Entrepreneurship Theory and Practice
64	An Examination of Antecedents of Conflict over Money, Management, Vision, and Control in Family Businesses.	Wakefield & Sebora, 2004/ 8	Journal of Business and Entrepreneurship
65	Succession and nonsuccession concerns of family firms and agency relationship with nonfamily managers	Chua et al., 2003/ 724	Family Business Review
66	Help one another, use one another: Toward an anthropology of family business	Stewart, 2003/ 486	Entrepreneurship Theory and Practice
67	Agency Relations within the Family Business System: an exploratory approach	Van den Berghe & Carchon, 2003/ 211	Corporate Governance: An International Review
68	The phenomenon of substantive conflict in the family firm: A cross-generational study.	Davis & Harveston, 2001/ 313	Journal of Small Business Management
69	The role of family ties in agency contracts	Gomez-mejia et al., 2001/ 1692	Academy of Management Journal
70	Next-generation entrepreneurs and succession: An explanatory study of modes and means of managing social capital	Steier, 2001/ 423	Family Business Review
71	In the founder's shadow: Conflict in the family firm	Davis & Harveston, 1999/ 493	Family Business Review
72	What Can the Family Contribute to Business? Examining Contractual Relationships.	James Jr, 1999/ 256	Family Business Review
73	Close Coupling in Work-Family Relationships - Making and Implementing Decisions in a New Family Business and at Home	Wicker & Burley, 1991/ 70	Human Relations

7.5.2 Examples of Articles not Selected for Review

#	Title	Authors	Reason for rejection
1	Non-family-members in the family business management team: A multinational investigation	(Sonfield & Lussier, 2009)	Not a direct discussion on relationships or on conflict in relationships
2	An examination of the Challenges Daughters Face in Family Business Succession	(Vera & Dean, 2005)	This article discusses the issues daughter successors face but their relationships with the founders/previous generation leader is not really explored.
3	Fair Process: Striving for Justice in Family Business	(Van der Heyden et al., 2005)	This article examines justice and conflict as the main constructs but not in terms of the relationships between the actors themselves.
4	Sustaining Trust Within Family Businesses	(Sundaramurthy, 2008)	The discussion is essentially on trust and how to sustain it across generations of leadership of family businesses. The impact on the relationships is not touched upon and references to relationships in family businesses is only incidental.
5	An Exploration of the Generational Differences in Levels of Control Held Among Family Businesses Approaching Succession	(Brun De Pontet et al., 2007)	This article is not included as it discusses succession as an event but does not explore the relationships between the key players.
6	On the Theory of Psychological Contracts in Family Firms	(Ward et al., 2007)	This is a conceptual article that discusses psychological contracts between nonfamily employees and the family firm. It was not included as it does not specifically explore relationships.
7	The Challenges of a Family Business	(Stoilkovska, 2011)	This article offers a general discussion of the challenges that family businesses face. While it touches on relationships, it does not treat relationships as a main focus.

7.5.3 Literature Review Articles by Geography

Africa (2)

South Africa (2)
Farrington & Venter, 2011
Venter et al., 2013

Middle East (2)

Israel (1)
Berger et al., 2016
Lebanon (1)
Sreih et al., 2019

Multiple (1)

Heidrich et al., 2016

South America (1)

Brazil (1)
Franco & Piceti, 2018

Asia (12)

China (5)
Shi et al., 2015
Yu et al., 2018
Chen et al., 2019
Zhu et al., 2013
Lee, 2006
Taiwan (2)
Tsai & Wu, 2013
Luo & Chung, 2005
India (2)
Kandade et al., 2020
Merchant et al., 2017
Iran (1)
Azizi et al., 2017
Pakistan (1)
Waseemullah & Hasan, 2017
Turkey (1)
Ayranci, 2014

Europe & UK (16)

Belgium (1)
Broekaert et al., 2018
Cyprus (1)
Hadkielias & Poutziouris, 2015
Germany (2)
Claßen, & Schulte, 2017
Thiele & Wendt, 2017
Ireland (1)
McAdam et al., 2020
Italy (1)
Zona, 2016
Netherlands (1)
Uhlaner et al., 2015
Poland (1)
Sadkowska, 2018
Scotland (1)
Anderson et al., 2005
Spain (6)
Herrero & Hughes, 2019
Sanchez-Famoso et al., 2015
Garcia et al., 2014
Cruz et al., 2010
Gomez-mejia et al., 2001
Cabrera-Suárez, 2005
United Kingdom (1)
Björnberg & Nicholson, 2012

North America (20)

USA (17)
Haberman & Danes, 2007
Cater & Young, 2016
Kudlats et al., 2019
Wicker & Burley, 1991
Higginson, 2010
Wakefield & Sebora, 2004
Eddleston et al., 2008
Amarapukar & Danes, 2005
Ensley & Pearson, 2005
Madison et al., 2020
Sanchez-Ruiz et al., 2019
Sanchez-Ruiz et al., 2018
Danes et al., 2009
Davis & Harveston, 1999
Davis & Harveston, 2001
Eddleston & Kellermanns, 2007
Kellermanns & Eddleston, 2007
Canada (3)
Steier, 2001
Houshmand et al., 2017
Chua et al., 2003

7.6 Appendix IV: Details of Interviews, Cases, and Respondents

7.6.1 Schedule of Conducted Interviews

Code	City	# Of Intvws	Successor Category	Interviewee Designations and Interview Dates					
				Leaders			Nonfamily Employees		
				Successor	Predecessor	Second Successor	First	Second	Third
FF01	Kolkata	5	Eldest Son	MD 26/9/2019	Ex-Chairman 22/7/2019		CFO & VP (Finance) 25/7/2019	Exec Advisor Finance 26/7/2019	Vice President 24/9/2019
FF02	Delhi	5	Only Son	Director 22/9/2019	Chairman 26/9/2019		Mgr. - Accounts 22/7/2019	HR Manager 2/8/2019	Medical Sup 25/8/2019
FF03	Goa	5	Only Son	Director 15/8/2019	President 14/8/2019		DGM Ops Div. 23/7/2019	Marketing Manager 23/7/2019	ex- Accts Mgr. 25/7/2019
FF04	Mumbai	6	Younger Son	Head Wealth Mgmt. 24/7/2019	Managing Director 8/8/2019	Asst VP 8/8/2019	Asst VP 5/8/2019	VP-HR & Biz Analytics 14/8/2019	VP - Marketing 14/8/2019
FF05	Mumbai	5	Son & daughter	Exec Dir - Biz Dev 11/11/2019	Managing Director 11/11/2019	GM - Corporate 11/11/2019	Group CFO 11/11/2019	Sr. GM – Sales & Mktg 11/11/2019	
FF06	Mumbai	5	Eldest Son	Exec Director 14/8/2019	Director 15/8/2019		Accts Asst. Mgr. 6/8/2019	Warehouse Assistant 6/8/2019	Sr Mgr.- Ops Logistics 6/8/2019
FF07	Kolkata	6	2 sons	Director 9/8/2019	Managing Director 4/11/2019	Director 1/11/2019	Production Mgr. 18/11/2019	Admin Manager 12/11/2019	Purchase Manager 14/11/2019
FF08*	Mumbai	3	Daughter	Executive Director 21/9/2019	Chairman & MD 9/8/2019		VP Logistics & Supply Chain 23/9/2019		
FF09	Mumbai	5	Eldest Son	Managing Director 22/11/2019	Chairman 25/11/2019		Head - Creative Dept 25/11/2019	Dy. Prod. Mgr. 25/11/2019	Dy Mgr. Cards & Calendar Sales 14/12/2019

Code	City	# Of Intvws	Successor Category	Interviewee Designations and Interview Dates					
				Leaders			Nonfamily Employees		
				Successor	Predecessor	Second Successor	First	Second	Third
FF10**	Ahmedabad	4	Younger Son	Managing Director 8/11/2019			Technical Manager 8/11/2019	Manager - Back office 8/11/2019	GM - Biz Dev 23/11/2019
FF11	Chennai	4	Son in Law	Executive Director 4/11/2019	MD 14/11/2019		Works Manager 27/11/2019	GM - Quality Control 27/11/2019	
FF12	Mumbai	6	2 sons	COO & Director 5/12/2019	CEO & MD 6/12/2019	Sr. Mgr. Mktg 11/12/2019	Head Operations 26/11/2019	GM - Sales 26/11/2019	CFO 8/12/2019
FF13	Mumbai	4	2 sons	Managing Partner 25/11/2019	Partner 26/11/2019	Managing Partner 29/11/2019	Liaison Manager 26/11/2019	Head Accountant 29/11/2019	

* Withdrew after three interviews (predecessor, one daughter successor, one nonfamily employee). Permitted use of interviews conducted

** Predecessor was too ill to speak.

Red shading ➔ couldn’t conduct interview

X ➔ No respondent in that category

7.6.2 Predecessor Respondent Details

Code	Joining/ Founding Age	Current Age	Working Status	Joining Designation	Current Designation	Qualifications	Overseas Study	Gen
FF01	25	71	Working but handing over	Executive	Director	B.Engg	No	2
FF02	28	58	Working but handing over	Founder	Chairman.	MBBS	No	1
FF03	35	62	Working but handing over	Founder	President.	B.Sc., CA Intermediate	No	1
FF04	23	60	Working but handing over	Founder	MD	CA	No	1
FF05	25	58	Working but handing over	Mktg executive	CEO	B. Engg (Chemical), MBA	Yes	1
FF06	25	60	Working but handing over	Founder	Director	B.Com.	No	1
FF07	24	74	Retired	Founder	MD	Dip in Mechanical Engineering.	No	1
FF08	34	67	Retired	Founder	Chairman & MD	Chemical engineer	No	1
FF09	21	86	Retired	Assistant	Chairman & MD	BSc (Chem & Phy). Dip in Printing	Yes	3
FF10	25	75	Retired	Unknown	Unknown	Unknown	No	1
FF11	23	54	Working but handing over	Founder	MD	B. Mech Engg	No	1
FF12	38	61	Working but handing over	Founder	CEO and MD	Marine Engg	No	1
FF13	19	63	Working but handing over	Salesperson	Partner	B.Com.	No	1

7.6.3 Successor Details

Code	Respondent	Joining Age	Current Age	Joining Designation	Current Designation	Qualifications	Overseas Study
FF01	Successor	21	45	Manager	Managing Director	Dual engineering major (material science engineering and industrial systems engineering), MBA	Yes
FF02	Successor	24	29	Admin executive	Director	MBBS, MD	No
FF03	Successor	23	30	Assistant to the production in charge	Director	MBA in marketing and human psychology	No
FF04	Successor1	21	33	Research associate.	Head of Wealth Management Division.	MBA in Family Business Management	No
FF04	Successor2	23	35	Assistant Manager.	AVP	B. Com Post graduate diploma in Business Management.	No
FF05	Successor1	24	29	Business Development Manager	Executive Director	B.Sc. Technical Systems Management M.Sc. Management	Yes
FF05	Successor2	23	30	Senior Manager	General Manager, Corporate	BBA in marketing and finance Masters in family business management	Yes
FF06	Successor	22	32	No official Designation	Executive Director	Bachelor’s degree in finance and economics.	Yes
FF07	Successor1	24	39	Manager (Commercial)	Director	PGDBM in Finance retail and supply chain.	No
FF07	Successor2	30	42	Director	Director	B Tech in Mechanical Engineering MBA in marketing and operations	No
FF08	Successor	23	38	Marketing executive.	Executive Director	B. Com, MBA in marketing	No

Code	Respondent	Joining Age	Current Age	Joining Designation	Current Designation	Qualifications	Overseas Study
FF09	Successor	24	52	Marketing manager	Managing Director	MBA	Yes
FF10	Successor	25	35	Trainee	Managing Director	B. Com, Master's in Marketing	No
FF11	Successor	30	33	Director	Executive Director	B.Eng., MBA in Family Business management	No
FF12	Successor1	24	29	Head of HR, IT, and Quality Mgmt.	COO	B.Sc. in Operations Research.	No
FF12	Successor2	24	26	Sr. Mgr. Mktg	Director & Sr. Mgr. Mktg.	MBA in marketing and strategy management consulting.	No
FF13	Successor1	21	38	Admin executive	Managing Partner	MBA	No
FF13	Successor2	21	35	Admin executive	Managing Partner	MBA	No

7.6.4 Nonfamily Employee Details

Code	Respondent	Current Age	Joining Age	Current Designation	Joining Designation	Qualifications	Overseas Study
FF01	Employee1	58	22	CFO and VP Finance	Accts Asst.	Company Secretary.	No
FF01	Employee2	73	25	Sr. Advisor	Mgr. Accts	Chartered Accountant	No
FF01	Employee3	61	36	VP	Mgr.	B.Eng.	No
FF02	Employee1	44	39	Mgr. Accts.	Accts Asst.	B. Com	No
FF02	Employee2	44	40	HR Mgr.	HR Mgr.	B. Com	No
FF02	Employee3	59	39	Medical Superintendent	Supervisor	B. Com	No
FF03	Employee1	42	25	Dy Gen Mgr. Ops	Project Engr	B.Eng.	No
FF03	Employee2	47	28	Mgr. Mktg..	Executive Mktg.	B.Sc.	No
FF03	Employee3	39	26	Accts Mgr.	Accts Asst.	Chartered Accountant	No
FF04	Employee1	51	21	Asst. VP	Executive	B.Sc.	No
FF04	Employee2	48	24	VP- HR & Biz Analytics.	Executive	Chartered Accountant	No
FF04	Employee3	55	38	VP Mktg.	VP - Mktg	M.Sc. Mktg.	No
FF05	Employee1	61	36	CFO & Director,	Financial controller	B.Com, Cost & Chartered Accountant.	No
FF05	Employee2	45	40	Sr. GM - Sales & Mktg	GM- Sales & Mktg	MBA	No
FF06	Employee1	37	26	Account Asst. Mgr.	Accts Executive.	B. Com	No
FF06	Employee2	42	23	Warehouse Asst.	Peon	High School	No
FF06	Employee3	44	36	Sr Mgr. – Ops and Logistics	Asst Mgr. – Retail Sales	B.A	No
FF07	Employee1	57	27	Production Mgr.	Marker and Fitter	Diploma in mechanical Eng.	No
FF07	Employee2	63	42	Administrative Mgr.	Accts Mgr.	B. Com	No
FF07	Employee3	52	32	Purchase Mgr.	Purchase Mgr.	High School	No
FF08	Employee1	57	35	VP, Logistics and Supply Chain.	Mktg. executive	B. Com	No
FF09	Employee1	47	23	HOD - creative department	Junior artist	B. A	No

Code	Respondent	Current Age	Joining Age	Current Designation	Joining Designation	Qualifications	Overseas Study
FF09	Employee2	63	23	Dy production Mgr.	Keyboard operator	High School	No
FF09	Employee3	63	23	Dy Mgr. - cards and calendar sales.	Accts clerk	High School	No
FF10	Employee1	38	26	Technical Mgr.	Technical Asst.	Dip. Eng.	No
FF10	Employee2	43	22	Mgr. Back Office	Computer operator	B. A	No
FF10	Employee3	62	26	GM - Business Development.	Mgr. Projects.	B.Sc. (Physics)	No
FF11	Employee1	51	26	Works Mgr.	Supervisor.	Dip. Mech Eng.	No
FF11	Employee2	50	33	GM - Quality Control	Mgr., Quality Control	Dip. Mech Eng.	No
FF12	Employee1	37	19	HOD operations	Trade engineer	B. Eng.	No
FF12	Employee2	39	35	GM sales.	Sr. Mgr., service	B.Sc. (Mech Eng.)	Yes
FF12	Employee3	41	29	CFO. HOD of Metals division	Mgr. finance	Dip in Eng., B. Eng., PG Dip in finance	No
FF13	Employee1	80	47	Liaison Mgr.	Mgr.	B.A (Economics)	No
FF13	Employee2	63	34	Head Accountant	General Mgr.	High School	No

7.6.5 Sample Cases Description

Code	City	Successor Category	Interviewees	Handover	Organization		Ldr Gen	Empls	Impact of successor	Changes by Successor
					Industry	Age (Yrs)				
FF01	Kolkata	Eldest Son	Son - Successor Father - Predecessor Employees - 3	Yes	Machinery Manufacturing	68	3	200	Employees→ 550 to 200 Market Share → 10% to 20% Turnover → Rs. 30 crores to 150 crores (300 million to 1.5 billion)	Introduced digitalization, processes, IT systems
FF02	Delhi	Only Son	Son - Successor Father - Predecessor Employees - 3	Yes	Healthcare	30	2	120	Employees → 80 to 120 Turnover increase by 15%	Created new reporting formats for tighter control and speedy information.
FF03	Goa	Only Son	Son - Successor Father - Predecessor Employees - 3	No	Steel Manufacturing	26	2	120	Employees→ 140 to 120 Market share & sales decreased Production →5,500 tonnes to 3,500 tonnes	New cost cutting methods in production process. Introduced new marketing schemes (franchisees) to boost sales
FF04	Mumbai	Younger Son	2 Sons - Successors Father - Predecessor Employees - 3	No	Finance	40	2	250	From top 100 to top 50 500% increase in turnover	Successor 1: Introduced systems to evaluate mutual funds Successor 2: Changed processes to make more efficient.
FF05	Mumbai	Son and daughter	Son & Daughter - Successors Father - Predecessor Employees - 3	No	Petroleum Oils Manufacturing	61	3	300	No data Handover not yet done	Successor 1 (Son): Introduced changes to do with ownership, empowerment, and delegation Successor 2 (Daughter): Introduced HR performance processes. Created SOP across the supply chain and Finance. Started more

Code	City	Successor Category	Interviewees	Handover	Organization: Industry	Organization: Age (Yrs)	Ldr Gen	Empls	Impact of successor	Changes by Successor
										comprehensive way of reporting.
FF06	Mumbai	Eldest Son	Son - Successor Father - Predecessor Employees - 3	Yes	Furnishing Fabric Manufacturing & Consumer Durables Trading	25	2	80	Employees ➔ 60 to 80 (earlier more workers, less staff. Now less workers more staff)	Changed business model from retailing to online
FF07	Kolkotta	2 sons	2 Sons - Successors Father - Predecessor Employees - 3	No	Material Handling Equipment Manufacturing	40	2	50	Employees ➔ 25 to 50 Turnover increased tenfold Lowered material carrying costs	Successor 1: Changed model from getting business then building infrastructure to the other way round. Introduced professional and automated supply chain processes. Successor 2: Implemented ISO 9001, made things more organized, hired more professionals.
FF08	Mumbai	Daughter	2 Daughters - Successors Father - Predecessor Employees - 1	Yes	Pharmaceuticals manufacturing	38	2	180	Employees ➔ 40 to 180	Introduced IT systems in accounts, finance, supply chain. Streamlined and made systems more disciplined with less dependability on employees. Introduced training for employees Started employee entertainment parties

Code	City	Successor Category	Interviewees	Handover	Organization Industry	Age (Yrs)	Ldr Gen	Empls	Impact of successor	Changes by Successor
FF09	Mumbai	Eldest Son	Son - Successor Father - Predecessor Employees - 3	Yes	Media & Communication	73	3	100	Profitability has increased by 150%	Changed tracks and got into new, more profitable line of business. More computerisation, more structured meetings, more reporting. Got new management, younger people, changed policies. 6-day to 5-day week. Effectively changed culture of company.
FF10	Ahmedabad	Younger Son	Son - Successor Father - Predecessor Employees - 3	Yes	Green Energy Equipment Manufacturing	44	2	70	Employees increased by 4 times Turnover increased by 6 times	Initially small company with 15-20 employees. Started heads of departments. with own teams. Changed from centralized decision making to team decision making. Moved from flat structure to pyramid.
FF11	Chennai	Son in Law	Son in Law - Successor Father-in-Law - Predecessor Employees 2	No	Cement Plant Manufacturing Equipment	35	2	140	50% growth in number of customers (from 10 to 15)	Made process changes to improve transparency and decision making.
FF12	Mumbai	2 sons	2 Sons - Successors Father - Predecessor Employees - 3	No	Marine, Oil, and Gas Equipment Service and Maintenance Provider	23	2	90	20% growth in number of employees Price of oil per barrel has gone down a lot so profitability also took a hit	Successor 1: Implemented clearer strategies, business plans, better review mechanisms, generated numbers to make

Code	City	Successor Category	Interviewees	Handover	Organization Industry	Age (Yrs)	Ldr Gen	Empls	Impact of successor	Changes by Successor
										decisions by systemizing processes and reporting. Broke down yearly goals into quarterly priorities. Successor 2: Put processes into place to capture inquiries or leads that come into the system. Created automated spreadsheets to get filled in when inquiries come in. Standardized introductory emails, corporate profiles.
FF13	Mumbai	2 sons	2 Sons - Successors Father - Predecessor Employees - 2	Yes	Herbal Products Manufacturing and Trading	72	3	250	Employees increased from 30 to 150 Moved from only trading to manufacturing	Successor 1: Dropped unprofitable herbs & added others. Changed focus on products that are more viable, profitable. Started extraction unit (automated processing). Moved from trading to manufacturing. Introduced CRM in the company for accounts, ERP etc. Successor 2: New software for accounting and exports replaced handwritten slips of

Code	City	Successor Category	Interviewees	Handover	Organization		Ldr Gen	Empls	Impact of successor	Changes by Successor
					Industry	Age (Yrs)				
										paper. Set up quality assurance department.

7.6.6 Cases with Sibling Successors

Case	Facts	Predecessor's/ Incumbent's Perspective	Successor's Perspective	Nonfamily Employees' Perspective
FF02	Three siblings – one son and two daughters. All three are offspring of the founder were equally qualified in terms of their education and experience and all three are working in the business. *No Rivalry*	The predecessor didn't even consider either of the daughters as potential successors. Although all three of his offspring were equally qualified and all three were involved in the business, only the son was considered as the successor and who eventually took over the leadership role from the father.	The son considered himself as the rightful successor and has taken over the business. The daughters, despite having gained admission to more prestigious academic institutions than the son, never expressed any interest in taking on the leadership role. They too assumed their brother would be the successor.	The employees interviewed considered it obvious that the son would be the successor. It was a foregone conclusion resulting in no contentious outcomes.
FF04	Two siblings – both sons. Both have excellent and relevant educational qualifications, and both are serious contenders for the leader role after the founder. *High Rivalry*	The predecessor does not think of either of his sons as particularly qualified to take over from him. As such, he has not designated a successor although both sons are in senior positions and are clearly being groomed for the CEO role. He wishes to sell his shares to one of his sons when he retires unless he decides that neither of them is competent in which case, he is willing to sell to an outsider.	The younger son believes he is the natural successor and fully qualified to take over the business. The elder son is also vying for the CEO role but is not clear as he has other interests (start up another unrelated business) too.	The employees have formed camps and while they accept that the successor will be one of the sons, they have clear preferences as to who they believe should be offered the CEO role after the incumbent.

Case	Facts	Predecessor's/ Incumbent's Perspective	Successor's Perspective	Nonfamily Employees' Perspective
FF05	Two siblings – one son and one daughter. Both are working in the family business, and both are qualified for the leadership role. *No rivalry*	While both the son and daughter have senior roles in the company, the daughter is older and joined the company earlier than the son. However, the predecessor has a marked preference for the son and is clearly grooming the son for the CEO role. The son is being rotated through various departments in order to understand all the aspects of the business, while the daughter remains in charge of the marketing department. The son is also being mentored by nonfamily employees, thus giving him a chance to build relationships with them, while the daughter reports only to the incumbent.	The daughter has qualified herself by doing an MBA in Family Business, yet she seems to have accepted that she will not be the successor. She says she has other interests and is only here to help her father by relieving him of some of the burden of running the company. The son, on the other hand, is still very inexperienced and very willing to learn. However, he too assumes he will take over from his father.	The nonfamily employees have a bias against the daughter. While they assume the successor will be one of the offspring of the incumbent, they show a marked preference for the son.
FF07	Two siblings – both sons. Both are strongly vying for the leadership role. While the elder son has the better educational qualifications, the younger son started with the firm much earlier and has more experience. *Some rivalry*	This case is particularly insightful as the incumbent and the successors, all have different opinions and perspectives. The incumbent shows a clear and marked preference for the elder son who was academically brighter than the younger son and has attained both engineering and MBA degrees from reputed institutions in India. The younger son	The younger son believes he holds greater responsibility and is the successor. He believes he has the backing of his father and has high respect for the nonfamily employees and enjoyed working under them and learning from them when he joined the business.	The nonfamily employees have a high sense of loyalty to the incumbent and even though they have a closer relationship with the younger son, have felt the incumbent prefers the older son to be his successor. Thus, they have

Case	Facts	Predecessor's/ Incumbent's Perspective	Successor's Perspective	Nonfamily Employees' Perspective
		did not similarly qualify himself as he could not get into similar programs. Thus, the incumbent has respect for the older son and believes he will be his successor.	The older son is quieter and less aggressive – he has no opinion on the succession or the eventual successor, but he can see differences management between him and his brother	begun treating the older son as the future leader of the firm while being emotionally closer to and more loyal to the younger son.
FF12	Two siblings – both sons. Both have good educational qualifications. The elder son is in a more senior role and is the likely successor although the predecessor who is the founder has not made a decision as yet. *No Rivalry*	The predecessor is clearly grooming the older son who he thinks very highly of in terms of natural capability, intellect, and skills. The older son also has the COO role which is second only to the CEO (the incumbent) and takes independent decisions on several important strategic matters. The predecessor has taken care to inculcate the respect for the nonfamily employees in both the sons, but a friendship has sprung up between the elder son and the senior nonfamily employees which the CEO has nurtured personally. The predecessor clearly does not think very highly of the younger son's capabilities – but he hopes he will develop those in time.	Both brothers are very close with no clearly expressed feelings of animosity or rivalry towards the other. They clearly are in awe of and have great respect for their father and believe they are not even close to him in terms of taking over the leadership of the company.	The nonfamily employees have extremely high quality relationships – high respect, loyalty, trust, and sense of mutual obligation – with the incumbent. They trust him implicitly and are fully cognizant of the fact that, although they are more experienced than his two sons, it will be one of them who will succeed to the leadership position. There are no camps formed (unlike in FF04) and they will accept as the CEO whoever the incumbent designates as his successor.

Case	Facts	Predecessor's/ Incumbent's Perspective	Successor's Perspective	Nonfamily Employees' Perspective
		Although, he has not made a clear decision on who will be his successor, he leans towards the older son. He has also made it clear that he will retire in 10 years and if, at that time, he feels that neither of his sons are capable of leading the company, he will sell the business rather than hand it over to an incompetent (in his opinion) successor.		
FF13	Two siblings – both sons. Both entered the family business around the same age of 21 and both have some university education. *No Rivalry*	The predecessor takes a back seat on day to day management and operation of the business. The sons have taken the lead (in different) operational areas of the business, and they consult the predecessor on occasion but for the most part, run the business as they wish. The predecessor is likely to designate the elder brother as the successor to the leadership position. There is practically no rivalry between the brothers as they follow traditional Indian values i.e., primogeniture, because of which they both believe that it will be the elder brother who will occupy the CEO seat when the	There is no clear successor outlined but the family is a traditional Indian family where the younger brother respects the elder brother and defers to him. There is no rivalry between the brothers as the family also lives as a large joint family together in one home.	The nonfamily employees, perhaps taking their cue from the family itself, also goes with the traditional acceptance of the eldest son being the future leader. There are no divisive camps formed between the brothers and the employees simply look to the two brothers for leadership in their current operational roles.

Case	Facts	Predecessor's/ Incumbent's Perspective	Successor's Perspective	Nonfamily Employees' Perspective
		predecessor completely retires from active work.		

7.7 Appendix V: Data Coding Diagrams

7.7.1 Coding for Building Professional Relationships

1st Order Data

2nd Order Catgories

3rd Order Themes

- When she [successor] joined, I was the boss, I was teaching her the company's procedures, nature of work. She reported to me not to the father. Now she is my boss, but she is still respecting me. ~Nonfamily Employee
- ...two things my dad has done when I am in the business starting, number one, he never treated me as his son at office. I am the employee. Number two, he made me work from the ground...I used to make the delivery, and work with them [employees]. I am also pushing material with them, they feel bad, and they used to say "Chota babu [young sir] it's ok, let it be" ...my boss was not my father but the [name of employee] who is the supervisor still and today also we have built the relationship and they say, if Chota Babu will tell us to do this, we will do that....loyalty got transferred automatically. Maybe my elder brother, when he joined, he is little bit, "I am MBA". The way their pain they share with me they don't share with him. ~Successor
- He was the main person, the senior, he was the oldest employee; he taught me how to do accounting, how he used to handle it. When I started in the company, I worked under him, so he taught me everything. ~Successor

→ Reporting to them initially → Professional Relationships Building

- He [successor] comes to me. Many times, he doesn't call me to his office. He walks down to my office if I am a little tied up; he comes to me. He takes my advices [sic]. I like that respect. ~Nonfamily Employee.
- ...from time to time, they [successors] will approach me to know why is this, what is involved, and why are we doing it? And that happens fairly often. I know they value me and listen to me. ~Nonfamily Employee
- ...it's a consultative approach, final decision is taken by me or my father, but we always consult and take consent from them that see we are going to do this, what is your idea. If you have a better idea let us know or if you find this idea problematic let us have a solution and take that decision together like that. I mean it's not like that we have decided, and you do it, it's not like that. ~Successor 2

→ Consulting them → Professional Relationships Building

- ...It's reached that level, in terms of performance orientation, in terms of overall engagement, enthusiasm about what they're doing, feeling they're making a difference, they're contributing, those feelings are very important and that only happens when you engage them in more things, when you remind them what you're doing is adding to the goal of the company, so that has changed. ~Successor
- ...a lot of initiatives has been done by the second generation, understanding people, taking feedback, meeting challenges and all these problems as if they are real and actual. That has happened because he himself has started getting involved into the sales and operations. And meeting employees from time to time. This has made him understand that getting business and doing business is not easy...earlier when he joined, he was not having that sort of experience...he is building relations basically. ~Nonfamily Employee
- ...happiness quotient is very much there across the organization. People approach the previous generation or the new generation whenever and wherever they feel that certain practices are required to change or modify, and it's been done after taking a 360-degree view. ~Nonfamily Employee

→ Confidence Building Measures → Professional Relationships Building

7.7.2 Coding for Building Personal Relationships

1st Order Data | **2nd Order Catgories** | **3rd Order Themes**

- My feelings towards them [successors] has always been like my sons. It is not difficult to discuss anything with your sons. See, if you are working with somebody, you have met later on, then you feel that you are talking to a very junior person. But in this case, it is not that, because they grew up with me. ~Nonfamily Employee
- I have been associated with the company since long and the relations are so intense that I have even attended his [successor] parents' meeting in the school. Even now he says that I am more of a relative than being an employee. ~Nonfamily Employee
- I have had a very good and very close relationship with him [nonfamily] since childhood...he has been in the company for 25 years. He is a key employee, CFO also promoted as an Executive Director, so he is director too. ~Successor

→ Childhood Association

- ...Now we share more information than we used to share before, talk a lot, and analyze things together and try to find the root cause or solutions. Earlier, it used to be only with the senior leadership. I also came to know him as a person, his thought process. ~ Nonfamily Employee
- ...within the first month, I made a list of everyone in our service team...had one on one conversations with each one, to understand them, their pains, perspectives, to simply connect. These guys don't get the same emphasis as the sales and finance guys...helped me understand the business at a grassroots level, their challenges, their concerns etc.... I took the onus also of closing the loop on actions that came out of them, grievances... worked with team leaders to close those actions and that had some credibility that this person is here to look into our lives as well." ~Successor
- ...it was more of a healthy interaction and it's not "I am from the next gen and things will go the way I want". There would be a point of view that they hold, I would share my point of view, nothing that I had to prepare...it was not stressful in fact it was more of openness...even the relationship we share today, so if they are busy and I want to communicate and they are not in office, I send a message please get in touch with me the moment you are in office or you are free and they call back and we discuss what we have to discuss....we talk about lots of things...even not work related...they have a very wide perspective and a vision of things ...whomever you interact with if that person is open to ideas, it's not the ultimate decision but are you willing to listen to the other persons ideas as well...that has helped us bond. ~Nonfamily Employee

→ Spend time together, listen, share

- Relationship-wise there should be social gatherings along with nonfamily employees...in our family functions we invite our employees also. They get mingled with us, as a family...taking them in our social life, social gatherings. That is also required. ~Successor
- ...any personal finance related, investment, details were shared with our CFO...he is an extended family member, there is a relationship beyond the office...For Navratri, he goes to Ahmedabad, gets food for us. Every time dad is traveling, he goes with his wife to meet my mother, take her out for lunch etc... it's not just a professional relationship. My dad has taught him how to select a suit, buy a car. He's learned the finer things in life, how to appreciate single malt whiskey, choose a good watch, choose a good fabric for a suit, etc. ~Successor
- ...the beauty about this is all these people are very close friends outside work as well...we meet up socially and even in the company I am always walking into his room, he is always walking into mine. Any major issues we are discussing...this is my go-to-guy, I can trust him with anything whether it is corporate, personal finance issue, whatever...a very knowledgeable guy and I can lean on him for anything. ~Successor

→ Go Beyond Official Relationship

Childhood Association, Spend time together, listen, share, Go Beyond Official Relationship → **Personal Relationships Building**

7.7.3 Coding for Transfer of Relationship from Predecessor

1st Order Data	2nd Order Catgories	3rd Order Themes
• ...like people say that child learns from what their parents are doing. So, if a successor sees that the previous generation leader is respecting one person so there has to be some reason behind that, so he acknowledges that. And that is where this previous generation should play a role, that they should make that successor understand that this is an important guy, and he has given his life for this company. Speak to him, his ideas are valuable, learn from him, so that should be passed on from the previous generation to the successor directly. ~Successor • ...we have a culture of giving respect to our employee and to help them out whenever they require...we developed a family relation with all employees. So, he [successor] really gives the respect to all my employees and whenever he is finding difficult because he is young blood sometimes, he gets annoyed also. He discusses with me and then I explain that these employees are our family, you have to respect them...and we try to solve out matter in a calm and peaceful way. But he really gives respect to all the employees who are loyal to the company. ~Predecessor • And over a period of time, I built that trust with them ... I couldn't go to my father because that was non-negotiable...If I said, listen I can't work with these guys. Throw them out, let's get a new team...he would say – you can build your own team but these people, they have been loyal to me, and you have to work with them. So, till they retire and till they are needed they are here. So, I had to work around them, build the trust with them and have an independent relationship where they felt they could support me in their domain or their expertise. ~Successor	Predecessor taught to respect	Transfer of relationship from predecessor
• ...my father treats Mr. [name of nonfamily employee] as his younger brother and he respected my father as his elder brother. So, we were like a family and still we are like a family. Like my father, I too respect him as an uncle, and he treats me like his son...So other than work also we are very happily connected .... ~Successor • The roots of this tree, the roots cannot be cut out. And there are so many people like me, I was retiring in 2016 with others. But he [successor] somehow absorbed all of us back into the company exactly like how his father would do.....we are all under the same shade of the same tree like it has always been. ~Nonfamily Employee • They always supported me like, if I asked him to stay back...Without any hesitation, they would stay back. And they openly give me their inputs as well. And it is a mutual understanding and respect, which has got me here. For example, I would not impose anything that is not possible on them. They understand that I will never do something like that. And this is how they have been with my father also. I simply behaved with them like how he does – loving and respectfully.~ Successor	Imitated Predecessor's relationship	Transfer of relationship from predecessor

7.7.4 Coding for Nonfamily Employee Training Successor

1st Order Data	2nd Order Catgories	3rd Order Themes
• …all contact details… he was not knowing. So whom should contact for all this? Who is the person to call for this problem? Where to get this information from? …with whom we can work and with whom we work we will get more commission, which agency is more favorable for us, I share with him and explain to him. So, whatever I know I have teach him ~Nonfamily Employee • …Like there are certain rules of empanelment and it is not feasible if we suggest some tests and send the patients to our labs. That is impermissible. But he was unaware and sent patients to hospital lab and upon this I informed him about the requirement of permission from their departments. I also informed him which departments do not insist for such permission and which ones are very strict about such necessities. ~Nonfamily Employee • Yeah, in my field, the department I look after, the work involved in marketing involves all those things, purchase, sales, transportation, advertisements, now we can say these software things also and customer relationship and all the things. I used to talk to him, he used to ask me questions. I used to tell what are all, how the things going on. What needs which department involves first and which department needs to solve the problems that way. Which customer have special needs, which vendor give better pricing. ~Nonfamily Employee	Dealing with external agencies	Nonfamily Training Successor
• And with [nonfamily employee name with ji added for respect] he was the one key person who taught me about the company… he taught me how to do the accounting part and the export documentations also, where to file documents, the process in the company. Everything he taught me, even my father didn't know some of these things…maybe he forgot, but [nonfamily employee name] knew and taught me. ~Successor • He [nonfamily employee] taught me everything how the company runs. And I have no problem to tell the world who has taught me because everywhere when I can introduce him to anybody, I say, this is my teacher. He has taught me now where I am. He was watering [crying] in his eyes and saying no no, but it is true. ~ Successor • …right from taking orders, the process of selling, being marketing department head, I had to explain all the activities…right from doing clerical, preparing invoice, tracking the material and dispatching according to the satisfaction of the customer. ~Nonfamily Employee	Functioning of the Firm	Nonfamily Training Successor
• …while they [successors] were understanding the company's business, and my field being finance. We had frequent meetings, as to, how do we look at this? How do we calculate this cost? How do we calculate this profitability? How do we look at the costs of our HR? How do we allocate costs to different functions? So, I have had detailed meetings with them teaching them and explaining finance, over last few years. ~Nonfamily Employee • Whenever I had questions which might be primitive for them [nonfamily employees], but things that I don't know, I ask, they're always happy to take time to answer. So, it could be something finance related, or it could be technically related, but I don't know how. Those things, they teach me, and they do it actively. ~Successor • He has helped me with a lot of legal work, trying to draw attention to areas which I need to develop and he's also like a mentor. Till date he's doing that. To be very honest, my legal side is a little weak and his is very good. So, I get that comfort that if I'm not able to do certain things, there is somebody who is constantly handling that part and who can teach me also. ~Successor	Sharing Expertise	Nonfamily Training Successor

7.7.5 Coding for Nonfamily Employee Grooming Successor

1st Order Data	2nd Order Catgories	3rd Order Themes
• For example – there are some quotations to be made for some of the jobs where he is involved. So, he [successor] will always ask for the kind of people required in that job, what is the time investment in that, the expenses needed to make that happen and when that input is available, he can give the right numbers to the customer because once you commit to a customer as an organization, you have to cater to that without losing money. So, on such kind of instances, he always asks for my advice….now also, in the past also, he comes to me." ~Nonfamily Employee • Since I have learned a lot from first generation, whenever I have got an opportunity to give back to the second generation on mentoring or guiding or how to take decision, how to mitigate risks etc. I have always handheld them, always guided them. And there's never been a situation where there was a reluctance or I hold myself on giving that sort of guidance on support because that's not what I am…when it comes to organization, we are always aligned, and we are together." ~ Nonfamily Employee • …for me, he was more like a guiding force, a mentor to whom I could quickly approach for a problem, and I would just get the right advice. He's very good. He was my mentor and even now he's the one I'm reporting into for the businesses that I'm handling." ~Successor	Advising/ Guiding	Nonfamily Grooming Successor
• …he [successor] often enquires from me about different issues, for instance if there is any problem, he would discuss with me as to how to handle that situation and also share what would be the consequences of tackling the issues in a specific manner that he has in his mind. Sometimes very general conversations in which we discuss issues. It brings us closer. Whenever he would not comprehend the problem, he will be straightforward in telling me and we just chat about it. ~Nonfamily Employee • That was there earlier much before he [successor] took over when he was practically studying, I would say, was certain inputs and ideas on the marketing side that I had given him because he was in the marketing side as a trainee. So those inputs were provided by me, there was a period of grooming, there was a period of course correction, that okay this should be done this way this should not be done kind of thing and a dialogue, and a dialogue that if you did this or why did you do this. ~Nonfamily Employee • So, they've [nonfamily employees] been very approachable. They've been very happy to have long conversations etc…everything is in my control. I approach them. Whatever their function is…I still have a lot of conversations with them. ~Successor	Meaningful Conversations	
• …what I really learnt from this guy [nonfamily employee] is that he handles things very calmly, where other people would stress out saying what's happening, what are we doing, things are not going the way they should. This guy was very calm, methodical…hold on, I will make a few phone calls, I will get in touch with a few good lawyers, I will get in touch with a few good friends and activate my connections so I can get a few good people on board to guide us and tell us what to do. And he did a fantastic job. So just watching him handle it and take care of it in a very, very effective way, it was a huge learning. ~Successor • I got to learn from all of them [nonfamily employees]. I would sit with the plant heads and learn plant processes from their teams. R & D heads I would learn a lot in the R & D team. Marketing people, I used to sit with them, travel with them, and understand from them. I never used to report to them, they were not reporting to me, they were reporting to my father. But I would sit, listen, watch, and learn, so a lot of them did groom me in marketing, R&D, and plant processes. ~Predecessor • …the president of the Renewable Energy Division…was really a mentor to me in many ways. He taught me a lot about how business is really done v/s what we learnt in management school. I got a lot of hands-on experience just seeing him… we were setting up a big project so during the whole negotiation of that project, I saw the audacity with which he could negotiate, and I was in awe. And these aren't things you learn in business school; these are things you just see live, and you pick up. So, in terms of negotiations, I learnt a lot from him. ~Successor	Shadowing	

7.7.6 Coding for Early Affiliation – Professional

1st Order Data

- I would say it was more the emotional drive that made me join the firm. Historically, it's not that my first experience with the company was when I joined full-time. Since I was in school, every holidays I would go to the lab or go to the factory. So, in every break for 4 years that I came back from college, I would go to the factory or the office. I not only got attached to the company, I also made friends with the employees. ~Successor
- From 9th standard I had started working for my company, so I used to do small things whatever I could do. School holidays, from my college times there was small constructions happening, so I used to take care of the constructions, or we had a shop and I used to go there. I loved it and loved the people. ~ Successor
- From the time I was a kid my father brought me to the office, sit in his office room, meet the people that he was working with, go to the factory...I grew up having a very good relationship with all the senior management in the company. I was just a kid, about 8 years old. So, it was kind of an unspoken encouragement that that this guy technically seems quite with it, why don't we expose him to some of the things that go on in the business. I enjoyed walking around, talking to people, discussing at whatever level I could. And he sent me off to do summer internships in the plant. So, he would send me off to the factory, put me on the shop floor, make me sit with the workers, and put my hands on the machines, and actually do the drilling or do the machine shop lathes, get involved in the basic manufacturing. So, learn from the workers, you work on their timings, no frills...when you are in the plant you are on the shop floor as a trainee, not a supervisor...that inculcated in me a love for the business and for me it was a natural that after college instead of staying back in the US, or working somewhere else, it was pretty much as keen as I could be to come back into a company where I am familiar with the organization. ~Successor

→ **2nd Order Catgories:** Summer/ Odd Jobs and/or internships → **3rd Order Themes:** Professional Affiliation

- Ever since I've been born, I've only seen this around me, so it's like you're living and breathing, the organization. It's like, the organization and me are a single entity, not two separate entities. I know that whatever I do and whatever I do for the organization, that will be more fruitful for me in the long run. Because my parents and my grandparents, everybody has been working hard. And we have a certain name and reputation. So the way I went about it was that I focused everything towards my education. So that once I reached a certain level, then I joined the organization properly. Now I'm building a name for my own self, because I also have to start from the bottom. And so that is how I'm seeing it. ~Successor
- It was not a compulsion, but I could really sense that it was what was very much required. Even when we discussed whether I should go work outside and then do an MBA, he [predecessor] agreed when we sat with the career counselor that I should just finish my education and then come to the business and not spend time outside. ~Successor
- There was no compulsion, my father was very free and fair, and he said whatever you chose you can do...because I was having a very lucrative job offer, I was about to settle in US but then I thought that my father has built this company with some passion and he has given his life for this so after him somebody has to take care, though my brother is there, he is the non-technical guy, he's a commercial guy. He has good grip on commercial and financial things but since it is an engineering firm and I being an engineer, so I decided that I should step up and take care of my family business and I would not have come if our brand was a normal fabrication shop. We were a branded company; our product is known all over India, all mechanical equipment, in fact we were exporting also so we had, thanks to my father that he had built the quality which was not available in India, and I was very passionate about the product that we are selling and our reputation in the market was very good...when I came the company was already 29-30 years old, after I came it grew 10 times and we are hoping that it will grow another 10 times in the next 10 years. I took this decision to come back. Though, financially I have sacrificed a lot that is my story. ~Successor

→ **2nd Order Catgories:** Exploring other options and/or personal career aspirations → **3rd Order Themes:** Professional Affiliation

7.7.7 Coding for Early Affiliation – Personal

1st Order Data	2nd Order Catgories	3rd Order Themes
• I've known the CFO and the head of ops right from the time I was a child. So, at that stage, it was a different kind of an equation. More like I'm meeting a friend or my father's friend. Now it's more like meeting a colleague. But those childhood interactions led to more deeper level conversations today. I am very comfortable asking both of them particularly a lot of questions about the technical side of the business. It's so easy to have these conversations now. ~Successor • During school days my father used to always take me to the shop. At that time, it was a small shop, not the company it is today. He would tell me if I sit in the shop for a whole day, I would get Rs. 5. So, to get those Rs. 5, I used to sit in the shop whole day. That was during the holidays. So, we used to always go there, come to know about our items, meet the employees, even play with them. ~Predecessor • Since childhood when I've visited my dad in the office, I've known them. It feels like family. ~Successor	Visiting the Firm as a child	Personal Affiliation
• My parents always spoke to me about entrepreneurship, inspiring us both - my brother and me - to set up our own organization or to be entrepreneurs ourselves. Because it was not just my father it was my mother as well, who was instrumental in setting up the business. So, those seeds were always so enhanced. I wasn't sure whether I would be an entrepreneur myself. That's something that formed only a couple of years before I decided to join the business. The memories of those conversations helped me to make the decision to join the family firm. ~Successor • There was certainly an emotional attachment to the company because of listening to my parents and grandfather talking at the dining table. I already knew the people, knew pretty much what's going on. Now in hindsight it was purely blinkers on that this is what I have to do. I didn't even experiment or try to think of something else. I wouldn't say there was something else that was more exciting that I gave up, because honestly, I never let my mind drift or wander into doing something else, because I pretty much knew that this is the path I will take. So, there was no point challenging myself to look at something else or get out of that space. ~Successor • Well, my heart was in... I always was fascinated by the world of finance so while I was in college if you had asked me this question I would have said, no way I am joining the family business. But when it came time to make the decision, I remembered all those childhood memories, those conversations between my parents, my dad talking to me about the company...I only joined it after an emotional reason that I need to come and help my dad in the company. ~Successor	Listening to parents' conversations	Personal Affiliation
• Even before their joining I used to interact with both of them [successor –sons] since they were children, and I had a very intense relationship with them. After they joined, it was an extension of that early relationship. ~Nonfamily Employee • Personal relationship is very good... we know him from our childhood, so we are like a family. Actually, it was a tricky situation because Mr. [nonfamily employee's name] has seen us from our childhood... when we were 10 years old, he joined us and now I am giving him instructions, that is a very tricky situation. But I hope that I have handled it well, we give his due respect while talking to him." ~Successor • See, both the sons grew up in my presence only. They are just like children to me. As it is I don't call them by name. I will always call them 'beta' (child). So, you see, they are just like sons to me. They were small kids when I joined the company. ~Nonfamily Employee • It's been like an Indian family; we have family values...you may not like your uncle, but he is your dad's brother. So, you must still respect him. For him, I am still the elderly uncle like because he used to wear half pants and play tennis and come to the office, but he still respects me. If he respects me, I have to respect him. Reciprocal of respect is respect. He respects. He doesn't scold or what you are doing this or why you are doing, he doesn't pull you down. He will ask you nicely, very nicely. ~Nonfamily Employee	Affiliation with Nonfamily Employees	Personal Affiliation

7.7.8 Coding for Advice on Relationship Building

1st Order Data	2nd Order Themes	3rd Order Categories
• You have to learn how to be different people at the same time. Sometimes you are asking for performance...and you have to push them. And that's your job of the CEO...And at the same time...you are able to share a drink...or dinner...and these roles shouldn't affect one to the other. • From my experience...you don't want to compromise; it can't just be everybody is your best friend...you have to learn to be different people at the same time...you have to push people and say I need this from you... And...there is a flip side of the coin where you are able to do things with them socially at the club, and...it is not just because I am having a drink with you tomorrow, I can't sit in the office and demand from you.	Maintain balance	Relationship Building
• Don't come to a conclusion soon...he probably might be much, much better, and probably will grow faster. Analyze things, wait, be patient, give him or her a few years. And then come to a conclusion, form your opinion. • The first advice is, never tussle with the successor. Never get into tussles.. Trust them. Wait and see. • Not to judge the successor immediately...give them time to try and understand that two generations can never be exactly the same...you have to know where they come from...right? So, the new generation may have an international mindset...which the employee may not be exposed to.	Don't judge too quickly	Relationship Building
• If they [nonfamily] have spent many years in building the company, then they must make sure their interests remain aligned with the new successor and they have the same values as the successor and if so, they should give full hearted support. If they find their values and thought processes are different, then better make your peace and move on. • It is inevitable...accept it...Try to understand the new generation. As long as there no conflict in values, it could be resolved. If there is a conflict in core values and you feel that those are values that are out of line with what you believe, exit may be an option. But if not, I think there is always place for the employees to stay on and contribute effectively.	Support successor or leave	Relationship Building
• Build good communication because ineffective communication is...cause of conflict and failure of even...good ideas. When you don't communicate effectively, the other person has not understood... it is misinterpreted and misunderstood...we try to convince them of the reason. We say if we do it this way it's easier for you, you save effort... And you will be generating a better output. So, it's about communicating and selling your idea to each other. • When we [nonfamily] know who is going to be the successor...That rapport has to be built... communication lines with them has to be excellent	Communication/ rapport	Relationship Building
• The successor...has to understand the basic need of employees apart from salary...The person should be happy to get up in the morning and be ready to go to office...what is it that makes them want to work? Develop...will only happen if a new leader...mingles with them, understands them. • So for the next gen my advice would be always remember there is an effort made by your previous generation as well as the people who have contributed to the organisation and having that as your backdrop where can you grow this organisation from where it is now and so be humble and respect them. • The team is very important...for the success of the organization, and...you [successor] need to take the efforts to retain this team...the next generation should take his [predecessor] wisdom and experience and advice and make efforts to maintain those relationships...How well he maintains...depends on him, but is...good for the organization.	Respect nonfamily employees	Relationship Building
• This is the way me and my sister have handled ourselves... if push comes to shove, we left it up to dad to take that decision. He would take the final decision with regards to people. That's because we've been in the business for 4 years, he's been in the business for longer. We can learn about people better this way. • I believe that any differences between me and the employees should be sorted out by him [predecessor]. First, I try to resolve them respectfully, but if it is too much, then it's best that he steps in. That way I don't rub any of the employees the wrong way and they also respect him... by respecting him also, I show them I'm on their side. That helps in our relationship too. That's my advice also to successors...work problems through the senior leadership.	Seek predecessor's guidance	Relationship Building

7.7.9 Coding for Advice on Supporting Succession

1st Order Data	2nd Order Themes	3rd Order Categories
• From their [nonfamily] perspective, if they're seeing a writing on the wall that the younger generation is coming, they need to come to terms with that. And if they don't, then they need to make a decision which is going to be good for the company. If they feel that they can't, I think at that point, there needs to be a diversion, because we know who is going to stay at the end of the day. • I would advise them [nonfamily] to not look at it as a threat because they have been around, they are obviously valued...they should be open minded to the new generation. • If they are that old employees, they have to be ready for some changes... it will not be the same environment, so you have to accept it and you have to work along, if you are working under him so you will have to have a belief in him. • Nonfamily employees have to realise that in a family business...especially smaller ones, eventually the family member takes over and you don't fight that, try and be part of the system...It is a family business and it's going to happen that way,..you don't have a choice here.	Accept Change Gracefully	Support Succession
• They [nonfamily employees] need to be stronger, confident and more efficient when the new generation takes over...they need to change. • Ya, they better tighten their laces and run along, run along with us. • You [nonfamily] have to be flexible, go with the flow, times keep changing, next generation will have a different way of doing things...be open to new ideas.	Change your working style	Support Succession
• Be aware that this is happening in the best interest of the organization...please be patient, things will happen. This is happening for the growth of both you all as well as the organization. And if you believe that this is not in the best interest of the organization then speak up...and to put forward your perspective. • Listen, accept and understand the person's [successor's] thought process... at the end of the day that person is going to end up running the business...Understand how that person works, and supplement their weaknesses, give them advice, mentor them, guide them, fill gaps in their knowledge, because that's what makes a stronger organization as a whole.	Work in Org's interest	Support Succession
• Every person is different, so a new successor is...also different. Maybe they are used to...doing work in a different way. So, they [nonfamily] need to adapt to this successor not necessarily blindly, they can say that this is not right. Take a consultative approach, talk to the successor, adapt to the new generation. Adapting is important...whatever the successor is bringing in new technology learn that...and if there is good growth in the company, their salaries will also grow. • The biggest missing factor is sensitizing the nonfamily employees about working styles traits of the next generation...if they're unable to, they will also look at it negatively. Yeah sensitizing, [saying] this is how the new work will happen, you all have to adapt to this. So, people will...get adjusted. And that mammoth task is actually left to the next generation. So, you have to get them to collaborate.	Have collaborative & adaptive approach	Support Succession
• Like the previous generation, they [nonfamily] also have the obligation to mentor them [successor] and for that unless you have a fantastic relationship as I have, it would not be possible, it would not be easy to accept all that...it's in their interest, in the company's interest to support and make them grow because they are always going to be there. Its not that like an employee, you can tell them to leave. They are going to be there, and you have to understand that they need to do things right, so that the company will benefit from that. So, they have a hand in upgrading them to that level. • The previous generation must be involved with the members of the next generation in the business. But if a person joins afresh... the old employees must value them and train them too. This should come from the employees because their long experience in the business must be adopted by the next generation.	Mentor & groom successor	Support Succession

------------End of Appendices------------

------------End of Thesis------------