

**A CASE STUDY: SUCCESS FACTORS OF
FAMILY BUSINESS TRANSITIONS IN THAILAND**



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A CASE STUDY: SUCCESS FACTORS OF FAMILY BUSINESS TRANSITIONS IN THAILAND

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ABSTRACT

The purpose of this research is to find out key success factors in the transitional process of family businesses in Thailand. Furthermore, it is to enhance the knowledge of people who are facing similar situations.

The result of this research will present three original key factors and another three additional factors which influence in transitional process of family business. They are a relationship among family member, preparation level of heirs, planning and execution, family cultures, trust in successor's ability, and mutual acceptance of individual roles.

In order to receive an insight information, in this research uses a qualitative method by interviewing the sample respondents in person to accomplish and analyze the case for more accuracy and completion.

KEY WORDS: Family Business Transitions/ Transitional Stage/ Successional Plan/ Work Experience/ Education

32 pages

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CHAPTER I

INTRODUCTION

In Thailand, most companies start with a foundation in family business and later grow into larger organizations. Some companies expand their business to other segments in order to grow and align with current global trends, including new trends in Thailand. However, if we analyze in-depth about family business, there are elements of Family and Business that cannot be separated. In general, Family relates to emotions while Business is about economics.

Many well-known companies originally started from small family businesses. Most family businesses face many obstacles in their operation, such as lack of raw materials, shortage of stock, new technology and innovation, and even natural disasters. They may also face other problems along the way, such as lack of knowledge of management skills, always using the same pattern for different types of people, not accepting change when the world has changed, problems of transitioning the business to an heir, and more. Therefore, it is essential to eliminate weaknesses and to know, on the other hand, that only strong companies can survive under tough situations.

Statistics from many institutions confirm that family businesses in Thailand have survived only a few generations. The latest data shows that only 30% of businesses are inherited by the second generation from the first generation, while from the second to the third generation is 12% and reduced to just 3% for the fourth generation (Slingshot Group online article, 2018). This is a good point to study why many family businesses can't handle all the obstacles for inheriting the business, and why and how a few family businesses can survive and get through all the hard obstacles in the business.

The problem is that many small- and medium-sized businesses, specifically family owned businesses, don't have a clear, well-defined plan to pass the business on to a successor. This may cause setbacks in the process, including an extended amount of time to complete the transfer, excessive amounts of preventable taxation, disturbance

in the continuity of business, failure to meet present and future goals and deteriorating relationships between the current owner and the successor of the business.

Nowadays, most of the founder generation in Thailand is entering retirement age. The founder faces the challenge of how to transfer their business to an heir smoothly, while still being able to be a consultant in their remaining time in life to see their child succeed in the business that they have already created. Many people may have a question in mind about how to manage these problems to help the business survive, particularly about how to manage a successful transition smoothly to their heir. Consequently, this paper analyzes this problem in depth to give a general idea for people who are facing this problem. In addition, this paper will help to improve and enhance the basic knowledge of successful family business management to help prepare owners in advance about which method may work and which method may not work for their own family business.

While many researches address family business in Thailand, it has not been addressed clearly enough about which factors are successful in influencing the transition stage to help the business' survival. This research will help find the key success factors for transferring a family business from the first generation to the second generation smoothly. Thus, it will use the qualitative interviews method to analyze real experiences from both founders and heirs in order to find clear factors influencing a successful transition.

1.1 Research Objectives

The main purposes of this research are

- To find out key success factors in the transitional process of family businesses in Thailand
- To enhance the knowledge of people who are facing similar situations

CHAPTER II

LITERATURE REVIEW

This literature review studies factors that influence the success of business ownership transition for family businesses in Thailand. It shows how family businesses can successfully manage the change of ownership from the first generation (founder) to the second generation (successor).

2.1 Definition of Family Business

A Family Business is a business that is owned by a member in a family, with decision-making power held by the parent generation or another family member such as a child, a spouse or a relative. Therefore, family business is different from other forms of commercial businesses because they have to manage the “Family Involvement” factor along with the organizational management. A family business is also a business organization where two or more family members directly influence the direction of the business through their own management mission or ownership rights.

Miller and Rice (1967) used the three-circle model to explain more about family business. The diagram can be interpreted to show that ownership in a family business consists of maintaining a balance between the mix of three aspects of life: family, business and being an owner.

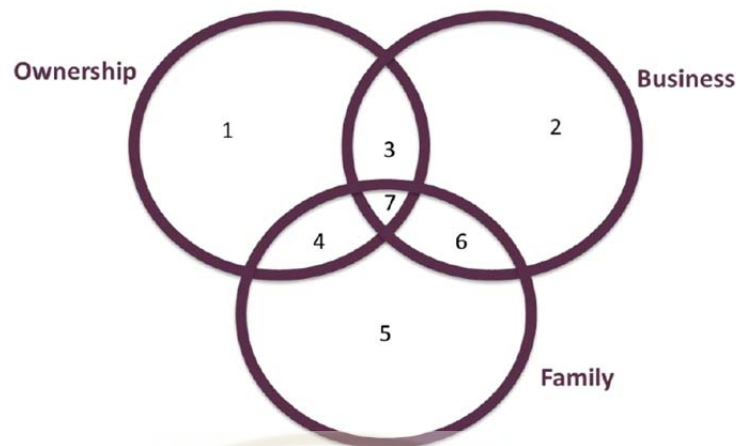


Figure 2.1 Tagiuri and Davis; 1992's family business model

The numbers in the diagram represent:

1. External investors (Non-family owners), who own a part of the business but do not work in the business and are not members of the family
2. Non-family employees and management
3. Owners who are not family members but who work in the business
4. Family members who are not employees but who own shares in the business
5. Family members who are not enthusiastically involved in the business either as employees or owners
6. Family members who do not own shares but who work in the business
7. Inhabiting all three circles are owners who work in the business and who are also family members

Age gap is also one of the things that causes trouble in a business transition. Different ages can mean a different perspective or different style of managing which can mean a high chance of problems in the future. The family life cycle as affected by biological aging can be divided into four stages:

1. Young business family: Characteristically the parent generation is under 40 years of age and the children are under 18. Challenges in this stage are maintaining the marriage, decisions about interactions between the family and the business, relationships with extended family, and raising the children.

2. Entering the business family: The senior generation is primarily between 35 and 55 years of age, and the younger generation is in their teens and 20s. Challenges of

this stage are midlife transitions, the younger generation's desires for and achievement of greater independence and individuality, as well as creating processes for career decisions that impact individual family members and the business.

3. Working together family: The senior generation is primarily between 50 and 65, and the younger generation is between 20 and 45. Challenges include cross-generational communication and cooperation, including honesty, openness, and consistency; efforts to have effective conflict management processes; and managing the probable emergence of a third generation.

4. Passing the baton family: In this family development stage, the senior generation is usually over 60 years of age. The key challenges are separating the senior generation from the business (emotionally and financially), and the transfer of leadership to the next generation (Gersick et al., 1997).

Unfortunately, from a large number of family businesses only a few survive to the second or third generation. Around 85 percent of new businesses fail, while only 30 percent are successfully transferred to the second generation of the founding family owners (Poza, 2014). Many family businesses fail due to a failure during the transition. This can be a result of the inefficiency of the business to manage the sophisticated process of transferring ownership from one generation to the next, and perhaps a lack of management ability for maintaining the business operation. This study will focus on family businesses with parents as business owners who have successfully passed their business to their child. This can be referred to as the 'Entering the business family' and 'Working together family' stages.

2.2 Transition Management

Transition management is crucial to the success of implementing change in a business. The same thing goes for family business operation. The process is complex, from clearly defining your goals to developing a transition plan and a post-transition strategy.

Many family businesses in Thailand fail because they do not prepare a succession plan (Atthaporn Promkwangngam, BBL SME Social Planet dd.17 Aug 2017). These failures include:

1. Business owners who are too indulgent to an heir
2. Business owners who don't allow the heirs to show their work capabilities
3. Business owners who don't are not open to the thoughts and attitudes of the heirs
4. Business owners who are overly wealthy
5. Business owners who allocate benefits to family member unfairly
6. Business owners who don't name a successor

Nowadays, the survival of family-owned business around the world is continuously uncertain. Family Firm Institute reported that approximately 70 percent of family-owned businesses will not survive into the second generation, while 90 percent will not make it to the third generation. In Thailand, PwC found that only 12% of family businesses survive succession to the third generation and only 3% make it to the fourth generation, while some families choose to sell their businesses (PwC - Bangkok December 15, 2016).

One critical success factor that challenges a family business is how to manage transitions smoothly for both the business founders and the business successors. Businesses often come from the preferences and capabilities of a business founder. Over time, there are internal and external changes that contribute to the business transition process, while business successors must maintain the identity of the family business. An owner who is a firm leader must demonstrate a consistent, participative leadership style, and focus on the involvement of family employees and non-family employees to achieve better business results and family satisfaction.

Transition is the inner mental process that people work on as they get used to new situations that lead to change. Making a transition is essential for a change to actually work as planned (William Bridges, 1991). William Bridges' transition model shows the three stages of transition that people go through when they face change.

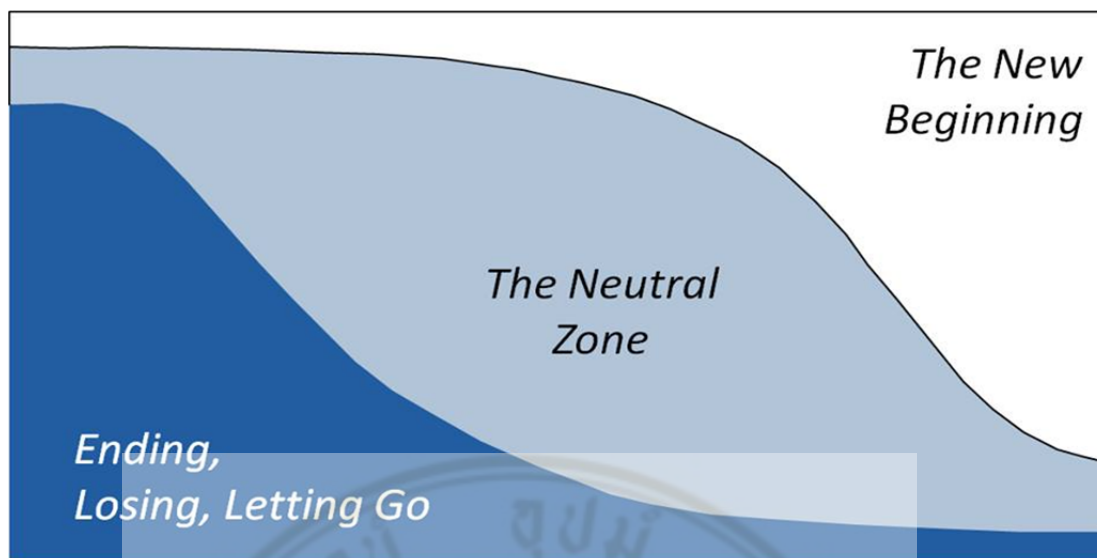


Figure 2.2 William Bridges' transition model

1. **Ending, Losing, Letting Go:** Transitions start with an ending. The first stage of transition starts when people identify what they are losing and learn how to manage these losses. They decide what ends and is left behind and what they will keep. This may include team members, locations or relationships.
2. **The Neutral Zone:** The second step comes after letting go. In the neutral zone, people experience that the old things are gone, but that the new things aren't fully operational. It is the very core of the transition process.
3. **The New Beginning:** The last stage of transition. New values, new attitudes and new understandings are involved in this phase. Energy will be released in a new direction as an expression of a fresh identity.

2.3 Factors Influencing The Success of a Family Business Transition

The most important factor that makes this process difficult are predecessors, for whom the company probably represents an important part of their personal, professional and social lives, and therefore it's very difficult for them to let that go. Owners tend to transfer their business to their direct bloodline rather than relatives or even their in-laws, (Cadieux, 2007) There also some researchers believe that bloodline is also play an important role in generational transition (Syms, 1994). From hundreds of factors which affect the

generational transition in family business, Morris et al. (1996), concluded that they can be categorized into three main groups.

2.3.1 Relationship among family members

The relationship between family members includes trust, support, conflict, values, culture, communication, belief and commitment, as well as the dealing with dissatisfied family members such as siblings or other relatives. These factors need to be considered to ensure smooth succession planning. Positive support among family members is an important factor to ensure that the business transition process is successful.

Typically, the founder generation often has a perspective about their business that is different from the second generation. The interesting thing is how to manage the transition between the different thoughts of the two generations and how to have respect and trust in each other to work together during the transition.

2.3.2 Preparation of heirs

The ability level of a successor is crucial to a family business, because their skills reflect how well they will manage the business, attitude, vision and operations. The business owner also needs to understand how different abilities of the next generation, including education, new knowledge or different perspectives, can also help manage the daily operation of the business.

Preparing successors may come from several outlets, such as management school or interning with other companies outside the family business. All these factors are very important in preparing the successor for the survival of the business during the transition process.

2.3.3 Planning and execution

When a family is truly struggling to create a succession plan or finds itself stuck in the do-nothing approach, the risks of the transition should be weighed against the benefits of the sale of the company. The transition will be a time of unease and many stakeholders will be nervous. This is natural, but it also presents an opportunity for the company to begin reviewing its old processes and assessing what will be required to embrace new changes (Murray, 2003).

Strategies that can help include tax planning, succession planning, use of advisors, use of an outside board, creation of a family council or referring to William Bridges' transition model. A solid plan will work as a guideline towards the goals for everyone involved, not just the owners and the second generation.

2.4 Conclusion

Every day approximately the next 15 years, 10,000 baby boomers will reach age 65. In the modern world, change and transition can be vital for small organizations like family businesses. After reviewing much research, we can conclude that there are at least three main factors that relate to the success of generational transition in family business, including:

2.4.1 The relationship among family members

Similarity in personal beliefs, goals, culture and other personal factors can help a successful transition.

2.4.2 Preparation of heirs

Business management skills, a higher educational background or experience in a related industry can all make a difference.

2.4.3 Planning and execution

A well-prepared plan for periods prior, during and after the transition is a must for an efficient business transition.

To learn more about the factors for success in a business transition, in-depth interviews were conducted with three different family businesses who were successful in a generational transition from the owners to their children.

CHAPTER III

RESEARCH METHODS

3.1 Research Framework

This case study aims to find out whether the three factors mentioned in the previous chapter – relationship among family members, preparing heirs for succession and planning and execution – are related to each other in regard to supporting the success of family business transitions. A table below shows the hypothesis factors to find out conclusions of the study.

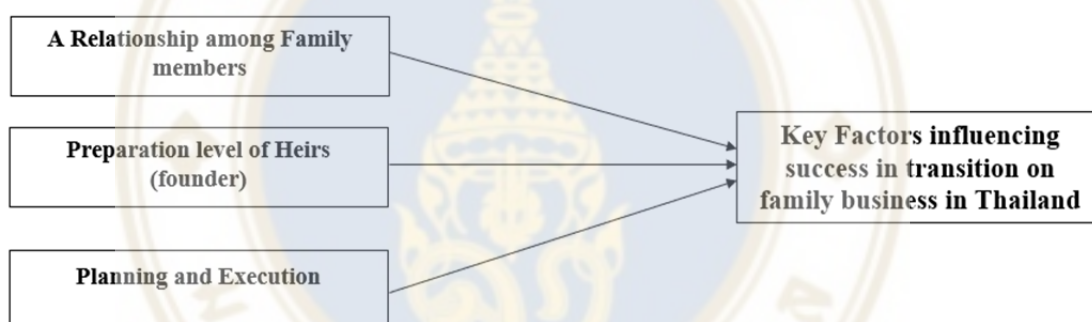


Figure 3.1 A Relationship between Hypothesis Factors and Success in Transitions

3.2 Data Collection Method

This chapter describes the methods used to support the research in this case study. The purpose is to interpret and understand why and how, rather than fact-finding or answering questions of how many or how much (Warren, 1988). In this paper, the techniques of the adopted methodology used to find out key factors influencing the successful transition of a family business were through qualitative interviews. We interviewed members of the founder generation and the second generation who own a business in Thailand and have already successfully passed the transition process to find first-hand details and in-depth descriptions.

3.3 Interview Method

To conduct qualitative research interviews is not trivial and requires many skills, such as planning the sequence of questions, listening, taking notes, and preparation to collect interview data that is useful for research analysis. It is necessary for an interviewer to develop an expertise in relevant topics to dig deep into an interviewee's mind.

This paper aims to find in-depth primary data to compare the two generations, which is why a qualitative method was used. Also, this method helps the interviewer understand the emotions within each question through the interviewee's answer.

3.3.1 Sample Selection

For reliability and more sufficient information in finding out the key factors influencing a successful transition, the size of the sample and the selected sample are important. There should be enough research to analyze the case in-depth. Therefore, this case selected four trading companies that are family businesses who operate in two different industries. The first in the digital scales industry and the second in the textiles industry. There were total of eight interviewees, four from the founder generation and four from the heir generation.

The founder generation is the first generation who established the business, so they have a lot of experience. They have been part of the business longer than their successor and have gone through many obstacles. Their interviews focus on motivation, relationships in the family, the succession plan, process of transition, etc.

The second generation is the heir of the founder. They are expanding the family business for more sustainability and growth under his/her management style. Their interview questions focus on challenges, motivations, feelings, how to prepare his/ herself, management style, etc.

Table 3.1 List of Interviewees

Code	Age (year)	Type of Business	Position	Gender	Experience (years)
Mr.A	75	Textile company - A	Founder	Male	40
Mr.B	44	Textile company - A	Heir	Male	20
Mrs.C	80	Textile company - B	Founder	Female	50
Mr.D	50	Textile company - B	Heir	Male	30
Mr.E	62	Trading company (Balances & Scales) - C	Founder	Male	20
Mr.F	33	Trading company (Balances & Scales) - C	Heir	Male	5
Mrs.G	68	Trading company (Balances & Scales) - D	Founder	Female	27
Mr.H	28	Trading company (Balances & Scales) - D	Heir	Male	5

3.3.2 Open-ended Questions

Interactive questions were important to help the interviewee to participate with the interviewer in order to find in-depth insight into their feelings and thoughts. In this research, it is designed to use open-ended questions to encourage meaningful answer using the subject's own feelings and/or knowledges.

3.3.3 Develop and Conduct qualitative interviews

The qualitative interview method, including in-depth interviews, emerged from how we interpret data sets. The in-depth interview method should help support and develop a better understanding of an interviewee's experience in each process, situation and working event.

This paper began with imposing factors linked to the situation. The key is to develop a question that has sufficient flexibility. It also has to focus on essential issues and be manageable. To develop an interview sequence, create a list of questions (see Table 3.1 above) that will facilitate exploration into each topic that has developed. It will focus on creating open-ended questions as much as possible, rather than closed

questions that restrict the interviewee to answer with just one sentence. To have an open environment, the interviewer should use an interview sequence that allows the interviewee to reflect on issues that are introduced throughout the interview schedule within the context.

When practical, the interview session was begun by sending a written question set including introducing the interviewer who owned the project and providing a summary of the project. After that they were given time to read the written project and questions (around 4-5 days in advance) to make sure that they clearly understand the project and are willing to participate. Afterwards, we made an appointment and rushed through this stage, as this is probably the most important point for beginning to get participation with the interviewees. On the interviewing days, the interviewer should ask for permission to record their voice. The interview should start with 5-10 min to build engagement with interviewees in order to help make them comfortable and to open their mind. This is a crucial step to approach a successful interview and help improve participation a lot more. After answering all questions, the interviewees may be willing to tell some tricks and tips about their management style in the business to succeed. This information is valuable and helps enhance your knowledge that you never knew before.

In addition, a straightforward personality is a good thing to help the interviewer be successful in gaining real answers and receive good support from an interviewee. However, with the Thai culture interviewees may not express all the truth. There is one article mentioned about Thai cultures that says most Thai people believe, “Saving face is more important than speaking the truth”, or that “Lying can be the best social etiquette” (Spirit of Thailand online article by Shama). Therefore, these are obstacles that block the interviewees from feeling comfortable to answer with the truth, especially giving negative information about their business such as a company income, personal income, leadership style, etc. Consequently, a set of questions in this interview has been designed to avoid using interview questions that involved their incomes and their personal information.

CHAPTER IV

DATA ANALYSIS

After processing the data collection completely from the samples by the interview method, this chapter uses the process of data analysis to find out factors to support the question and to find a conclusion about the relationship between family and business members, preparation of heirs, as well as planning and execution and whether these factors involve the business transition of family business in Thailand.

Remark: In this analysis, the name of the interviewee will be named with the code as mentioned in Table 3.1 in Chapter 3.

4.1 Family Cultures and How Parents Raise Their Children

After the interview in person, it was found that each interviewee has their own style for building relationships with each other in their family. While they are not the same style, they are similar. This is maybe because all four companies have the same culture from being half Thai - half Chinese.** So, they have been a foundations of similar values, faith, and life perspective.

Remark: Chinese culture is a culture where several generations live under the same house, including the grandparents, aunts and siblings. Typically, Thais live in the home of their parents until they are married. There is a solid emphasis on familial connections in Thailand, and parents often impose career paths connected to their business. For example, the eldest son or father is held as the ultimate decision-maker (Cultural Atlas - Chinese culture online article).

4.1.1 Action of Parents

With the foundations of Chinese, all four parents have similar beliefs that if they raise their children from when they are young and provide all good things to them, that they will see all good the things that their parents did. When they grow up

they will be familiar with the family business and then automatically want to work in the business that their parents created. However, it can be categorized in detail as follows:

- Companies A and B: In these families, the parents needed their children to be involved in order to understand the business from a young age to ensure that their heir will be in this business when it's time. However, the parents don't care whether their children will be interested in the business or not, but they know this business will be good for their children in the long run. For example, Mr. A said, "I think I always told my children about good things and taught them about business since they were young in order to let them be familiar with business. So, I believe that my children will be keen to inherit my business from me when I am in retirement age".

- Companies C and D: In this family, the parents created a good frame of thoughts, beliefs, and values for their children since they were young. They gave freedom for their children to select a good education by themselves. Since the parents believe that if they create the good frame of thoughts from a young age, that it would not be necessary to create a frame of life for them all the time. Mr. E said, "I gave freedom to my children to create their own way, but I already taught them about good things, especially about education, since they were young. So, I believe that my son will be a good man and if he wants to inherit the family business from me that is my bonus".

4.1.2 Response of the heirs:

Regarding the answer from the heirs, it seems that they have a feeling about the family business that is similar. This is because they believe in their parents and think that their parents always gave good things to them. Even though some heirs were against the family business deep down, they still stepped forward to be involved in the business when they grew up because they wanted their parents to be proud of them.

- Companies A and B: In these two companies the parents had their children involved in the family business since they were young and the parents didn't even care whether their children were interested in the business or not. Therefore, it created a feeling of being forced in the children's minds.

However, when the heir grew up they automatically understood the good intentions from their parents. Therefore, the heir was willing to inherit the family business later. Mr. D said, "Since I was young I was often against my parents, the same as a

general child that is forced. However, when I was in my middle age, I knew my parents already created a good business for me, so there was no reason that I should refuse the family business”.

Mr. B said, “I have my own passion to expand the business from my parents because it challenges me. Nowadays, all seven siblings, including me, are involved in the family business and we help drive the business together. Today we are quite satisfied in our performance and that we can grow our business larger than my parents ever did. I compare it with our family's wealth that is increasing in our age.”

- Companies C and D: In these two families, the children had freedom to select their own education and design their own lives. However, since they had a good frame of thought in place, the heirs designed a good life on their own and stepped forward into the family business when they graduated. In Company C, the successor of the business is the eldest son who stepped into the business after graduating with a master’s degree from the United Kingdom. Mr. F said, “At first, I wasn’t even interested in the family business. However, as I am the eldest son of my family I knew I am the hope of the family, so it would be better if I stepped into the family business to inherit it from my father. This is to let them be proud of me and to support their workload as well.”

From all the information as mentioned above, if parents raise their children with a good mindset, good values and good beliefs, then they will also be keen to transfer their business to their heir. When the parents want to step into a retirement stage, then the heirs will understand all the good things their parents gave them. All these good things will help create self-awareness and children will grow into good adults who are responsible for everything as they should be. In a conclusion, how parents raise their children is one factor influencing success in the transition of a family business in Thailand.

4.2 Work Experience

In the world of family business, it seems that the parent’s work experience is one factor that helps support children in feeling comfortable and familiar with the business. It makes it easier for them to accept the transition of the family business from the parent.

4.2.1 Action of Parents

- Companies A and B: The parents emphasize work experience and focus on on-the-job learning by having their children be involve in the business from young age. For example, parents didn't support sending their children to learn outside their own company 20 years ago. They thought that there were many tasks to learn about in their own business, so there was no need to get more experience from outside.

Furthermore, in the past parents often thought that direct experience was the best practice for learning and enough to support the business. Mr. A mentioned, "I think it is better if I teach my children myself, because there are a lot of jobs in the company and I want my children to support my workload parallel with self-learning. Moreover, most outside companies are our competitors, so it is not possible that they will take the children of a competitor to work at their company". Mrs. C explained, "It is not possible that other companies will share direct experience with others, especially the children of a competitor who works in the same industry. Hence, it would be better if I take my son into the business until he is familiar with it and it will be a part of his life in the end".

- Companies C and D: The parents didn't pressure their children so much about the family business. On the other hand, they supported their children in having more indirect experience, particularly with people, real life and tough situations before returning to manage their own business. When it was time, the children came back to learn about the family business themselves in order to support the workload from their parents.

These two companies began coaching their successors five years ago before they moved into a consultant role after they retired. Mrs. G said, "I have never forced my son to inherit the family business, but I showed him how having my own business makes me happier and wealthier than being an employee in another company. Today, I have completed the transition of my business to my children. However, today I am still a consultant for my son as he needs".

4.2.2 Response of the heirs

- Company A: The heirs of this company have been involved in the family business since a young age. They are familiar with the business have never thought about

another alternative for their life. For example, Mr.B mentioned, “My parents didn’t support me working outside, but because I have an older brother who was already involved in the business, I asked to work outside the company for two years in order to gain a different perspective and to find a new focus for my life. Even though it was just an indirect experience, I learnt a lot, especially in accounting systems, to adapt for using with my business today. Also, working outside gave me passion to add on to the business from my father”.

- Company B: The heirs of this company were also involved in the family business since childhood. Mr. D has never worked outside the company and he thinks the same as his parents that the best practice comes from parents through their own business. He said, “I feel familiar with the business and I have never thought about another alternative for my life and it is good enough”.

- Companies C and D: They have a similar pattern. At first, the heirs wanted to work outside the family business in order to have their own life separate from their parents. The successors of both companies went to work at another company for around two years each. After two years, they thought by themselves that it would be better to inherit the business from their parents. However, they brought all their outside experience use in their own business, including skills in people management. Mr. H mentioned that after graduation he worked at one large company outside the business and learned a lot about people. Later he decided to go back to his family business because he cared about his parent’s health more than his private life. However, he said, “I am lucky that I had the chance to learn about people outside the company before managing my own business”.

4.3 Education

Nowadays, education is very important for people who are going to manage their own business. Experience can help generate only a narrow perspective while education will help to open oneself up to have a larger perspective.

4.3.1 Action of Parents

- Companies A and B: The parents of these two companies never had the idea to send their children to study at a higher level, so they wanted their children to study the minimum. Also, they wanted their children to work in the family business while studying. Mrs. C said, “There are a lot of jobs in the business, so I wanted my eldest son to help with my work as much as he could and as soon as he could, because my son had to inherit my business anyway”.

- Companies C and D: The parents of these two companies think quite differently from companies A and B. They wanted their children to have a high level of education. Mr. E mentioned that if his children had a good education, they could survive in the tough world. If in future they wanted to inherit the business, it would also be worth it because it will help them to expand the business. They can also solve problems in their style better than the traditional concept from their parents, especially nowadays with global trends changing so fast. He believes it would be better if learned about the new changes from class before touching the real world of business. Mrs. G said, “I support my children to study as high as they want, because it is good if they have self-knowledge. However, I don’t care what grade they are, but the knowledge will help them in the future too”.

4.3.2 Response of Heirs

- Company A: Even though all seven siblings are in the family business, they think that education will help them create a different perspective from their parents. Therefore, all seven siblings have tried to graduate with a bachelor's degree even while working. Mr. B said, “I think education helped me to expand our number of customers and help reduce cheating from customers. Also, it helped me to submit business tax correctly or maybe save more money for the business as well”.

- Company B: The eldest son was pressured to inherit the business from his father and also had to obey his parents. However, the heir wants to graduate at least with a bachelor's degree because it would be better for him in the future. Mr. D said that, “Even though I’ve had to help my parents by working in the business since I was 18 years old, I tried to study at an evening class until I graduated with a bachelor's degree, because it would benefit me both for my business and for my private life”.

- Company C: In this family, the heir told his parents that he wasn't interested in the father's business. He wanted to remove any expectations from his family and to build a wall between his parents and himself. Nevertheless, the heir came to the self-realization that it is not possible to ignore his parents and decided to support the family business, but not tell his parents that was his plan. So, he designed his education according to the basic skills that he should have since being a teenager. Mr. F said that he wanted to have his own knowledge, especially in the English language because he thought it will help him both directly and indirectly. Therefore, he studied in an international program and earned a bachelor's degree in marketing. After that he went abroad to study in the United Kingdom to improve his English skills, because he thought it would help him to communicate with foreigners to import products to sell in the future.

- Company D: This family has four children. Two of the four graduated with Master's degrees and the other two graduated with Bachelor's degrees. All four siblings have created their own businesses that have the same kind of business as their parents. This analysis is mentioned only the son who inherits the business from his parents. He decided to study accounting as he thought it would help his knowledge for managing the own business with his own style. Mr. H said, "I feel happy that I learned accounting, because it is my basic knowledge to verify credit for customers, help me submit business taxes myself, and also help me manage my business easier. In addition, when my parents give me advice, it helps me see the overall picture".

4.4 Trust in the Successor's Ability

In the interview, all four companies said that the parents should trust in their heirs, while the heirs should also appreciate the parents for all the good things that they have tried to provide. A successful transition will not happen if the parents and heirs don't trust each other. Mr. E mentioned that even though he gave freedom in education and in life for his son, that he believed deep down that his son would return to the family business that he created when it was time. One day when he thought he wanted to retire, his son volunteered to take care of his business. Mr. E was willing to transfer the business to his son without any doubts, because he believed his son would try his best to take care of it. Today he is very happy in his consultant position.

4.5 Mutual Acceptance of Individual Roles

In the interview, another topic that came up is that each person should accept the individual role of another to help drive the business to grow. Mr. B said, “We have seven siblings involved in the business, but we respect each individual role. We will not interfere across functions so that each person can run the business in their individual style.” He continued, “My older brother is strong in purchasing and sourcing materials, so I respect him and believe that my brother will try his best to buy material at a suitable price and be confident that he will negotiate to get the lowest price for the company, and I have never doubted it”.



CHAPTER V

SUMMARY AND RECOMMENDATIONS

In this chapter, we will address the conclusion between the three success factors proposed in chapters II & III and the data analysis in chapter IV in order to find out how they are related and to summarize all key factors for success in the transition stage for family business in Thailand.

5.1 Conclusions and Research Results

We referred to the data analysis in chapter IV and the literature review and research framework and concluded the following.

5.1.1 Original Factors

- Factor 1: Relationship among Family members

After interviewing, we found that how parents raised their children as mentioned in the chapter IV is one factor that complies with the original factor of a relationship among family members. If parents can treat their children well and raise them well, then the heirs will understand the good things that their parents have prepared for them. They will walk the same path as their parents did and see their parents as good role models. We can say that heirs will be ready to receive the family business from their parents either because they want to support their parent's workload or because they have the desire to follow in their parent's footsteps.

- Factor 2: Preparation of Heirs

From the data, we found that factors of work experience and education support the original factor of preparation of heirs. The heirs will be able to inherit the family business when they have both education and work experience. Work experience in their own business helps heirs to manage the business with a traditional method similar to their parents, while work experience outside the company helps heirs learn about

the real world of business. They can see variety of people and can gain real experience in a different style from their family business to use in the future.

Education can help heirs to have more in-depth experience through theory and to learn about what current changes. Hence, both work experience and education can help support the preparation of heirs and influence the success of transition of the family business.

- Factor 3: Planning and Execution

The original factor of planning and execution is also a crucial factor, because it affects success in the transition process between two generations. Parents have succession plans, even though it may not be official, but it is a good plan that focuses particularly on work experiences since before their heir's graduation. During that time, they also planned to push their heir to get involved in the business through self-learning. This was done by taking their child to see production in the factory or teaching them for more than ten years before their heirs became the owner in the second generation of the business.

For their heir, his or her parents' plans helped automatically create a self-plan for either education or work experience that related to the family business. Meanwhile, the parents went through the execution as planned and also supported every step during the neutral stage. Currently, the founders have already transferred their businesses to their heirs completely and have stepped into consultant roles. Consequently, the factor of planning and execution is another good method in the transitional stage.

5.1.2 Additional Factors

- Factor 4: Family cultures

This additional factor became clear after interviewing when all four companies were all half Thai - half Chinese. Their culture has affected the heir's mindset, beliefs, values, rituals, etc. As mentioned above, the Chinese people believe that the eldest son should be the leader of the family and his priority should be to inherit the family business. The parents instilled good parts of Chinese culture in their children from a young age, so when they grew up they would have good thoughts similar to their parents. Consequently, the factor of family cultures is one factor to drive a success in the transition of family business.

- Factor 5: Trust in successor's ability

One more additional factor that all parents mentioned during the interview is that a good parent should trust in your successor's ability. Parents should give heirs the real authority to work under their own working style, either through their leadership style or the power to have their own decision making. Meanwhile, parents should not manage behind the scenes, because it will make the heir not make their own decisions and eventually not want to work in the family business because it is uncomfortable at work. Parents should believe that their heir will step up even in a tough situation. Typically, if the heirs need help they will consult with their parents because they know their best consultant is their parents.

In addition, the factor of trust in the successor's ability can be explained by William Bridge's transition model. When the founder is ending their power, they may feel like they are losing a beloved thing. However, the founder should manage their personal feelings and let go as soon as possible in order to enter the neutral stage as quickly as they pass on the power to their heir. This will help to transition into a new beginning in the position of business consultant.

Consequently, the factor of trust in a successor's ability is of course one crucial factor influencing success in the transitional stage of the family business.

- Factor 6: Mutual acceptance of individual roles

As two of the four companies have siblings involved in the family business, the interviewees mentioned that you should believe in each sibling involved and accept their individual role to show that you respect each other. If you respect others, then they will respect you.

For example, if your company is a business which has many siblings involved, then you need to have clear individual roles for each sibling. So, if your older sister is responsible for finance and accounting, you should give her freedom to manage herself with her management style with regard to credit control, payment process, debt collection, etc. This will avoid any problems in long run. Therefore, the factor of mutual acceptance of individual roles is an important factor especially for a business entering into the transitional stage.

5.2 Limitations

This sample has discussed the transitional process that has been completed from founder to heir. However, the interviewer could not touch on in-depth topics that were relevant to financial issues. It was also not possible for the interviewee to share everything, particularly negative insights. Therefore, this paper had the following limitations:

1. During the interview session, the interviewer could not ask about the finances of the company. Therefore, this text didn't consider profit and loss statements of the businesses and could not measure for finance results.
2. All four sample companies are of half Thai - half Chinese heritage, so their perception may be similar. This can affect how some answers were similar as well.
3. With the limitation of time, the interviewer could select only two kinds of business to accompany each other.
4. There is a small difference in the age of the interviewees, but they are in the same age range.
5. The interview method used is the qualitative interview. Therefore, the face to face interview may create a barrier when answering with all the facts, especially in regard to negative information about the business. It can be said that most answers focused on positive situations.

5.3 Recommendations

The following section contains recommendations for anyone who is unclear about preparing for the transitional process between the founder and the heir in their family business. People may have questions, such as what they should do in the transitional process if they are finding similar problems moving into the transitional stage. In addition, this information will help create initial ideas to solve the problems faced by parents and their successors.

5.3.1 For the Founder Generation (Parents):

1. Parents should instill good culture, values, beliefs and directions in their children from a young age.

2. Parents should be a good role model for their children. This paper found that children will have a quality life if they have good role models from the start. Particularly, if the good model is their parents, the children will be proud of their them.

3. Parents should encourage any new ideas that can help your heir improve. Also, parents should encourage their children to have more experiences outside the family business. In-house experience direct knowledge while outside experience is indirect knowledge that they should know, especially about people, before managing their own business.

4. Parents should provide a good education for their children, because it will expand their children's perspective to work in the future.

5. Parents should trust in their successor's ability, because it will create a positive energy at work. Typically, heirs want their parents to be proud of them.

6. Don't put all your hope on your heir. Human nature doesn't like to have high pressure, because it may create resistance in our mind and eventually make children want to escape from all responsibilities.

7. Nowadays, freedom is one of the most important factors for children because they born in a different generation than their parents. The new generation has many changes, especially with advanced technology. It is important to let children design their own life with their own ideas for finding their own way.

5.3.2 For the Heir's Generation (Children):

1. Children should be open minded to accept all good things that your parents have tried to provide.

2. Children should have self-awareness and know what they are doing. It is very important as this is fundamental to life.

3. Children should help with the workload from their parents in order to help support the family business, especially when the parents want to move into the retirement stage.

4. When parents give a freedom, children should select the right education that can be beneficial to help expand the family business.

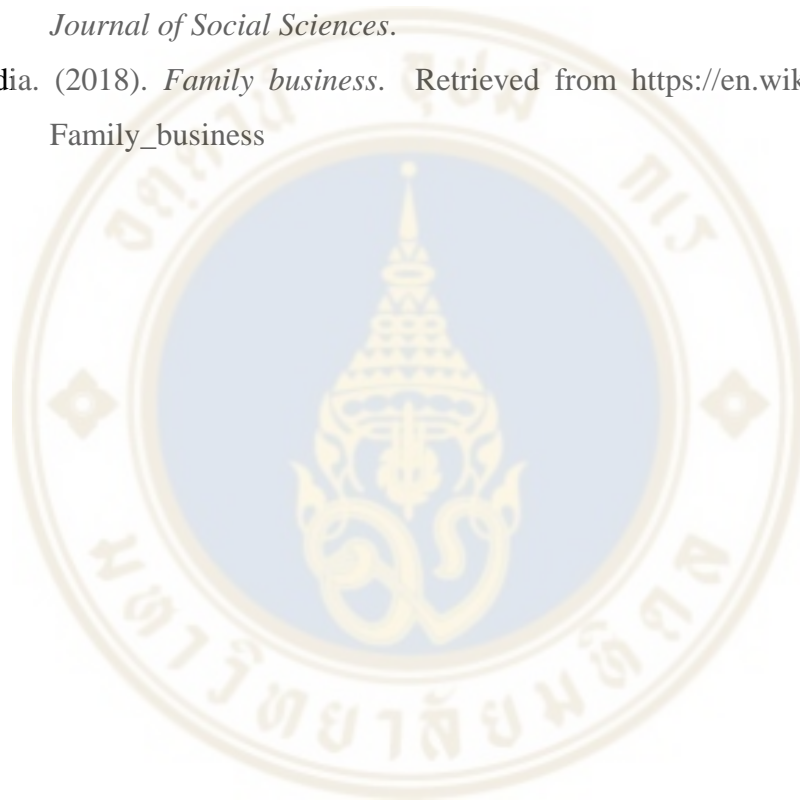
5. Heirs should believe in their parents.

6. Children should respect their individual role.

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Appendix A: Interview Questions

To Find Factor	Generation	Interview Questions
A Relationship between Family and Business members	Founder	1) How many children in your family? Is everyone involved in your business? 2) Do you have another family member that involve in the business? What is a different task of each person in the business?
	Heir	1) Why did you make a decision to take over the business from your parents? 2) Do you have another family member that involve in the business? What is a different task of each person in the business?
Preparation Level of Heirs	Founder	1) How do you think an education level has affected to a management skill in business? 2) How do you think whether work experience outside in other firm is necessary for your business?
	Heir	1) How do you think an education level has affected to a management skill in business? 2) How do you think whether work experience outside in other firm is necessary for your business?
Planning and Execution	Founder	1) Did you have a succession plan before? If so, what were challenges that you faced in transition process? And How to manage it? 2) How much time that you had to use in process of transition since start until success?

To Find Factor	Generation	Interview Questions
		<p>3) What were your basic thoughts to select the successor? And why did you think that he/she is proper to your business?</p> <p>4) How do you feel about your successor today? Why?</p>
	Heir	<p>1) How did you take efforts to prepare yourself in order to take over the business?</p> <p>2) What are challenges after receiving the business? How can you manage it?</p> <p>3) What do you feel about your business today? Why?</p> <p>4) Do you have a succession plan for your heirs? If so, How?</p>