EFFECTIVE SUCCESSION MANAGEMENT IN

NUCLEAR FAMILY OWNED BUSINESS (NFOB)

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EFPM 2018, INDIAN SCHOOL OF BUSINESS
INDIA

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This dissertation is dedicated to my grandfather with whom I have spent the formative years of my life learning to be a better human being. My interest in succession management has been inspired by my father who couldn’t have been more persuasive in expressing his keen desire to see his sons stay and grow together and to my brother with whom the journey has been so rewarding.

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Acknowledgement

Professor Kavil Ramachandran who got me started on this journey when I approached him years earlier to help me achieve a successful transition for my family's legacy. I am grateful that he chose instead to teach me how to solve my own query. I am also extremely grateful to Prof. Ram for having patience with me over the last few years, as I have often wavered from my committed timeline.

Professor Sougata Ray, for his invaluable support and guidance in structuring the thesis and most importantly in helping me overcome the writer's block which was definitely one of the biggest challenges for me personally.

Professor S. Ramnarayan for bringing in the diverse perspective of Organisational Behaviour to a family enterprise setup.

To my family and friends who have encouraged me throughout this journey.

EXECUTIVE SUMMARY

Late US Senator Robert F Kennedy said*, "Every generation inherits a world it never made; and, as it does so, it automatically becomes the trustee of that world for those who come after."*

A family business is a private business that has experienced generationally transferred ownership within a family and is majority-owned by one or more family members. From this broader definition, we can identify sub-species based on their ownership structure, where three distinctly different family businesses emerge: the solely-owned, the sibling-owned, and the diffusely-owned family business. These ownership types are not based or dependent upon the generational transfer of ownership but, instead, on an intentional ownership transfer and its associated legal structure. Family business dynamics have evolved considerably. With several stakeholders and varied perspectives and expectations, conflicts in a family business are inevitable. Egos and misunderstandings sometimes lead to the breakdown of relationships, long-drawn court battles, reputational damage, erosion of value and eventually, the partition of the business. There are several family business owners in India parting ways and reiterating statistics; only 12% of family businesses make it to the third generation and a mere 3% to the fourth generation. Though many studies worldwide have also found that contrary to the prevalent stereotype of family businesses as nepotistic and conflict-ridden underperformers, family firms perform better than non-family firms.

INTRODUCTION & LITERATURE REVIEW

So, what is the secret to the survival and longevity of these multi-generational family-owned businesses?

To understand this thesis's dynamics, one must first understand the concepts of Joint Family and Nuclear Family. One has to have a fertile vision of the ethos of the social system, perspectives, nature of ownership, and, last but not least, a robust and well-defined succession process. While 'family' is the essence of a family business, it is crucial to balance the needs of the family with that of the business. Family members acknowledge that each of them plays different roles. To sustain the family business for generations, it is vital to articulate and formalise the informal and unwritten understandings in a family constitution. This not only brings clarity of roles and level of involvement (as owner vis-à-vis board member vis-à-vis management) of the current generation but, more importantly, helps subsequent generations appreciate the family history and reinforce the responsibility of sustaining the legacy which was built on entrepreneurship and a strong foundation of values. A robust governance framework strengthens communication, builds trust, minimises potential conflicts and lays the foundation for perpetuating the family business.

I delved into various literature pieces on the subject matter but came across very little material on nuclear-family-owned businesses. However, I did come across some valuable papers on family-owned businesses, which I have reviewed (Lit Review Section). The list of literature which I have reviewed is given below.

1. Towards an Integrative Model of Effective FOB Succession by Isabelle Le Breton-Miller, Danny Miller and Lloyd P Steier. Summer 2004
2. Factors Affecting Intra-Family Succession by Alfredo De Massis, Jess H Chua, James J Chrisman. June 2008
3. Examining Family Firm Succession from a Social Exchange Perspective: A Multiphase, Multistakeholder Review by Joshua J. Daspit, Daniel T. Holt, James J. Chrisman and Rebecca G. Long. 2015
4. Intra-family succession insights: the presence of millennial cohort successors by Aprihatiningrum Hidayati, Aji Hermawan,Agus W. Soehadi, Hartoyo. 2020
5. Theory building from cases: Opportuities and challenges by Kathleen M Eisenhardt, Stanfor University and Melissa E Graebner, University of Texas at Austin. 2007
6. A Review of Succession and Innovation in Family Business by Xinhua Yuan. 2019
7. Business succession planning: a review of the evidence.Barry Ip and Gabriel Jacobs. 2006
8. Sex and Gender in Family Business Succession Research: A Review and Forward Agenda From a Social Construction Perspective. Teresa Nelson and Christina Constantinidis. 2017.

RESEARCH

My research is primarily based on the empirical qualitative approach of studying NFOB succession and building a theory from case studies. The central notion is to use cases as the basis for developing the theory inductively. The theory is emergent because it is situated in and developed by recognising patterns of relationships among constructs within and across cases and their underlying logical arguments.

The families and the businesses of M L Gupta and N K Agarwal (both based in Kolkata) have been studied extensively to establish the dynamics of the Empirical Qualitative approach to set up a definitive theory of NFOB succession. The nuances of both families give an in-depth insight into the study. A comparative study between the two families features the advantages and disadvantages of the different adopted policies.

RESEARCH CONSIDERATIONS:

- Both families fall under the purview of the Nuclear Family.
- The businesses are in the third and second generation, respectively;
- The patriarch of the business have had a clear-cut evolution structure to garner the interest of successive generation in the business;
- Well-defined roles and rules have been set, keeping in mind the needs of the individual members of the family but prioritising the need for the Family Business to run for generations to come.
- Though the adopted policies of the M L Gupta Family show a successful transition to the current generation, in the case of the N K Agarwal Family, there is a clear indication of differences between the three siblings of the current generation;
- The adopted model of Succession shows a successful transition from GG Gupta to his sons Ramesh Gupta and Rahul Gupta, whereas N K Agarwal's model indicates the possibility of an increasing rift between his sons Sibesh Agarwal, Rohit Agarwal and Amitav Agarwal;

- The sociology of the family shows that each individual is given importance, and the individuals also have reciprocated the needs of the relationship to grow into one-ness.
- The current generation of both families has shown noticeable acumen towards the expansion (both operation-wise and financially) of their businesses. Still, the challenge comes to passing on the baton to the next generation.

FINDINGS & CONCLUSION

Family businesses possess the unique feature of combining family and business, which renders excellent benefits but simultaneously confronts them with unique challenges.

- One of the most difficult challenges in succession planning of family businesses lie in the emotional involvement of the members.
- Children in the family business may have varying career aspirations and may not be willing to take over the family business as their profession for life. The choice of successor while succession planning is, therefore, very much restricted in family businesses.
- The desire to control the business among siblings is one of the crucial challenges in family businesses.
- They ignore the fact that succession planning should be done at an early age, and the successor should be provided with on-the-job training.

The study discusses the importance of understanding joint and nuclear family concepts in family businesses. A strong governance framework is crucial for effective communication, trust-building, conflict resolution, and legacy perpetuation. While there has been extensive research on large family businesses, there is a need for more work on nuclear family businesses and their succession plans. The study focuses on NFOB succession, which is limited to nuclear family members and aims to provide recommendations for passing on the business legacy to the next generation.

- Succession Management is an ongoing process that requires two components: business and family.
- Elders should listen to the younger generation and engage in a dialogue to resolve any conflicts.
- The primary step in business is to establish an agreement on ownership. Once the current generation takes over, they should determine how to pass on the responsibility to the next generation and create a legal document outlining the succession plan.
- Responsibility should be shared in a way that allows everyone to take care of all the businesses.
- The current generation has a crucial role to play in mentoring the next generation on how to move the business forward. However, the final decision should rest with the next generation, and the current generation should not impose their will.
- It is important to consider when to introduce business concepts to children and how to nurture their interest in the business. These efforts must be balanced with the successful growth and management of the business, as the current generation aims to pass on a thriving enterprise to the next.
- The most important idea is to strengthen family ties and establish a network of interdependence in order for a nuclear family-run business to thrive. In a nuclear family business, interdependence between siblings can play a crucial role in the growth and unity of the business. When siblings work together, they can complement each other's skills and strengths, leading to better decision-making and a more efficient operation. Additionally, when siblings have a strong and supportive relationship, they are more likely to work towards a common goal and make decisions that are in the best interest of the business. This interdependence can also help in carrying forward the business hassle-free, as siblings who have grown up together are likely to share the same values and vision for the business. By working together and supporting each other, siblings can create a sustainable future for the family business.
- Grooming the next generation from an early age in a nuclear family business is crucial for its success and legacy. It involves personal development traits and core family values to the next generation of family members who will eventually take over the operations. Grooming also instils a sense of responsibility and

commitment towards the family business, leading to better decision-making and a stronger sense of unity within the family. By investing in grooming from an early stage, family businesses can create a sustainable future by passing on their values, knowledge, and expertise to future generations.

INTRODUCTION

Family businesses have been around for centuries and have played a significant role in shaping the global economy. These businesses range from small mom-and-pop shops to massive multinational corporations. Family businesses are known for their strong sense of tradition, loyalty, and commitment to the community. Family businesses have evolved over time to meet the changing needs of the market. Modern family businesses have embraced technology and innovation to stay competitive.

Family businesses operate with a unique set of challenges and advantages. One of the advantages of family businesses is the shared vision and values that are passed down from generation to generation. This shared vision and values can be a powerful tool for building a strong, successful business.

The definition of family business evolves over time. And over the years, the role of business owners has significantly changed. In the past, owners were seen as the sole decision-makers and were responsible for all aspects of the business. However, with the advent of technology and globalisation, the role of owners has evolved to be more collaborative and inclusive. Nowadays, owners are expected to work closely with their employees and stakeholders to make informed decisions that benefit the company as a whole. Additionally, owners are now required to be more socially responsible and sustainable, with a focus on ethical business practices and community involvement. Overall, the changing role of owners highlights the importance of adaptability and flexibility in the ever-evolving business landscape.

Much has been written and researched in the business world about large family businesses, their dynamics, and their challenges but not about Nuclear family businesses. However, Nuclear family businesses are now as significant as huge family businesses. However, when we think of family business, we think of enormous family businesses, and the success, succession, and challenges of nuclear family businesses do not spring to mind.

There is a growing trend of nuclear family businesses that often go overlooked. Nuclear family businesses are those where the business is owned and operated by members of a single family, typically parents and their children. These businesses often start small and grow as the family works together to achieve their goals.

Unlike large family businesses, nuclear family businesses tend to have a more intimate and personal relationship between family members. This can be both a strength and a challenge for the business. On the one hand, a close relationship can foster a sense of trust and loyalty, which can benefit the business. On the other hand, family dynamics can also lead to conflicts and disagreements that can be difficult to manage.

Another unique aspect of nuclear family businesses is the potential for blurred lines between work and personal life. Family members may struggle to separate work and personal relationships, adding stress and tension. These businesses must establish clear boundaries and communication channels to ensure everyone is on the same page.

Despite these challenges, nuclear family businesses can be incredibly successful if run properly. The close-knit nature of the family can lead to a strong sense of dedication and pride in the business, which can translate into exceptional customer service and quality products. Ultimately, as more and more nuclear family businesses emerge, it is important to recognise and understand their unique dynamics and challenges to support their success.

However, despite the many advantages of this type of business model, they frequently face one significant challenge: effective succession management. The succession problem is particularly acute in nuclear family businesses, as it can take time to navigate the complex dynamics of family relationships while ensuring that the business remains viable and profitable. This challenge is compounded by the fact that many family businesses are reluctant to engage in proper succession planning, often due to a lack of clarity around who will take over the business or a desire to avoid difficult conversations about the company's future. As a result, effective succession management remains a significant challenge for many nuclear family businesses and requires careful planning, communication, and foresight to overcome.

Entrepreneurial firms frequently transform into family-run businesses (FOBs). Unfortunately, only one out of three FOBs survive beyond the first generation, while only 10-15% make it to the third generation (Birley, 1986; Ward, 1987). The issue is often linked to poor succession planning, as per Miller, Steier, & Le Breton-Miller (2003). Even public corporations face significant challenges in ensuring effective succession, per Finkelstein & Hambrick (1996), but the situation is far more complex in FOBs. These businesses often have a smaller talent pool to draw from, which complicates the emotional factors between the incumbent and the successor, as well as the complex social ties within the family, as per Dyer (1986), Lansberg (1999), and Miller, Steier, & Le Breton-Miller (2003).

In the context of nuclear family businesses, it is a challenging task to manage all the responsibilities involved. The present-generation owners carry the burden of running and expanding the business while also ensuring its success for the future generation. Apart from this, they also need to develop a comprehensive succession plan and supervise the upcoming generation's activities to ensure the business's continuity. Any omission in these matters can have severe consequences.

Drawing from personal experience, I observed how my father made a conscious effort to equip my elder brother and me with the necessary skills and knowledge to run the family business. As we took over the reins of the business, my brother and I constantly deliberated on how to effectively transfer this responsibility to future generations, taking into consideration both family and business planning. This is a crucial aspect that requires careful consideration and attention to ensure a smooth transition.

My research is influenced by my personal experience in the business world, making it an integral part of my work. Based on my observations, I believe that most family-owned companies encounter similar challenges.

RESEARCH

My research is primarily based on the empirical qualitative approach of studying NFOB succession and building a theory from case studies. The central notion is to use cases as the basis for developing the theory inductively. The theory is emergent because it is situated in and developed by recognising patterns of relationships among constructs within and across cases and their underlying logical arguments.

The families and the businesses of M L Gupta Family and N K Agarwal Family B (both based in Kolkata) have been studied extensively to establish the dynamics of the Empirical Qualitative approach to set up a definitive theory of NFOB succession. The nuances of both families give an in-depth insight into the study. A comparative study between the two families features the advantages and disadvantages of the different adopted policies.

RESEARCH BACKGROUND AND POINTERS

- Both families fall under the purview of the Nuclear Family. The businesses are in the third and second generation, respectively;
- The patriarch of the business have had a clear-cut evolution structure to garner the interest of successive generation in the business;
- Well-defined roles and rules have been set, keeping in mind the needs of the individual members of the family but prioritising the need for the Family Business to run for generations to come. Though the adopted policies of the M.L. Gupta Family show a successful transition to the current generation, in the case of the N.K.Agarwal Family, there is a clear indication of potential differences between the three siblings of the current generation.
- The adopted model of Succession shows a successful transition from L.N.Gupta to his sons Ramesh Gupta and Rahul Gupta, whereas N.K.Agarwal's model indicates the potential of an increasing rift between his sons Sibesh Agarwal, Rohit Agarwal and Amitav Agarwal.
- The sociology of the family shows that each individual is given importance, and the individuals also have reciprocated the needs of the relationship to grow into one-ness.

- The current generation of both families has shown noticeable acumen towards the expansion (both operation-wise and financially) of their businesses. Still, the challenge comes to passing on the baton to the next generation.

CHALLENGES FACED BY FAMILY BUSINESSES

Family businesses possess the unique feature of combining family and business, which renders excellent benefits but simultaneously confronts them with unique challenges.

- **Emotions Involved**
  One of the most difficult challenges in succession planning of family businesses lie in the emotional involvement of the members. Though everybody knows the owner's death is inevitable, nobody likes to discuss and plan it. Thus, succession planning is a very delicate issue and is often avoided.

- **Patriarch Culture**
  As far as the Indian scenario is concerned, the society observes a patriarchal culture here. Therefore, it is assumed that once the current owner retires or dies, the eldest son will be the heir. But the problem arises when he needs to be more competent and capable of managing the business. Harsh decisions need to be taken, which often gives birth to sibling rivalry.

- **Unwillingness towards Family Business**
  The youth today believe in making their career decisions themselves. So children in the family business may have varying career aspirations and may not be willing to take over the family business as their profession for life.

- **Clashes for Control**
  Everybody in the family wants to occupy a dominant position in the business, which often results in family clashes. The desire to control the business among siblings is one of the crucial challenges in family businesses. When the family is large, and many members compete for the same position, succession planning becomes very difficult because of emotions.

- **Outside Talent is Limited**

  In most family businesses, the top management positions are occupied by family members. It makes them unattractive to a larger talent pool of job seekers available outside the family. The choice of successor while succession planning is, therefore, very much restricted in family businesses.

- **Negligence of Formal Training**

  Many family businesses often need to pay more attention to the need for formal education and training of the prospective successor from the family. They ignore the fact that succession planning should be done at an early age, and the successor should be provided with on-the-job training. This results in an incompetent successor.

- **Unprofessional Attitude**

  It is also observed that family businesses often need to adopt a more professional approach towards succession planning. Most family firms either do not do any succession planning or even if they do, they hesitate to discuss the issue of succession and keep it strictly confidential. But this many times leads to making wrong decisions.

CONCLUSION

Joint Family and Nuclear Family concepts are essential for understanding the dynamics of a family business. A robust governance framework strengthens communication, builds trust, minimises conflicts, and perpetuates the legacy.

Family businesses have been studied extensively, and many high-quality research papers have been written, leading to successful succession plans based on the recommendations of these papers.

The main focus of these papers has been on large family businesses with many members. However, there is still a need for work on nuclear family businesses and their growth and succession plans. As a nuclear family member, the main challenge is how to properly pass on the legacy of the business to the next generation. This research is limited to the study of NFOB succession, where the key element is the Nuclear Family.

The research studied the families and businesses of Late M.L.Gupta and Shri N.K.Agarwal to establish the dynamics of the Empirical Qualitative approach to NFOB succession. The nuances of the families give an in-depth insight into the study.

1. Start Early! The incumbent generation must plan ahead to ensure a smooth transition.
2. Build scenarios on family and business fronts and evaluate options: Succession Management is an ongoing process that requires two components: business and family. Family cohesion is essential for nuclear family businesses, and consistent endeavours are needed to establish strong bonds. The current generation must lead by example and instil the family's culture and values so that no one feels the need to leave or be independent. The key to a fulfilling life is to adjust for the family's benefit, creating a place of emotional security for siblings and interdependence.
3. Independence can lead to conflicts, which should be addressed through discussion and dialogue. Elders should listen to the younger generation and engage in a dialogue to resolve any conflicts. Ignoring the root cause of conflicts can lead to future problems.
4. The primary step in business is to establish an agreement on ownership. Once the current generation takes over, they should determine how to pass on the responsibility to the next generation and create a legal document outlining the succession plan. This is essential if they want their business to continue for more than one generation.
5. It is important to ensure that the succession plan does not result in each person focusing solely on their own business. Instead, responsibility should be shared in a way that allows everyone to take care of all the businesses. The operational structure should be predetermined to prevent any favouritism. It is also advisable to swap roles whenever possible to promote information exchange and maintain transparency.
6. Create space for Next gen to pursue their passion. Grow to avoid stagnation and irrelevance, act entrepreneurially. The current generation has a crucial role to play in mentoring the next generation on how to move the business forward. However, the final decision should rest with the next generation, and the current

generation should not impose their will. Conflict may arise, but it should be resolved in a similar manner.

7. Family education on family business; facilitate learning for all. It is important to consider when to introduce business concepts to children and how to nurture their interest in the business. These efforts must be balanced with the successful growth and management of the business, as the current generation aims to pass on a thriving enterprise to the next. The upcoming generation should remain attentive and actively participate in decision-making processes.

Treat family as an "emotional nest"; invest in relationships. The most important idea is to strengthen family ties and establish a network of interdependence for a nuclear family-run business to thrive. This will ensure that the business thrives, and the family stays united.

INTUITIVE GAP IDENTIFICATION

As I embarked on my quest to explore the intricate topic of succession planning in nuclear-family-owned businesses, I noticed a gap in the literature available on the subject matter. Despite abundant research on business succession planning, there is a lack of focus on the unique challenges nuclear family-owned businesses face. My motivation beyond my research remains steadfast in uncovering valuable insights that can help address this crucial aspect of business management.

The existing research does not adequately cover the issues faced by nuclear families and their businesses, particularly when there is only one person in the current generation who can take over and no clear successor in the next generation. This situation is also complicated when siblings work together in one generation with only one possible successor in the next. As an experienced family business leader and scholar in this area, I aim to create a plan to address the unique challenges and structure of nuclear family-owned businesses and ensure effective succession planning.

I propose to utilise the Empirical Qualitative methodology and construct a theory by analysing case studies. The main idea is to use cases as a foundation to create theory inductively. The theory emerges by detecting patterns of relationships among constructs across cases and their logical arguments. This approach emphasises constructing constructs, measures, and theoretical propositions that can be tested, consistent with the focus on testable theory in mainstream deductive research. Developing theory from cases is likely to result in a theory that is precise, engaging, and empirically verifiable.

The mid-size transformation crisis in nuclear family business regarding succession is a complex issue that affects many businesses. This crisis occurs when the current generation of leaders in a family business cannot plan for and execute a successful transition of power to the next generation. The lack of proper succession planning can result in a leadership vacuum and a business breakdown. This issue is particularly prevalent in mid-sized family businesses, which may lack the resources and expertise to navigate the complex challenges of succession planning. Addressing this crisis requires a strategic approach that involves careful planning, communication, and collaboration between all stakeholders in the business.

LITERATURE REVIEW

DEFINING THE FAMILY BUSINESS

It is common for entrepreneurial companies to turn into family-owned businesses. While the founder's spouse may have contributed to the business in its early stages, the actual shift from an entrepreneurial to a family business occurs when the founder's children start working as employees. Even though the business may want to be identified as an entrepreneurial company, the perception of nepotism and unprofessionalism often associated with family businesses makes the owners cautious. Nonetheless, with the inclusion of the next generation, the company's nature and competitive profile change, bringing new challenges to the forefront.

Numerous global studies have revealed that the notion of family businesses being nepotistic and underperforming due to conflicts is a prevalent stereotype that is not entirely true. Family firms are found to perform better than non-family firms. (Source: "Family Business" by Ernesto J. Poza and Mary S. Daugherty.)

Regrettably, just one-third of family businesses survive beyond the first generation, and a mere 10-15% make it to the third generation (Birley, 1986; Ward, 1987). The root cause of this issue is often attributed to unsuccessful successions (Miller, Steier, & Le Breton-Miller, 2003). Even public enterprises face significant challenges in ensuring effective succession (Finkelstein & Hambrick, 1996). However, the situation is more complicated in family-owned businesses (FOBs). This is because there is usually a smaller pool of skilled individuals to choose from, which complicates the emotional dynamics of the incumbent-successor relationship, and there are complex social ties within the family to consider (Dyer, 1986; Lansberg, 1999; Miller, Steier, & Le Breton-Miller, 2003).

In academic research on family businesses, the predominant theoretical framework utilised is systems theory, which continues to be widely utilised in contemporary literature. This approach posits that family companies should be viewed and analysed as intricate and ever-changing social systems where subsystems interact and adjust reciprocally to achieve integration. The Three-Circle Model of the Family Business System, created by Renato Tagiuri and John Davis in 1978 at the Harvard Business School, exemplifies this theoretical perspective.

The family business system comprises three interconnected and interdependent groups - family, business, and ownership. These groups overlap and create seven interest groups with distinct goals, dynamics, and perspectives. In the long run, the family business system's success relies on the effective functioning and mutual support of all these groups. This framework is designed to simplify the understanding of the family business system.

1. Family members who are neither shareholders nor business managers.
2. Shareholders who are neither family members nor managers.
3. Employees of managers who are neither family nor shareholders.
4. Family members who hold shares but are not involved in management.
5. Non-family managers are holding shares.
6. Family members are involved in operations without shares.
7. Family managers are holding shares.

Renato Tagiuri and John Davis from Harvard Business School created the Three-Circle Model of the Family Business System in 1978. The model was initially shared through working papers and later published in Davis' doctoral dissertation, "The Influence of Life Stages on Father-Son Work Relationships in Family Companies", in 1982. In 1996, Taguiri and Davis' classic article titled "Bivalent Attributes of the Family Firm" was published in the Family Business Review, which included the Three-Circle Model. It is a well-known model in the field of family business studies.

DEFINITIONS FOR SOME CRITICAL TERMS FOR FOB.

The definition of a family business provided by Chua, Chrisman, and Sharma (1999, p. 25) states that it is a business run and controlled by a dominant coalition consisting of members of the same family or a limited number of families. This coalition aims to shape and pursue the vision of the business in a way that can be sustained over multiple generations of the family or families.

An Incumbent is a person who holds the top management position in a family business and who must relinquish that position before another family member can take over.

A **potential successor** is any family member who could assume managerial control of a family business when the incumbent steps down.

The term **succession** refers to situations where the incumbent who relinquishes managerial control and the successor who takes it over are family members (i.e., related by blood or law).

The **succession process** is the actions, events, and developments that affect the transfer of managerial control from one family member to another (Sharma, Chrisman, Pablo, & Chua, 2001). This includes the process that occurs between when the dominant coalition in the family business forms the intention for succession and when the incumbent relinquishes managerial control.

In the academic study of family businesses, the most commonly utilised theoretical approach is systems theory, which remains prevalent in current literature. This theory proposes that a family-owned enterprise should be analysed as a complex and dynamic social system where integration is achieved through reciprocal adjustments among subsystems. The Three-Circle Model of the Family Business System, created in 1978 by Renato Tagiuri and John Davis at Harvard Business School, explains the three interdependent and overlapping groups that make up the family business system: family, business, and ownership. Due to this overlapping, seven interest groups are present, each with valid perspectives, goals, and dynamics. The long-term success of a family business system relies on each group's efficient functioning and mutual support.

In the summer of 2004, Isabelle Le Breton-Miller, Danny Miller, and Lloyd P Steier published "Towards an Integrative Model of Effective FOB Succession," emphasising the significance of various factors for successful family-owned business (FOB) succession. The model stresses the importance of non-family context, board composition and ownership structure, business context, incumbent CEO and successor roles, the quality of the relationship with the successor, the incumbent's personality, and their behaviour in training and nurturing a successor. The model recognises the unique challenges associated with succession planning in FOBs compared to public enterprises and suggests an integrative approach to overcome them. This model helps to comprehend the context and procedures involved in large/joint families where there is a group of potential "successors" to choose from.

The theory of social exchange provides insight into how family firms undergo succession processes within the context of social structures while also considering individual motives and actions. This perspective was explored in a comprehensive review conducted by Joshua J. Daspit, Daniel T. Holt, James J. Chrisman, and Rebecca G. Long in 2015, which analysed multiple phases and stakeholders involved in the succession process. The process of social exchanges involves interactions between incumbents and stakeholders and between family members and stakeholders who are not part of the family. Adopting an exchange perspective makes it easier to analyse these relationships and comprehend how resources are transferred among and between family and non-family stakeholders. This theory is a comprehensive mechanism for understanding the economic and social factors that influence the distribution and exchange of limited resources in a social system. The social exchange theory would be particularly valuable for large families, where it is crucial to have a framework in place for choosing the most capable successor.

Alfredo De Massis, Jess H Chua, and James J Chrisman's research on Intra Family Succession Factors, published in June 2008, is a valuable resource for comprehending the reasons that impede succession within family businesses. The study categorises these factors into three all-inclusive causes and five factors. However, this model may not directly apply to nuclear families, with only one predecessor and few heirs.

Towards an Integrative Model of Effective FOB Succession: Isabelle Le Breton-Miller, Danny Miller and Lloyd P Steier. Summer 2004

Only one-third of family businesses survive into the second generation, and only about 10–15% make it into the third generation (Birley, 1986; Ward, 1987). Poor successions are often the source of the problem (Miller, Steier, & Le Breton-Miller, 2003). Certainly, profound challenges have been identified in assuring effective succession, even in public enterprises (Finkelstein & Hambrick, 1996). But the situation is far more difficult in FOBs, where there is often a smaller pool of talent on which to draw, complicating emotional factors in the incumbent-successor relationship and complex social ties with the family (Dyer, 1986; Lansberg, 1999; Miller, Steier, & Le Breton-Miller, 2003).

In going through the literature on succession, the authors were struck that different studies appeared to be directed toward "different parts of the elephant," each dealing with a potentially important but relatively small part of the problem. Thus, some studies focus on the qualities of the successor, others on the family context, and still others on the incumbent. The authors observe that previous work done in the area list the following as common predictors of Successful Succession:

- **Incumbent attributes**—characterised by job motivation and willingness, quality of the relationship with the successor, and personality and needs.
- **Successor** relationships with the incumbent, motivation, interest and commitment, and management ability were important.
- **Nurturing and Development** of the successor(s). Variables or dimensions such as career development, outside work experience, apprenticeship, formal education, and training program are often considered critical to successful succession. So are the qualities of relationships inside the family - collaboration, accommodation, team approaches, harmony, and sibling relationships.
- Establishment of **Ground Rules** for succession planning.

The **non-family context** includes the industry and competitive environment of the organisation, which constrains and drives its strategy, organisation, and governance policies. The **FOB** itself impacts the succession process by virtue of its **strategy** and the extent to which it requires a particular kind of executive to implement it. The **ownership structure and board composition** will also determine who might be acceptable as a suitable successor, both in terms of talents and kinship and personality.

Within the business context also are the primary actors within the firm—the main ones being the incumbent CEO and the successor or set of potential successors. Clearly, the quality of the relationship with the successor, the personality of the incumbent, and his or her behaviour in training and nurturing a successor will be of great importance. So might be his or her objectives concerning the corporate mission, retirement, succession, and so forth. The characteristics of the successor clearly will also be a critical factor, with management ability, experience, motivation, age, personality, and compatibility being primary.

Factors such as **social and industry context** will tend to be givens that serve to constrain or direct the choice of successor or the succession process. Others, such as the board composition, might be both a constraint and a variable that can be manipulated to improve the succession process.

At the bottom of the model lies the other aspect of context - namely, the **family context,** which is embedded in the social context. Clearly, social norms, laws, and values profoundly influence the family's relationships and the differentiation and prerogatives inherent in family roles. The family context includes the dynamics of the family - the relationships, trust, respect, and roles of its membership. It also includes the governance vehicles a family uses to manage capital and control or influence the FOB.

At the heart of the model are the **stages of the succession process** itself. The **first stage is to establish ground rules**: to create a vision for the future of the business, set up a process for succession planning and monitoring, and determine the range of candidates. Also to be established are rules for selection, guidelines for training, and roles of owners, managers, and family members in directing that process. Timing guidelines and communicating them early are important components of such ground rules - all of which must be adapted as the business and family evolve.

The **second stage is nurturing and developing** the group of people who are potential successors. Attention must be given to formal education, on-the-job training, career development, outside work experience, etc. There is a continual need for performance monitoring to determine which candidates are doing well, how their training needs must be redirected, and how to expand or contract the pool of candidates.

The **third stage is that of selection.** Partly the rules of selection have been established in the first stage, but these will inevitably be revisited. Selection will not be a binary decision but a series of decisions on who is in the running, for what position, for when and with what team of other actors and directors in place.

The **fourth stage is a final hand-off to the chosen successor**: the timing and nature of the phasing out incumbent, the augmenting of the role of the new CEO, and the decisions concerning potential bridge managers. A key part of the fourth stage is the transfer of capital between or within generations.

Factors Affecting Intra-Family Succession: Alfredo De Massis, Jess H Chua, James J Chrisman, June 2008

The authors develop a model of the factors that prevent intra-family management succession based on a comprehensive review and analysis of the family business literature.

Definitions for some critical terms for FOB.

Chua, Chrisman, and Sharma (1999, p. 25) define a family business as “a business governed and/or managed 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.”

An Incumbent is a person who holds the top management position in a family business and who must relinquish that position before another family member can take over.

A **potential successor** is any family member who could assume managerial control of a family business when the incumbent steps down.

The term **succession** refers to situations where the incumbent who relinquishes managerial control and the successor who takes it over are family members (i.e., related by blood or law).

The **succession process** is the actions, events, and developments that affect the transfer of managerial control from one family member to another (Sharma, Chrisman, Pablo, & Chua, 2001). This includes the process that occurs between the time when the dominant coalition in the family business forms the intention for succession to the time when the incumbent relinquishes managerial control.

Factors preventing succession.

The authors identify three exhaustive but not mutually exclusive direct causes that prevent a previously intended succession from occurring:

1. All potential family successors decline the management leadership of the business.
2. The dominant coalition rejects all potential family successors.
3. The dominant coalition decides against family succession although acceptable and willing potential family successors exist. *

* The third cause includes those situations where the family business is not deemed financially viable or sufficiently rewarding and sold.

The authors identified five exhaustive but not independent categories of antecedent factors for the three direct causes: (1) individual factors, (2) relation factors, (3) context factors, (4) financial factors and (5) process factors.

Examining Family Firm Succession from a Social Exchange Perspective: A Multiphase, Multistakeholder Review. : Joshua J. Daspit, Daniel T. Holt, James J. Chrisman and Rebecca G. Long, 2015.

- A family’s vision and intention for transgenerational sustainability are among the most important characteristics distinguishing family and nonfamily firms (e.g., Chua, Chrisman, & Sharma, 1999; Zellweger, Kellermanns, Chrisman, & Chua, 2012).

- Family business succession is a process of transferring knowledge and transitioning roles as well as transferring management control (e.g., Cabrera-Suarez, 2005; Handler, 1994).

Social exchange theory allows us to discuss the social structures that define, condition, and constrain succession processes in family firms while retaining the ability to incorporate individual motives and agency fully.

Social exchanges occur, for example, between incumbents and stakeholders, among family members, and between stakeholders across family boundaries. An exchange perspective provides a ready means to study the mechanics of such relationships and understand how resources are transferred among and between family and nonfamily stakeholders.

The theory provides an overarching mechanism to understand the economic and social factors that govern allocating and exchanging scarce resources in a social system.

Succession Process Framework - Phases and Stakeholders: While the specifics vary, each model generally aligns with Le Breton-Miller et al.'s (2004) three-phase model.

1. In Phase 1, ground rules for the process are established and communicated, potential successors are identified, and a succession plan is created.
2. In Phase 2, the abilities of potential successors are assessed, and training is provided for development.
3. The power transfer occurs in Phase 3, with the incumbent stepping down and the chosen successor assuming the role of a top manager.

Conclusion:

Choosing a generalised approach over a restricted one is often a better option. While restricted exchanges may seem more straightforward and better suited for selecting the most qualified successor, they can lack creativity and limit potential options for succession planning.

In contrast, broad-based exchanges appear to be a more effective way to utilise the valuable resources within exchange connections, thereby increasing the chances of securing a successor who is well-received by the stakeholders of the company. This approach allows for greater flexibility and innovation in the selection process, leading to a more creative solution.

Transferring Power in The Family Business by Louis B. Barnes and Simon A. Hershon : Harvard Business Review, July 1976.

Introduction

One of the most agonising experiences that any business faces are moving from one generation of top management to the next. The problem is often most acute in family businesses, where the original entrepreneur hangs on as he watches others try to help manage or take over his business while, at the same time, his heirs feel overshadowed and frustrated. Often this means years of tension and conflict as older and younger generations pretend to coexist in top management.

Some observers and commentators on family business believe that the sooner family management is replaced by professional management in growing companies, the better. Like any argument for objectivity, the plea for professionalism has logic on its side. It makes good business sense and in a way, good family sense. It guides a business away from mixing personal lives with business practices. It helps avoid the evils of nepotism and weak family successors who appear so often to cause transition crises. Historically, the main problem with this rational argument is that most companies lean more heavily on family and personal psychology than on such business logic.

In the authors' opinion, the inquiry of whether a family-run enterprise should remain within the family appears insignificant. It is evident that families tend to maintain their business, and the business tends to stay within the family. Therefore, there is a deeper connection to the transfer of authority than just professional aspirations. The tradition of handing down legacy, assets, and identities from generation to generation compels parents and offspring alike to seek perpetuity in the family business. This is a testament to the human spirit of continuity and preservation.

Inside and Outside Perspectives.

As the transition from one generation to the next includes both business and family change, it might help to examine two perspectives - one is the family, and the other is the business point of view.

There are four different vantage points from which to observe family and business members as given in the following exhibit:

A curious irony is that the more "outside" the family perspective is, the more legitimate it seems as a "real" management problem. Yet the concerns in the left column boxes are typically just as important as, and more time-consuming than, the outside-the-family problems on the right. These inside-the-family problems tend to be ignored in management books, consultant reports, and business school courses. Ignoring these realities can be disastrous for both the family and the company.

The company transitions.

Most research does not tie business growth or decline to family transitions. However, the authors note that the following points stand out in relation to company transitions.

1. Organizational growth tends to be nonlinear. Organisations grow in discrete stages, with varying growth rates in each stage.
2. Periods of profound organisational development often occur between periods of growth.
3. A typical management response to transitional strains is a total or partial reorganisation of the company.
4. The first stage is characteristic of an entrepreneurial company with direct management.
5. The second is typified by a rapidly growing product line and market situation with second-level management set up in specialized functions.
6. The third stage has divisional operations with a diverse line of products and markets.

Whereas the management style of the first stage is highly personal and direct, the second tends to become the more collaborative style of a boss and specialized peers. The third stage typically involves a looser, impersonal, collective style, with the chief executive managing generalists and functional specialists. Family transitions and company transitions can occur separately and at different times. However, they usually occur together.

- As a company moves from survival to managing rapid growth, it must develop new control, motivation, and reward systems. It also requires a management style that can integrate specialists and their functions.
- Another kind of transition occurs between the second and third growth stages.

The Single Transition.

- A stagnant company can get that way when the older generation gives way to the younger without any company transition.
- Another type of single transition occurs when a company moves from one growth stage to the next within one management generation.

Conclusion

According to the authors, the most beneficial transitions occur when conflicts between the older and younger members of a family business, and both parties are willing to adapt to new patterns. For this to occur, the current leader must confront the difficult decision of ensuring the company's longevity, even if it means stepping down. Once this step is taken, the process of managing transitions can commence. Ultimately, a prosperous family transition can result in a fresh start for the business.

A Review of Succession and Innovation in Family Business. Xinhua Yuan. 2019

Family business is an important part of the national economy and plays an important role in developing the social economy. The iterative process of technology and the new business model make the competition among enterprises increasingly fierce. Enterprises must consolidate and develop through innovation if they want to succeed in the fierce competition. At the same time, the intergenerational succession of Chinese family businesses is becoming increasingly common. Recalling the research on intergenerational succession and family business innovation, the existing research lacks a unified analytical framework, and the research results are scattered, fragmented, and systematic. This has largely restricted the depth of theoretical research in this field. This paper systematically sorts out intergenerational succession and innovation research. It has a certain guiding significance for domestic family business succession practice and succession theory research. It will help researchers better draw on this field's theoretical results and lay the foundation for follow-up research.

Business succession planning: a review of the evidence. Barry Ip and Gabriel Jacobs. 2006.

Purpose – This article aims to review the business and academic literature on business succession planning (BSP). The purpose is to allow the vast quantity of evidence and opinion to be contextualised and enable a better understanding of the key themes within BSP, particularly concerning small, family-owned businesses.

Design/methodology/approach – An extensive literature search of business magazines, journal databases, textbooks, relevant reports and citations was carried out. A categorisation of the evidence, involving over 400 articles, allowed informed discussions on the key themes surrounding it. BSP.

Findings – Key findings include family succession, legal, financial, and fiscal components, barriers against implementation, and process management methods. A detailed summary of these and other topics is given, which together constitute the critical themes that businesses facing BSP should bear in mind.

Research limitations/implications – The main weakness of this paper is the lack of theoretical development. However, the findings prompt key areas for future research and help to contextualise the topic for any potential new developments in succession planning.

Practical implications – In spite of the requirement for additional scientific and validated research, it is highly recommended for businesses to allocate ample resources and focus on succession planning in order to ensure their long-term survival and prosperity.

Originality/value – This document provides researchers and business professionals with a comprehensive overview of the main topics in business succession planning (BSP), which are often complicated by the wide range of differing opinions. The significance of this paper lies in its ability to bring together existing evidence and provide a thorough and knowledgeable analysis of the current status of research and practice in the field of business succession.

Examining Family Firm Succession From a Social Exchange Perspective: A Multiphase, Multistakeholder Review. Joshua J. Daspit, Daniel T. Holt, James J. Chrisman, and Rebecca G. Long. 2015.

A review of family firm succession literature was conducted using a social exchange perspective due to its suitability for the complex and multi-layered nature of the process. A thorough search of 34 journals yielded a total of 88 published or forthcoming articles that quantitatively analyzed succession. The primary phases of the management succession process (ground rules, successor development, and transition) were considered, along with the various stakeholder interactions that take place during each phase. These interactions include exchanges between incumbents and successors, within the family, and across family boundaries. By adopting a social exchange perspective, we contribute to the existing literature on family firm succession and provide valuable insights for future research.

Sex and Gender in Family Business Succession Research: A Review and Forward Agenda From a Social Construction Perspective. Teresa Nelson and Christina Constantinidis. 2017.

This article focuses on the examination of the inclusion of a gender perspective in studies on family business succession and its potential benefits for the field. The existing literature on succession is analyzed to identify gender-related vocabulary and five recurring themes that have persisted throughout history. To establish a stronger theoretical foundation, the concept of gender is introduced using the expectation states theory. By revising the Sharma and Irving model of successor commitment, a socially constructed view of gender is explored to offer fresh insights.

Lastly, a future research agenda is proposed to encourage further scholarly work in this domain.

Succession in Family Business: A Review of the Research. Wendy C. Handler. 1994.

The research on succession in family business management is examined in this paper. Five areas of research are emphasized, including the process of succession, the role of the founder, the viewpoint of the next generation, various levels of analysis, and the qualities of successful succession. Additionally, the paper discusses the gaps in the current literature and suggests future research directions.

Daughter Exclusion in Family Business Succession: A Review of the Literature. Calvin Wang. 2010.

In the realm of family businesses, the issue of succession often exhibits a clear bias towards male heirs, leaving daughters largely excluded from consideration. This study explores the existing literature on the topic of daughter succession, shedding light on the underlying factors that contribute to this exclusion. The findings reveal that daughter exclusion stems from a combination of societal and cultural attitudes towards women at a macro level, as well as individual and familial factors at a micro level. These factors perpetuate stereotypes and discrimination against daughters, effectively rendering their capabilities and contributions within the business invisible. However, there are instances where daughters can ascend to leadership and assume control, known as "special circumstances." These circumstances may arise when there are no male heirs or during critical transitional or crisis events within the family business. It is important to note that daughter succession is characterized by complementarity rather than conflict, offering potential advantages over sons.

Intra-family succession insights: the presence of millennial cohort successors. Aprihatiningrum Hidayati. Aji Hermawan.Agus W. Soehadi. Hartoyo. , Journal of Family Business Management.2020.

Purpose – The objective of this research is to provide insights into an important

phenomenon - the potential impact on intra-family succession when millennial cohorts are considered as successors. The main focus is to investigate the overarching themes that contribute to the success of intra-family succession, as seen from the perspectives of two different cohort successors (X and Millennial).

Design/methodology/approach – For the detailed structural analysis of the in-depth interview, an interpretative phenomenological analysis (IPA) was utilized. The main objective of this approach is to delve into the significance of the participants' experiences. The study involved a total of ten individuals.

Findings – A total of seventeen overarching themes were identified based on the personal statements and experiences shared by the participants. These themes can be categorized into four main areas: the qualities of the previous and next generation, the process of succession, the dynamics between the business and the family, and the outcomes of the succession. It was observed that there were variations in these aspects when comparing successors from Generation X with those from the millennial cohort. These findings contribute to the development of an empirical model that examines intra-family succession from both perspectives.

Research limitations/implications – This research enhances the existing knowledge of family-owned businesses by examining how the next generation of successors impacts the process of passing down the company within the family.

Practical implications – In the business world, the new generation of millennials is inclined towards gaining hands-on experience and is driven by their passion rather than materialistic goals. As a result, it is expected that the older generation will leverage their skills and knowledge to guide and support them in their growth and development.

Originality/value – This study investigates how different generational cohorts, especially millennials and Generation X, influence the success of intra-family succession in businesses. It aims to understand the unique traits of millennial successors compared to Generation X and their role in achieving successful family business succession.

PRECISE GAP IDENTIFICATION & RESEARCH METHODOLOGY.

- The integrative model for successful FOB successions as proposed by Miler, Miler and Steier is useful in understanding the context and processes involved in large / joint families where there are options available to choose from in the "successor" group.
- Massis, Chua, and Chrisman's work on identifying the factors preventing succession and classifying them under three exhaustive causes and five factors is very useful to understand what prevents intra-family succession. This model though, would not apply for nuclear families where there is only one incumbent and one / limited number of successor(s).
- The social exchange theory would again be more relevant to large families where the need of such a framework would be imperative to select the 'most qualified successor'.
- Unique challenges of NFOB as socially integrated 'joint' families. The NFOBs are growing in numbers and importance and hence its significance from both theory and practice angles.

Research Approach

There are three main research approaches when it comes to studying the FOB succession process: Empirical, Anecdotal, and Theoretical. Empirical research involves systematically gathering either quantitative or qualitative data from a significant sample of observations. Anecdotal studies are also empirical, but not necessarily systematic. These studies rely on the impressions and experiences of the writer, often a practitioner or consultant, and make use of a rich case example. Theoretical research, on the other hand, focuses on developing models from reasoning and argument rather than from data or observation. (Isabelle Le Breton-Miller, Danny Miller and Lloyd P Steier.)

I propose to use the Empirical Qualitative approach and propose to build a theory from case studies. Building theory from case studies is a research strategy that involves using one or more cases to create theoretical constructs, propositions and/or midrange theory from case-based, empirical evidence (Eisenhardt, 1989). The central notion is to use cases as the basis from which to develop theory inductively. The theory is emergent in the sense that it is situated in and developed by recognizing patterns of relationships among constructs within and across cases *and* their underlying logical arguments. It is one of the best (if not the best) of the bridges from rich qualitative evidence to mainstream deductive research. Its emphasis on developing constructs, measures, and testable theoretical propositions makes inductive case research consistent with the emphasis on testable theory within mainstream deductive research. Building theory from cases is likely to produce a theory that is accurate, interesting, and testable. Thus, it is a natural complement to mainstream deductive research. (Theory building from cases: Opportunities and Challenges, Kathleen M. Eisenhardt and Melissa E. Graebner).

CASE STUDY

PREREQUISITE FOR THE CASE STUDIES

The selection of appropriate case studies is crucial for any thesis or research paper. As a researcher, I am very particular about this aspect and take utmost care in choosing the most suitable ones for my analysis. For my thesis, I had chosen two cases that are relevant and provide adequate information for my research question. This approach ensures that my analysis is focused and provides meaningful insights. I conduct thorough research to identify potential case studies and evaluate them based on their relevance, reliability, and validity. By carefully selecting two cases, I can analyse them in-depth and draw conclusions that are applicable to the research question. This approach also ensures that my research is not overly broad or vague, which can lead to inconclusive findings.

Before selecting these two cases for my thesis, I conducted multiple case analyses and then narrowed down my choices. My primary objective was to make sure the cases were similar enough in their fundamental aspects to enable an effective comparison.

- When conducting research on family businesses, it is important to have clear criteria for selecting case studies. For my research, I established an initial requirement that the case studies be focused on nuclear family businesses. This allowed us to narrow down our selection and focus on the unique challenges and opportunities that arise when a family is involved in running a business together. As a result, we excluded all case studies that involved large families, as they did not meet our initial criteria. By being clear about my requirements from the outset, I was able to conduct more focused and relevant research into the dynamics of nuclear family businesses.
- In order to conduct a comprehensive analysis of the succession of nuclear family businesses, it is important to choose families that meet certain criteria. One of the requirements that I had set for myself was to focus on families that are members of the current generation. This would allow me to better

understand the dynamics of the business and provide more accurate recommendations for its future.

However, it was important for me to choose families that had only male members. This was because I wanted to avoid any larger perspectives that could have diverted my focus from the main objective of my research. I had done case analyses where there were both male and female members as business partners and only female members as partners, but this could lead to a broader analysis and may not have given me the insights I needed.

Therefore, I chose two families where the business partners of the current generation were male-only. This allowed me to focus on the unique challenges and opportunities that these businesses face when it comes to succession planning. By narrowing down my research to these specific families, I was able to provide more targeted recommendations for their future success.

- The third essential criterion was the financial success of the families. It is crucial to consider the economic status of the families under study to ensure that the comparison points are strong. If the financial success of the families is not on an equal level, the case study comparison could be weak. More importantly, economic conditions can significantly influence other factors that could impact the overall analysis. Therefore, it is important to have a thorough understanding of the financial status of each family and how it relates to their particular case study. This will provide a more accurate and comprehensive analysis of the case study and help draw meaningful conclusions.

In light of the numerous factors, I chose two case studies to act as the foundation for comparison analysis, from which I deduced the main thesis conclusion.

CASE STUDY: 1

A K Gupta FAMILY

1. Brief history of the previous generation.
2. A K Gupta – The patriarch (1920 – 1999).
3. Motivation and Evolution of the structure of the AKG Group.
4. 2000: The coming of age of the next generation.
5. L.N.Gupta's vision: Business and Family.
6. LNG's attempt at initiating succession management as a process against an event.
7. 2004: AKG Group's first independent investment in the Tea sector.
8. 2005 – 2008: Litigation and Separation between the Gupta and Jain family.
9. Formal adoption of Functional Roles between Ramesh and Rahul under the mentorship of LNG.
10. Turning adversity into opportunity: Fire in 2006 at Chennai Unit of the family's plastic division.
11. Emergence of AKG Group as a significant player in the Tea Sector in India.
12. Benefits of a functional role approach.
13. Casting of the equal status structure in stone.
14. Family first versus Business first.
15. Implicit thoughts impacting the current and future roles between Ramesh and Rahul.
16. Future Challenges and need to adapt to changed circumstances.

A BRIEF HISTORY OF THE GUPTA FAMILY

A K.Gupta and B.L. Gupta along with their Brothers-in-law M.P.Jain and N.L.Jain acquired a controlling stake in BL Tea Company in Assam from the erstwhile British owners a few years after independence. It was a 50-50 partnership between the Gupta and Jain family. Two sisters of the Gupta family were married to two brothers of the Jain family.

1951–1974: The partners acquired a controlling stake in two other tea companies, BG Tea Company Ltd. and New Terai Association Ltd, both based in West Bengal. The Gupta & Jain family jointly looked after the three tea companies. Day-to-day management of BL Tea Company Ltd was the responsibility of A K.Gupta, while BG Tea Company Ltd was looked after by B.L.Gupta and the New Terai Association was the responsibility of M.P.Jain. Though the Guptas and Jains were partners in the Tea business, both families were also invested in other businesses which were not partnerships.

1972–1977: L.N. Gupta (Born 1954, only son to A K. Gupta) after completing his formal education (B. Com & LLB), joined his father's business in 1972. He started participating the management of BL Tea Company Ltd as his father handled the same. L.N. Gupta diversified into Jute packaging and set up a separate entity, Gupta Laminators Ltd.

1977–1982: So far B.L. Gupta and A K. Gupta stayed in the same house with a shared kitchen. As the families grew and space became a constraint, B.L. Gupta moved out of the ancestral home into a separate building. A K. Gupta also moved out of the ancestral home into a separate location. The ancestral home was then converted into a common office for the two families. The ground and first floor became the common office, "Gaddi" for the tea business and the B.L.Gupta and A K.Gupta occupied the second and third floor respectively for their independent businesses.

1982–1998: L.N. Gupta took over as the formal business head with A K.Gupta as the group's chairman. Ramesh was groomed into work by his father while he was pursuing his B. Com, at St. Xavier's, Calcutta between 1994-1998. Similarly, Rahul used to visit the family's plastic unit, every weekend, while pursuing his engineering course between 1996 – 2000 in Chennai.

<u>Ashok Kumar Gupta : The patriarch of the AKG Group.</u>

A K. Gupta, born in 1920 had a strong inclination towards religion. He was motivated by doing good for society and lived a simple and humble life. Despite being a part of a joint family, he created his own space at work and within the family. However, as soon as his son LNG came of age, he willingly vacated that space and handed over the responsibility of running the business to him. After turning 60, A K. Gupta moved towards a more philanthropic and religious lifestyle. He spent three months every year at Parmarth Niketan, a philanthropic institution in Rishikesh, at the foothills of the Himalayas. During their initial school years, Ramesh and Rahul spent their summer vacations with their grandfather in Rishikesh. These months were amongst the most cherished memories of the siblings and taught them to enjoy each other's company. The summers spent at an Ashram also had a profound impact on Ramesh and Rahul. They have developed a strong connection with religion and philanthropy at a young age due to spending several months each year at an Ashram.

A.K. Gupta passed away in January 1999, which marked the end of an era and initiated the series of events that eventually resulted in the establishment of the AKG group conglomerate.

Motivation and Evolution of Structure of the AKG Group.

The reason for adopting the current Functional Roles model, both implicit and explicit, was discussed by L N Gupta, the current generation incumbent, with Ramesh and Rahul, the successor generation. The model has evolved and been modified over time, and further discussions between Ramesh and Rahul have occurred.

The current Functional Roles model at the AKG group was adopted due to implicit and explicit factors primarily motivated by LNG's personal observations at work. From the 1980s to 2000, the partnership between the Gupta and Jain families, which had been obstacle-free for three decades, began to crack. This was due to a power struggle between the four partners, leading to dissatisfaction in their private and social lives. During his early years at work, LNG was deeply impacted by this situation. He disapproved of the lack of succession planning within the family and business partners. As a result, he made a self-promise not to repeat the same mistakes, starting with his sons Ramesh and Rahul. LNG promised himself to avoid the mistakes of his predecessors in the family business. He recognised the importance of succession planning and prioritised it for his sons, Ramesh and Rahul. This has been his guiding principle for the past 40 years to ensure the business's longevity for future generations.

2000: The coming of age of the next generation.

Ramesh completed his MBA from Babson College in the USA and returned to India to work with Satyam Infoway Ltd.'s strategy team, which is a subsidiary of Satyam Computers. After over a year of working in the company's Chennai offices, Ramesh quit his job and decided to join his family's business in Calcutta because of his entrepreneurial spirit and desire to create something of his own. In 2000, both of LNG's sons, Ramesh and Rahul, joined their father's business. Ramesh joined after completing his graduate studies and Rahul joined after earning a BTech in Chemical Engineering from the University of Madras.

The difference in the educational paths pursued by the two brothers may have influenced their inclination towards selecting their respective career paths in Finance and Operations.

Laxminarayan Gupta's Vision: Business and Family.

LNG, who was deeply religious and took inspiration from his father, possessed a wealth of knowledge from various Ancient Hindu texts. He often cited these texts to support his arguments, and one of his favourite passages described the role of a family patriarch as an embodiment of the Hindu trinity - Brahma, Vishnu, and Shiva. As per the passage, the patriarch takes on the role of Brahma by nurturing and creating the business, Vishnu by overseeing and guiding the next generation, and Shiva when he fails to plan his succession adequately.

During dinner, the discussions usually revolved around eminent personalities such as the Tata Trust, Bajaj Group, the Birla Family, and the Bangurs. Their far-sightedness, ability to take action, long-term perspective, and succession planning were highly appreciated by LNG. Ramesh and Rahul were inspired to follow in their footsteps and were taught to consider themselves guardians of wealth for the upcoming generations rather than just inheritors of wealth. When learning from others, LNG often quoted Mao Zedong, "Now, there are two different attitudes towards learning from others. One is the dogmatic attitude of transplanting everything, whether or not it is suited to our conditions. This is no good. The other attitude is to use our heads and learn those things that suit our conditions, that is, to absorb whatever experience is useful to us."

LNG's own experience and shortcomings have continually emphasised the significance of the abovementioned values. The absence of a clear-cut management structure and succession plan had not only impacted the company but also had a negative effect on the family's social life. This had always bothered LNG. L N Gupta firmly believed that efficient succession management (an integral part of governance) in the workplace would also contribute to family unity at home. He was aware that most family-run businesses faltered while handing over the reins to the next generation, which he was committed to avoiding.

LNG's attempt at initiating succession management as a process as against an event.

From the outset, LNG was aware that a harmonious work relationship between his two sons would require a complementary set of skills and strengths. As such, he adopted an approach to their education that reflected this. Ramesh was encouraged to pursue a Bachelor's degree in commerce and an MBA, while Rahul was urged to follow his passion for Engineering. LNG, a law graduate, believed that this combination of knowledge and skills would be advantageous for the family business to prosper.

In the year 2000, Ramesh and Rahul coincidentally started working together in the same business, leading to both brothers sharing "Equal" responsibilities at work. Although the idea of complementary skills and knowledge was encouraged by LNG, allocating functional roles between the siblings was more of an unplanned outcome rather than a deliberate decision.

2004: AKG Group's first independent investment in the Tea sector

In 2001, Rahul got married, and this event brought a fresh perspective to LNG and his family. Rahul's wife, Nishi, comes from a business family, namely The CB group, which has a primary interest in tea. The CB group introduced the BLF tea production model, bringing a new perspective. The BLF model differs from the established tea estate model because it separates the plantation from manufacturing. This model allows for a separate investment in the manufacturing capacity or unit for tea production.

The AKG family was influenced by their exposure to a new model in the tea industry, which led them to set up their first dedicated BLF unit in North Bengal in 2004. In the past 20 years, the AKG Group has become one of India's top 10 producers of CTC tea, with manufacturing capacity in Assam and North Bengal. However, LNG's independent investment in the tea sector further exacerbated the growing rift in the partnership business of the Gupta and Jain families. Although the AKG group had previously invested in non-related businesses like Jute and packaging, this investment directly pitted them against their joint family business. Moreover, the fact that this investment began generating profits from the first year while the joint business was losing money only worsened the situation.

2005 – 2008: Litigation and Separation between the Gupta and Jain family.

The Gupta and Jain families had a long-standing feud that culminated in a final partition between them from 2005 to 2008. This period was crucial in shaping the future roles of Ramesh and Rahul in the family dynamics.

During the litigation process, Gagan Chaturvedi, a family advisor to L.N. Gupta and auditor of Dhirubhai Ambani, who is the Chairman of Reliance Industries Ltd, suggested that the family should strategise their litigation in a way that only one family member is involved, while others focus on maintaining the continuity and growth of their businesses.

L.N. Gupta and his sons found this idea appealing, and as a result, Ramesh played a leading role in the litigation process from 2005 to 2008 on behalf of the A K. Gupta family.

In the 1980s, the Gupta and Jain families started to experience some tension, eventually leading to a complete breakdown of their relationship.

The primary reason for this was the economic downturn being felt in the Indian Tea sector at that time, along with ownership rights dilution. Ownership rights were divided equally between B.L. Gupta and his four sons, A K. Gupta and his son, M.P. Jain and his four sons, and N.L. Jain and his four sons. However, the second generation of B.L. Gupta, M.P. Jain, and N.L. Jain only owned 6% each, while L.N. Gupta inherited his father's full 25%. The technical and educational qualifications of the second generation also presented a significant challenge. These factors, combined, led to a breakdown of succession management in the partnership and resulted in a messy family break-up between the Gupta and Jain families.

The Gupta and Jain families were unable to resolve their differences amicably, resulting in a prolonged legal battle between the four partner families. The case was escalated from the CLB to the High Court of Calcutta and eventually to the Supreme Court of India, where a formal partition of the joint tea business partnership was finally reached. The families have been managing the three tea companies for the past 50 years, with A K. Gupta retaining 100% ownership of BL Tea Company Ltd through his son L.N. Gupta, B.L. Gupta becoming 100% owner of BG Tea Company through his son S.P. Gupta, and M.P. Jain controlling 100% of New Tera Association Ltd through his son S.L. Jain. The other 10 brothers of the successor generation received the cash equivalent of their ownership rights as determined by the Supreme Court of India.

The formal separation between B.L.Gupta and A K.Gupta families also led to the separation of their other joint properties. This includes their ancestral homes in Haryana, their shared office in Kolkata, and various investments in land and other parts of the country.

Between the years 2000 to 2005, there were prolonged disputes that continued to cause legal complications from 2005 to 2008. These issues also affected the relationship between families and led to an unfortunate social rift.

Formal Adoption of Functional Roles between Ramesh and Rahul under the mentorship of LNG.

Ramesh took charge of the legal separation of the family partnership business from 2005 to 2008. This was a crucial step in defining the roles that both he and Rahul would eventually take on. The litigation required Ramesh to be stationed in Kolkata, where he logically started handling the group's finances. LNG had been averse to debt until 2000, possibly due to the joint family partnership structure. However, with the next generation's higher risk appetite and desire for growth, the group began taking on debt for new projects and expansions. Since the treasury and finance role had been limited earlier, Ramesh had to build everything from scratch in both his legal and finance roles. Therefore, LNG had very little to pass on to Ramesh in both of his roles.

LNG had a natural inclination towards the operational aspect of the business. As Ramesh took care of legal affairs and finances in Kolkata, LNG and Rahul travelled to different parts of the country to establish, manage and grow the group's businesses and factories in Assam, West Bengal, Tamil Nadu, Andhra Pradesh and Karnataka.

As Ramesh took charge of the group's finances and legal affairs, a responsibility that was previously limited, operational control was solely handed over to Rahul. This required a different approach from LNG, one that was tailored for both Ramesh and Rahul. With Ramesh, a hands-off approach was adopted, allowing him ample space to learn and develop. In contrast, with Rahul, LNG had to implement a proper hand-over process to ensure a smooth transition.

Analogy to playing the Doubles Game. *(Dr. Kavil Ramachandran, ISB)*

Playing the Doubles Game is inevitable, but the transition from always playing alone to playing with a partner is not easy. The leader who has to start playing a doubles game has to constantly remind himself that, the attitude and skills for playing doubles are different from playing it single that he has practiced all along. Also, for the duo to be successful there has to be perfect chemistry between them as individuals and also have complementarities in their capabilities. In fact, the person delegating is giving away part of his "kingdom" to be managed by the other. The size of the kingdom and areas of responsibilities would change over a period of time. The biggest challenge for the family business head would be defining the initial territory to be passed over to the successor and respecting it always.

Turning adversity into opportunity: Fire in 2006 at Chennai Unit of the family's plastic division.

Over time, the family deftly utilised individual setbacks as opportunities for succession management and seamless transitions. After Rahul completed his B.Tech in Chemical Engineering from Chennai, LNG saw this as the perfect chance to delegate the daily operations of the family's only plastic unit in TN to Rahul. As a result of this decision, Rahul spent considerable time on the shop floor in Chennai, honing his skills and gaining valuable experience. Unfortunately, an unexpected fire at the family's plastic unit in Chennai in 2006 catalysed the transition. The family was compelled to close down the existing operations and relocate their plastic woven sacks division to a new location on the outskirts of the city. This move served a dual purpose of monetising the land asset of the previous unit and setting up a much larger and more efficient operational base.

To use the doubles analogy, LNG vacated a larger portion of the court to Rahul and took on the mantle of a coach who occasionally stepped in to score or save a point. LNG encouraged Rahul to take independent decisions for the plastic division after 2006. (Till this point, LNG had been handling the operations of the plastic division from its inception in 1986.)

Ramesh and Rahul were tasked with making important decisions for LNG. Among these decisions were replacing Senior Managers who had worked with the company for the past 20 years, appointing a new management team, and shifting from the fertiliser to the cement sector. They also implemented backward integration into renewable energy, forward integration into logistics, and the adoption of SAP systems.

During this time, the plastic woven sacks division experienced an impressive 16-fold growth between 2006-2020. Clear boundaries were defined to ensure a smooth transition, allowing the next generation to focus on growing the plastic division while LNG remained actively involved in tea operations.

Overall, Ramesh and Rahul's strategic decisions were crucial to the company's success and transition.

<u>The emergence of AKG Group as a significant player in the Tea Sector in India.</u>

LNG played more centre court with the family's tea company even though he had given Rahul a larger piece of the court to use for the plastic division's operations. Ramesh was expected to play only the financial part, whilst Rahul was given the purchase, sales, and HR tasks. Between 2004 and 2020, LNG took on the responsibility of steering the family's choice to establish two greenfield tea projects in North Bengal, spearhead the family's purchase of a tea estate in Terai, West Bengal, and increase capacity at both the North Bengal and Assam tea estates.

Over the past two decades, he has planned and gradually implemented the handover of certain operational functions to Rahul while keeping Ramesh involved by nominating him to take Ramesh's place on the ITA National Committee, the head of the Indian Tea Association, which he had held for more than two decades. The group is currently one of the top 10 CTC tea producers nationwide.

Benefits of a functional role approach.

During 2005-2008, a functional role emerged due to necessity. This role proved to be highly successful for the family, as it fostered a constant exchange of ideas and discussions between the three members. By necessitating information sharing, it created interdependence between Ramesh and Rahul. The personality types of Ramesh and Rahul aligned with the role's requirements, which made it easier to fulfil. Ramesh preferred a more strategic role, while Rahul excelled at leading a team and executing tasks. Ramesh was not fond of travelling, whereas Rahul enjoyed being in the thick of things. This arrangement was so successful that after 2008, Ramesh and Rahul decided to retain the same role after the litigation and partition of the joint family business were completed. The success of this functional role is a testament to the power of collaboration and matching individual strengths to specific job requirements.

Ramesh is responsible for managing all new projects with specific timelines that are not continuous, while Rahul focuses on operational control of ongoing businesses. Over the past 20 years, the group has experienced both successes and failures. It's important to note that neither brother can be attributed solely to these outcomes, as they share joint responsibility. One example of a failed attempt was when the family tried to enter into a lease agreement for a tea manufacturing unit in Jorhat, Assam, between 2006 to 2008. The family wanted to explore the growth potential of BLF in Assam, similar to their positive experience in North Bengal from 2005 onwards. This approach has ensured the brothers work together and share responsibility for all ventures. LNG and Rahul played an active role in the operations of the tea business, much like other tea businesses. Unfortunately, the arrangement did not yield the desired results, which led the family to terminate the lease agreement in 2008. Interestingly enough, Ramesh did not visit the unit even once during 2005 - 2008. Nevertheless, the decision to invest and terminate the agreement was made jointly by all members, with no reservations from anyone.

Casting of the equal status structure in stone

As a matter of fact, the AKG group has established a formal ownership structure that includes a holding company model. The holding company, MCPL, is owned equally by Ramesh and Rahul, each holding 50% of the shares. All shares of the group's three flagship companies are held by MCPL, which is also a registered NBFC. Any loans and borrowings between the AKG Group are facilitated through MCPL. This structure is based on the will/probate of A K. Gupta which granted equal ownership and rights to all assets to Ramesh and Rahul back in 1999. This policy is rooted in this decision and is an essential aspect of the group's operations.

As per the roles and responsibilities of Ramesh and Rahul, which are functional, shared and interdependent, there are no favorites created, making the capital allocation process smooth. Additionally, the holding company model ensures that there is no ambiguity between the equal ownership status of the two brothers. This knowledge helps in understanding the dynamics of the situation.

Family first versus Business first

The family has always been aware that effective succession management and planning cannot be left to chance. They have explicitly recognized that any **deviation** from the norm may deepen **differences** among members, leading to **disputes** and ultimately the **destruction** of the entire family and business. To avoid these 5Ds (*Dr. Kavil Ramachandran, ISB)* namely dilemma, deviation, differences, disputes, and destruction, frank and open communication must always take place within the family. It is crucial for the family to engage in continuous dialogue to prevent any potential conflicts and ensure the longevity of their business.

It is essential to continuously identify the sources of dilemmas and understand why they exist in order to tackle any challenges that family businesses may encounter. Developing effective mechanisms to manage these dilemmas in a timely manner is crucial. To prevent the 5Ds (death, discord, dispute, dysfunction, and disintegration), families must maintain strong governance practices.

- 2001-2012: L.N. Gupta has a strong belief in keeping his family together and takes every necessary step to ensure this. As his sons, Ramesh and Rahul, got married and had children, they expanded their living space in the residential bungalow by occupying separate floors. However, L.N.Gupta made sure that the kitchen, dining, living, and worship areas were exclusively restricted to his floor. The floors constructed for Ramesh and Rahul only had bedrooms for the brothers and their children, with the study room also being built on the common floor. This policy of L.N.Gupta is something he firmly believes in and protects fiercely. When it came to the proposed floor to be occupied by Ramesh, L.N.Gupta had a clear vision in mind. He wanted to maintain the close-knit joint family concept and ensure that no family member faced any differences due to a change in living arrangements. However, when the original designer proposed a 'small pantry & open kitchen', they were dismissed the next morning and a new designer was appointed. Today, the floors occupied by Ramesh and Rahul still do not have a pantry or sink. L.N.Gupta believes in the importance of family meals and ensures that all family members gather at the dining table on the common floor. Even personal guests and friends of the sons, their spouses, and children are entertained in the common living, drawing, and dining area which is shared by all.

- LNG himself sketched out the residence's overall design, but the entire project, which took over four years to complete, was managed by Ramesh. Ramesh meticulously finalized every detail, including the choice of marble, furniture, fittings, and fixtures for all living spaces, whether they belonged to LNG, Ramesh, Rahul, or the common areas. While everyone shared their ideas with Ramesh, he had the final say. These small yet significant decisions ensured unity and equality within the family. When Ramesh finalized the office layout, the family decided to set up a corporate office for directors and senior executives in their residential bungalow. One of the family members remarked that Rahul's office was larger than Ramesh's. Rahul immediately swapped his office with Ramesh's, putting an end to any debate.This and many other similar incidents and decisions by the both the siblings have contributed immensely in establishing their strong bond.
- L.N. Gupta and his sons have expertly established clear-cut responsibilities and decision-making boundaries within their family. When it comes to managing health issues or medical emergencies, Ramesh takes the lead, taking everyone's suggestions and opinions into account before making a final decision. As for philanthropic, religious, and social representation, LNG typically handles this, but in his absence, either Ramesh or Rahul, as nominated by LNG, will step up to the plate. It's impressive how the Gupta family has managed to organise their roles and responsibilities in such an efficient and effective manner!

- Over the past two decades, Rahul has dedicated a considerable amount of time to Chennai due to the family's three large manufacturing units in the city. As a result, they have become one of the top five manufacturers of commodity packaging in the country. However, LNG has made it clear that the family's residence in the city is a relatively modest two-bedroom flat that was originally purchased when Rahul relocated to Chennai to complete his engineering degree. Although the family has constructed a more spacious and comfortable living area within one of the manufacturing units, LNG insists that it should not be interpreted by anyone, either within or outside the family, as Rahul's permanent relocation to Chennai or Rahul has “moved” to Chennai.

- It is customary to commemorate all prominent Hindu festivals, such as Diwali, Holi, Rakhi, and Navratri, collectively. Therefore, scheduling personal vacations, excursions, or festivities during these propitious occasions must be arranged accordingly.

- It is mandatory for the four grandchildren to take family vacations with their grandfather. Ramesh and Rahul have implemented a process where all four children travel together, or in the event that only two are traveling, one child from each brother must be present. The primary goal is to ensure that the children in the upcoming generation grow up as siblings rather than cousins. The next generation, consisting of three girls and one boy, is likely to pose some intriguing questions that Ramesh and Rahul must anticipate and strategize for.

- Ramesh's older daughter, Neha (born in 2001), completed her education at Loreto House in Calcutta and is presently studying at Babson College in Boston, USA. Rahul's older son, Rohan (born in 2004), is currently studying Liberal Arts at the Wesleyan University, Connecticut. Ramesh's younger daughter, Pihu (born in 2008), and Rahul's younger daughter, Swati (born in 2008), are both studying in class 9 at Modern High School for Girls in Kolkata. The decision to enrol the younger girls in the same school was a well-thought-out decision made by both Ramesh and Rahul. They had both secured admission to the school of their older siblings, but it was a conscious decision to have the same-age girls attend the same school, spend 12 critical years together, and hopefully learn to rely and support each other. This decision appears to be correct as of today, as the two older children, Neha and Rohan, have grown closer, while the two younger girls are more attached to each other.

- The family, including LNG, Ramesh, and Rahul, have implemented a strategy of steering clear of conflicts during the decision-making process. They proactively avoid any actions that may lead to future disagreements, and these ideas are discarded during the ideation phase. To illustrate, all land and building investments are made through their respective companies, and any personal asset purchases are co-owned by Ramesh and Rahul in equal shares. This approach ensures that potential conflicts are minimized and that all parties involved are satisfied with the outcome.

Implicit thoughts impacting the current and future roles between Ramesh and Rahul.

Ramesh has two daughters while Rahul has a son and a daughter. Although the succession planning process for the next generation is not yet the main focus, there are some underlying ideas that seem to be in play. The Gupta family upholds strong patriarchal values, and it is currently assumed that this belief system will continue to prevail in the next generation.

Succession planning is a crucial aspect for family-owned businesses in India that aim for a smooth transition from one generation to the next. However, it is often disregarded, despite its significance. Identifying and training potential candidates for key leadership roles is integral to the succession planning process. For family-owned enterprises, selecting a successor from the younger generation is vital. In the Gupta family, Ramesh and Rahul both have two children each, with Ramesh having two daughters and Rahul having one daughter and son. As the children grow older, the succession planning process is in its primary stages. The Gupta family adheres to strong patriarchal beliefs, and it is expected that the next generation will follow suit.

Currently, Rohan is receiving guidance and motivation to undertake a leadership position in operations management, which will require him to travel and manage the shop floor. On the other hand, the family is encouraging Neha, their eldest daughter, to participate in roles that require softer skills, such as new product design and communication design. At present, it is uncertain how many of the four children will express an interest in joining the family's business or continuing as owners.

This method has strengthened the definition of responsibilities between Ramesh and Rahul. LNG has gradually begun to allocate more court space to Rahul in the tea operations sector as well.

Future Challenges and need to adapt to changed circumstances

With the expansion of the business, it has become apparent that the current functional role model has its limitations. In order to adapt and succeed, the model may need to transition into a Board Management Style where independent CEOs manage and operate SBUs. This approach would allow for more effective and efficient decision-making processes.

The study at hand does not delve into the long-term implications for a growing family, which are undoubtedly significant. As the family expands, it will require additional living and working space to accommodate each member's needs. It is also vital for the family to safeguard their business and its succession plan from the evolving family dynamics. Moving forward, the family may face fresh hurdles during the next succession cycle, and it is essential to proactively anticipate and address them as they arise.

OBSERVATION OF THE GUPTA CASE

Observations on the Corporate Business side:

After a painful separation, the AKG Group was able to construct a successful business enterprise. At the same time, following the split, the organisation shifted from a joint business organisation to a very family-focused business. Furthermore, as there was only one suitable successor in that family; the company became a pure nuclear family business. A K Gupta and his son LN Gupta were able to make their business empire a success. After 2000, LN Gupta's two sons, Ramesh and Rahul, came aboard and amplified the company in many facets.

Rahul and Ramesh were constantly pondering on the best way to transition their large corporation to the next generation. Instead of letting these deliberations stay at the level of contemplation, they took decisive measures to ensure a seamless succession. They began the process well in advance so that any hiccups occurring in the future could be avoided. They devoted considerable effort to upholding the family business and preserving family unity, with the belief that if the family remained united, the business would stay unharmed. Though these decisions posed certain difficulties, they still stuck to them to keep both the family and the business equal in importance. These include the following:

1. Ramesh and Rahul are the two leading figures of this generation, and they each own half of the shares in the newly formed Holding Company of the AKG Group. Neither of them possesses individual stocks in the tea, plastic, or packaging ventures. As they have the same proportion of shares in the parent company, there is no discrepancy in the distribution of stocks or profit for either brother. This means that there is no cause for any disagreement.
2. Ramesh and Rahul then decided to split their duties according to the distinct business functions so that neither of them would be solely accountable for any singular business sector. Moreover, these functional roles were allocated based on their individual aptitudes. Both brothers would bear equal responsibility for all the businesses.

The functional allocation has created a system without partiality. Both brothers remain aware of each division's financial and operational allocations, and neither one's success or failure can be attributed to the other. All money is invested in a financially sound manner, with no preferential treatment. This arrangement has removed the possibility of conflict between the two. Since Ramesh looks after the financial side and Rahul looks after the operational side, they are interdependent in their roles. Finally, no business holds more importance than the other and is of equal value to siblings.

3. In addition to the functional role distribution model, every two years, Ramesh and Rahul switch their profiles. Initially, Ramesh was in charge of finances while Rahul was managing operations. However, they would then switch, and Ramesh would take over the operations while Rahul was responsible for finance. This proved to be very advantageous to their business. The most notable part of this role shift is the exchange of information and transparency. This way, if someone makes a mistake, they cannot hide it, as it will be revealed when the roles are swapped. The transition was difficult for both brothers at first, but they handled it cautiously to maintain the company's structure. This enabled them to keep the business running, as well as keep employee loyalty in check. This way, no one could try to become a boss's favourite and gain special privileges, reducing the risk of office politics.

4. L.N. Gupta, the leader of the A.K.Gupta Group, believed proper succession management was essential for a stable and secure work relationship between his two sons. He encouraged Ramesh to pursue a bachelor’s degree in commerce and an MBA while Rahul pursued his passion for Engineering. LNG himself was a law graduate and felt that this combination of complementary skills and knowledge sets would help the family grow the business. However, when his two sons joined the business, the succession plan was not easy, and L.N. Gupta had to determine and resolve what and how much to be given to whom. As a result, he was playing a double tennis game alone.

Transitioning from singles to doubles play can be difficult for the leader. He must remember that the techniques and attitudes for playing doubles are distinct from those for singles. Moreover, for the team to be successful, there must be a good relationship between the partners and complementarity in their abilities. In essence, the leader must be willing to share some of their "kingdoms" with the other person. The size and scope of the delegated responsibilities may change over time. The greatest challenge for a family business head is figuring out the initial boundaries of authority to be given to the successor and remaining faithful to them.

When Ramesh and Rahul joined the business in 2000, they were given equal roles. LNG had fostered a culture of fairness, making it possible for the brothers to have equal opportunities.

5. The family has yet to address the issue of Daughter-in laws entering the business and has not decided how the third generation, Rahul and Ramesh's children, will be placed on the business map.

<u>Observations about Family Side</u>

The Gupta family also has its own protocol and guidelines that manage the functional approach on the family side

1. Family members live together in one house, under one roof, with only one kitchen and prayer room. Their daily mealtime is the same, allowing them to see each other at different times of the day, talk, and get to know each other's whereabouts. This creates a stronger bond.

2. L.N.Gupta, Ramesh, and Rahul all travel extensively for work, but they consciously do not have a home outside Kolkata. There are director's bungalows in Chennai and tea estates in Siliguri or Assam, but these are temporary accommodations devoid of the 'Homely Atmosphere'. The family never planned to build another house in any other city, which added to the attraction and contentment of returning home.

3. The functional approach is shared between the brothers, and the same rules are followed in the family. All decisions regarding the education of the children of both Rahul and Ramesh are the responsibility of Rahul. He adjudicates each aspect of a child's education. Whereas Ramesh is responsible for medical issues, health insurance plans and all other medical-related issues in the family. Ramesh decides on the quantum of health insurance plans and medical experts/institutions.

4. For the Gupta family members travelling and going on vacation is an important aspect of their lives. Children at home almost never go out with their parents; they go with their uncles, aunts, or grandparents, who take them on vacation. Ramesh's children go out with Rahul, and Rahul's children go out with Ramesh. Everyone goes with grandparents or a guardian if it is difficult for someone to take them on vacation. But they almost never go on a vacation with their parents separately, as previous generations did. Ramesh and Rahul almost never went anywhere for vacations with their parents; they always went with their grandparents.

5. The Gupta family wants to create interdependence in the next generation. They want the four children; they will have to grow up like their own siblings and not cousins. For example, Rahul has a son, and Ramesh has a daughter studying abroad but lives in the same city. It makes it easier for them to stand beside each other when one is in trouble. It makes the bond stronger. Independence is very good, but the family felt that the deployment of interdependence was more effective in their case. Just as this mutual dependence and interconnectivity are essential to continuing life later, it is also essential to successfully running a nuclear family business. One reason for this is how Ramesh and Rahul fulfil their functional roles by being involved in all businesses.

The above-mentioned points are very difficult to implement. It is not always the case that everyone has all the facilities to maintain these policies. But since it is a family decision, everyone has to abide by it. In fact, this is how the Gupta family has created a closed web of business and family.

LEARNINGS FROM THE GUPTA CASE:

- Succession planning is an essential aspect of any nuclear family business that should not be overlooked. It is imperative to initiate the succession planning process at an early stage to ensure a seamless transition of management and avoid any future hiccups.
- In a nuclear family business, interdependence between siblings can play a crucial role in the growth and unity of the business. When siblings work together, they can complement each other's skills and strengths, leading to better decision-making and a more efficient operation. Additionally, when siblings have a strong and supportive relationship, they are more likely to work towards a common goal and make decisions that are in the best interest of the business. This interdependence can also help in carrying forward the business hassle-free, as siblings who have grown up together are likely to share the same values and vision for the business. By working together and supporting each other, siblings can create a sustainable future for the family business.
- Early age grooming on family values is a crucial factor that can determine the success of a nuclear family business. By inculcating core values like hard work, integrity, and responsibility, parents can prepare their children for leadership roles and ensure a smooth transition of ownership. Children who grow up in a family business environment learn about the importance of teamwork, conflict management, and a positive attitude, which are essential traits for success in any industry. By investing in grooming from an early age, family businesses can create a sustainable future by passing on their values, knowledge, and expertise to future generations.

- Allocating functional roles based on individual aptitudes is a crucial step in creating a successful team. With each team member assigned tasks that complement their skills, it ensures that the team works effectively and efficiently. This approach not only eliminates any chances of partiality but also fosters an environment of equality and mutual respect. Additionally, splitting duties equally ensures that no one person is burdened with an unfair amount of work, thereby removing any possibility of conflict arising from unbalanced workloads.

- Regularly switching functional roles between two brothers who are running the business can be an effective strategy to foster transparency and openness in the workplace. By sharing responsibilities and rotating job duties, both brothers gain a deeper understanding of the daily operations of the company and are able to see each other's strengths and weaknesses. This level of transparency can help to prevent favouritism or any perception of it, and encourage a culture of mutual trust and respect. Additionally, frequent role switching can also help to reduce the risk of office politics, as employees are less likely to align themselves with one brother over the other. Overall, this approach to business management can help to create a more collaborative and cohesive work environment, leading to greater success and growth for the company.

- Encouraging complementary skills and knowledge sets among family members can indeed help grow the family business in a significant way. However, it is essential for the leader to be willing to leave one's space and share some of their "kingdoms" with others to make this happen. This approach can not only enhance business growth but also foster a sense of collaboration and mutual respect among family members, which can prove to be instrumental in the long run. Therefore, it is wise to prioritize this aspect and encourage the members to step out of their comfort zones and explore new roles and responsibilities that align with their skills and interests.

- Fostering a culture of fairness and equal opportunities is a crucial step that every family business must take in order to ensure its longevity and unity. By implementing such a culture, the business can create an environment of trust and mutual respect among its employees and stakeholders, which can lead to increased productivity and better outcomes.

Overall, the Gupta family's success in transitioning their large corporation to the next generation was due to their commitment to family values, succession planning, functional allocation, and fostering a culture of fairness and equal opportunities. These learnings can be applied to any family business looking to ensure its longevity and unity.

CASE STUDY: 2

AGARWAL FAMILY

1. Early years of the Agarwal Group.
2. NKA's vision for the family:
3. Grooming and formal education of the next generation.
4. Agarwal Group: 2000 - 2010, the coming of age of the next generation.
5. Changing needs with changing times: Transition
6. Course correction and Conflict resolution: 2015 onward
7. Distance creates fondness: Hybrid family model.
8. Inviting the spouses to join the family's business and challenges of reward.
9. Succession Management and future challenges.

Early years of the Agarwal Group

DK Agarwal worked as a Jute Commission agent, playing a vital role in facilitating transactions between jute producers and factory owners. Although DKA had an elder brother who was adopted by another family member, there was no shared business interest between them. Nand Kishor Agarwal was born into this middle-class family and formally joined his father's business during his first year of college in the early 1960s. However, since DKA did not want him to follow in his footsteps, NKA rented a shop in the commercial trading centre, Poddar Court, located in central Kolkata and opened an electrical outlet with a partner.

Recalling the early days, Rohit, the second son of NKA, recollects that the partnership didn't work out due to a lack of shared vision and thought process between the partner and his father. The business faced operational difficulties, leading to a split and significant losses. The primary reason for the fallout was the partner's interest in withdrawing money, while his father aimed to expand the business. Consequently, his father made the decision to transform the electrical store into a fabric trading store.

NKA and his son(s) still reflect on their formative years when making current business decisions. Rohit expresses that his father has a tendency to avoid partnership businesses as he believes they can be challenging to sustain and oversee in the long term. He advocates for complete autonomy over one's business rather than entering into a partnership.

Moving ahead, the group has made a strategic decision not to engage in any other partnership businesses. For their real estate ventures, they have opted for the widely accepted joint venture model but have avoided entering into a complete partnership. This approach involves clear definitions until the project is executed and their rights are established. One party holds the management control, while the other is a financial partner. This ensures that there are no conflicts of interest, as stated by NKA.

The Agarwal family also engages local partners to help with their retail business. However, they do not provide any equity stake or ownership in the business. These partners are more like managing partners who work with the family to ensure the success of the stores. The family strongly believes that a store should have a 'face', which cannot be a store manager. Instead, they prefer someone with a business mindset to be the 'face of the store'. The working partner promoted as the 'face of the store' receives a share of the profits but is not a business owner.

The transition to fabric trading proved to be a success for NKA. Being a people's person, he possessed excellent interpersonal skills and was able to establish strong relationships. During those times, building relationships was crucial, especially since the business circle in Calcutta was relatively small. The traders were primarily located in one locality, and everyone was acquainted with one another. As the business flourished, customers began to refer their friends and relatives to the shop. Thanks to his rapport with the customers, the business thrived, and an opportunity arose where NKA felt confident in taking a significant leap of faith.

Rohit fondly recollects how his father made a significant business decision. He shared that there was a larger store located in front of their small shop, along the main road. This store used to be a bank and had been vacant for a few months. Fortunately, Rohit's father had a good relationship with the landlord, Mr. Arun Poddar, who offered them the property. Mr. Poddar allowed them to occupy the store and pay him later for the "Pagadi" once they started earning from the business. This led to the establishment of the main 'Raymond Store' in the early 80s.

NKA’s vision for the family:

For NKA, family would always come first. Business a clear second. NKA would often say explicitly, ‘The money is not important. Family staying together is important.’

Grooming of the next generation

NKA had three sons named Sibesh, Rohit and Amitav, who were born one year apart between 1977 and 1979. During their early years, the three siblings had a relatively uneventful life. Rohit explained that his father was occupied with his work in retail, which was quite time-consuming. Therefore, his mother took care of the household and managed the upbringing of the children. The siblings used to leave for school in the morning, and their father would be at home at that time. After his departure, they would not see him for the rest of the day, as he would return home when they were already done with their daily routines and sleeping.

During their childhood, the siblings were not formally groomed for business, whether explicitly or implicitly. Their father, NKA, worked long hours and was not present most of the time. According to the sons' recollection of their early days, their father encouraged them to study hard and achieve their goals, but there was no plan or training in place. He did not shape their futures for them, instead leaving it up to them to decide which careers to pursue. NKA himself had a Bachelor of Commerce from St. Xavier's College, Kolkata and would say, "Xavier's Bachelor of Commerce is good enough, and after that, whatever you guys want to do, please do."

NKA began exploring options beyond just his store. At that point in time, a real estate opportunity presented itself. This happened around the same time his sons were growing older, and he started considering expanding his business by replicating the successful Poddar Court, Raymond Store model and opening more stores. As NKA was now involved in retailing, wholesale, and real estate, he needed more help to manage everything.

Rohit, speaking on behalf of his siblings, presents a clear and objective perspective. Although their parents may not have explicitly prohibited them from venturing out, they instilled values that fostered a desire to return home. Their parents and grandparents preferred that their children stay within the family and work in the business, which they made known to their children. The siblings received their education from missionary schools, with Sibesh being the brightest of them all. Sibesh had the opportunity to study at Cornell University in the US, but he was unsure if he wanted to leave. Their father was against the idea of Sibesh going to the US and feared he would not return. He encouraged Sibesh to join the family business in Calcutta, as it required his presence. This was the message conveyed by their family, particularly their father.

Sibesh expressed his satisfaction with his current work and acknowledged that he is uncertain about how his life would have turned out if he had pursued opportunities in the US. He recognizes that his decision not to go was the right one for him, and he does not have any regrets. Sibesh emphasizes that the decision was entirely his and not his father's, even though his father was not in favour of the idea.

Eventually Sibesh completed his CA, Rohit did his MBA from Indian School of Business Hyderabad and Amitav his CFA course before joining their family's business.

Agarwal Group : 2000 - 2010 , the coming of age of the next generation

The trio of siblings joined the family business while still pursuing their college education. Sibesh was entrusted with overseeing the real estate division, while Rohit took on the responsibility of managing the wholesale arm. Amitav was appointed as the head of a newly launched store in Kankurgachi.

Rohit elaborated that during that time, the three of them were in different areas as it was necessary. Rohit's father was a very involved person who held the Poddar Court store in high importance. He would entrust business ventures to people and eventually to his children. He did not physically travel to other locations and wanted these new businesses to have owners. This is where Rohit, Amitav, and Sibesh came in. Rohit was tasked to own the wholesale business, Amitav with the Kankurgachi store, and Sibesh with the real estate business. Rohit's father had started expanding into other ventures and wanted his children to own these businesses which he could not manage as he was focused on Poddar Court. He wanted each of them to own these small businesses which had a lot of potential at that time.

The three brothers were focused on managing their respective businesses, while their father made decisions on capital deployment. According to the sons, their father was the one responsible for managing the allocation of funds, and they were primarily focused on ensuring that the operations ran smoothly. Although they were not involved in the capital decision-making process, they were committed to making their businesses successful.

NKA had consistently hired capable individuals for his various ventures, but the financial reporting and organizational structure remained inadequately defined. The children expressed their regret, stating that their father lacked a structured approach to reporting and ownership, resulting in a lack of organization across the board. Despite the quality of the business's operations, the reporting mechanisms were lacking, and NKA only had a general understanding of the company's inner workings.

The three brothers had entered into arranged marriages in a brief period of a few years. Although the union did not drastically alter their lives, it did bring about greater responsibility for each of them. As a result, the brothers, who could share a single room, began to feel that their home was becoming cramped after getting married. A bigger house was needed, and it was sensed that understanding the financial aspect of the business, which had been left to dad for a long time, was also necessary. Questions that had not been asked before, such as how to structure the business better, improve it and manage the money, were being explored. These questions were not asked until after getting married, as the responsibility of owning the business was now shared, rather than solely relying on the father, who was aging. Better control over the business was desired, as well as identifying the opportunities and challenges, and exploring ways to grow and be more aggressive.

Changing needs with changing times: Transition

The family business growth was described by Rohit, stating that at that point in time, the business was like a tree growing on its own. They grew wherever they were meant to go without following any clear pattern or shaping the branches. The growth was organic and they took opportunities as they presented themselves. The initial years were spent understanding how the business worked, including the bells and whistles, controls, and overall business dynamics. There was more learning on the job during this time; observing and slowly getting involved more and more in the business as they started to learn.

An example from his early days of setting up the wholesale business was cited, where it was learned that there was no computer present. Everything was carried out manually, including purchases and sales, along with manual maintenance of all accounts. It was thought that a change was needed, and an inventory management system was proposed to be implemented.

The issues of handover were addressed by the siblings in unison. As a young organization, there were instances where there was no one to take over the responsibility from. Functions were created and the responsibility was taken over by the siblings themselves.

The approach utilized by the brothers had certain issues, mainly due to a lack of cohesion. The creation of their own space did not assist them in preparing the "space" towards a shared direction or vision. The brothers admitted to not having introspected and believed that they were creating what the business needed, but not necessarily in the same direction. Alignment of thoughts was non-existent, and there was no consideration for how decisions could impact other businesses or the potential for synergy between them. For 5-7 years, the brothers had no comprehension of where the finances originated. Expansion was their sole focus, and they were unaware of the extent to which finances were borrowed or equity was used. Some portion was known to be debt, but the actual amounts were unclear.

It was gradually realized that the financial aspect of their work lacked structure. The borrowing was quantified, and a system was implemented to comprehend the extent of the borrowing. It was then understood that a significant amount had been borrowed over the course of 5-6 years. The rational course of action was to repay the borrowed funds. Furthermore, an assessment was made to determine the amount of capital used by each business.

The changing styles have been observed by the siblings, and structures are slowly but surely being put in place by them. It has been noted that over the past four to five years, a more structured approach has been taken, with attempts being made to rationalize them. Prior to this, discussions were mostly held between NKA and one of the siblings, with all four rarely involved.

As NKA approached his 60th birthday, it became apparent that his traditional way of conducting business was no longer sustainable. The finance department was in a less-than-ideal state and needed to be restructured. To address this, siblings gradually began to assume control of the finance department from NKA. Their approach involved borrowing from banks and paying off outstanding unsecured loans. As a result, NKA's influence over the department gradually diminished as the brothers became more involved in the banking process.

The transition was initiated by Sibesh, who was the de facto finance person for the family in the beginning. The real estate business was being managed by him from the Poddar Court office, and since the family's finance office was also situated in Poddar Court, Sibesh took on the dual responsibility of managing both the real estate and finance. It was during this period that the family began exploring the holding structure of their companies, resulting in a shift from the proprietorship and partnership form of business to Private Limited Companies.

Talking about this transition in particular the brothers agree that this also led to further fortification of the business silo model which the siblings were now a part of. It was explained by Rohit that the foundation was initially laid by Sibesh. However, it was eventually realized that there was a disconnect between the operational and financial aspects of the business. This became evident when 25 stores were opened without considering the financial impact. As a result, working capital increased and there was a need for additional finance. It was understood that the operational person should have some ownership of finance for the expansion to succeed. The business was then divided into silos.

Course correction and Conflict resolution: 2015 onward

The decision was made by the siblings to refrain from injecting additional borrowed capital. It was felt that the time had arrived to settle the debt and once the debt levels were manageable again, a discussion would be held to determine if expansion or new ventures were desired. If necessary, exiting certain businesses would be considered.

It was made clear by the brothers that future capital deployment would be determined by the returns generated by each business. Previous capital allocation had also been based on similar criteria, but it was done individually rather than as a group. This approach had caused dissatisfaction, particularly when they decided to pause. Conflicts and discussions arose that the siblings had not previously encountered.

There was some internal strife among the brothers, as they struggled to comprehend the situation. Despite our attempts to avoid conflict, there was a lack of communication between the separate silos, and they were left questioning the whereabouts of their funds.

It is recalled by Rohit that there were apprehensions about the retail real estate business. Sometimes, a piece of land would be invested in and it would remain stuck for decades due to governmental reasons, disputes with partners, or other such reasons. A lot of money would be stuck there. Additionally, a lot of what was being done was also in a bind for different reasons. Losses were happening on both sides due to the high retail cost and the market not being as good as estimated. At times, the blame was being shifted on each other, stating that real estate is a problem or retail is a problem.

It was observed that the siblings required some time to comprehend the situation. Eventually, a decision was made to leave things that didn't appear logical, with the conclusion being, "OK! Whatever happened - happened!" As a result, the family left unprofitable stores. Additionally, the real estate division ceased to purchase land, which was identified as the problematic area. Instead, they began to participate in joint ventures where they weren't required to invest in land upfront.

During that time, formal meetings were initiated by the family to highlight business problems and issues. Although discussions were held, the responsibility of resolving these issues still rested solely on the "business owner". Looking back, action was taken on some problems later than desired. While problems were not ignored, a casual approach was taken. However, eventually, everyone became serious, and the importance of these meetings increased. The focus of the meetings shifted to identifying the issues and determining what went wrong or right.

It is believed by the brothers that the Business Silo model is still suitable for them, despite experiencing inefficiency which resulted in some financial loss. It is possible that a better return on investment could have been generated if they had been more efficient and organized. It is acceptable, however, and there is a chance that they should have focused on the financial aspect earlier. All models are deemed good, and what truly matters is the execution. Therefore, this model is still considered to be viable.

Daily operational decisions can be handled by the head of business, who possesses ample experience and expertise. However, certain decisions require the involvement of all partners in the business and should be made at a board level. Board meetings provide an opportunity to debate decisions thoroughly, allowing for a full exploration of both merits and demerits. By involving multiple individuals, one can serve as a sounding board to highlight pros and cons that may have been overlooked. Our proposal aims to increase financial transparency across all businesses, implementing monitoring processes and defined targets to ensure profitability. A vision and roadmap have been established to provide clear direction for the future.

For the past few years, NKA has been suffering from dementia and has been taking a less active role in the business. The separate silos are being handled by the brothers as partners, and attempts are being made to make each other understand business problems and issues. Operating in silos, they often get trapped by their limited field of vision and are trying to align their business goals. At the same time, they are also faced with aligning their succession plan. The 3rd generation is preparing to come into focus, and there are a number of questions being asked. How the son(s) are treated versus the daughter, and whether the ownership should be divided by three or four are some of these questions are now part of the monthly meetings which the brothers now conduct. The division of the business is still a work in progress, and the brothers are trying to figure out how to separate the businesses while still coming across as one to others.

It is now a common practice among the brothers to address conflicts by taking a moment to reflect. Disagreements may arise, and a brief period of time is allowed before returning to the situation. Attempting to comprehend the opposing perspective is necessary, and a resolution is sought where all parties involved can feel content. It is imperative that all individuals involved are in agreement with the outcome.

Distance creates fondness: Hybrid family model.

The family has implemented a hybrid living arrangement at their residence, with each couple having their own independent living quarters while sharing a common kitchen. It is noteworthy that the living model at home prioritizes avoiding conflicts rather than resolving them.

According to Rohit, a certain amount of space is needed by everyone in the current age, both with each other and apart. The act of providing space does not necessarily mean avoidance of conflict. Instead, it is a way to offer a deserving person the room they require. A majority of conflicts can be prevented by having independent kitchens in addition to a communal kitchen. This approach avoids conflict instead of resolving it. It is a hybrid method that suggests we are united while still providing each other with the necessary space.

The family belief that distances creates fondness is spoken for by Ishika, who is Rohit's wife. At home, they try to give space and leave things for each other. They believe that it is important to have respect for each other's desires and not be too close or argue too much. They have observed that most conflicts resolve on their own, which is the beauty of family. Ishika highlights that her life is her own, and the family respects each other's decisions. They do not believe in forceful interaction and are good with each other.

It was not the case that the family started off with this model. At first, a common floor with shared living, dining and kitchen was occupied by the brothers. Personal space was missed when the rooms were close-knit and on the same floor, resulting in a lot of intervention. It was felt that a little bit of space would probably make their stories better.

It was recollected by Rohit that during the planning of the unit, the idea of having a separate kitchen was suggested by Pooja Bhabhi (Sibesh's wife). The idea was well-received by everyone, and Rohit believes that it is important, if not essential, in the current lifestyle. It is considered to be fairly important.

The extension of the hybrid model to their work is being attempted by the brothers. In terms of their workspaces and operational methods, there is complete differentiation between Sibesh, Amitav, and Rohit. There is no interference in each other's work. The only common factor is finance, which is acceptable. Sharing profits is also acceptable.

Inviting the spouses to join the family's business and challenges of reward

After spending 15 years working, Ishika has now become a bespoke fashion designer for men and has gained a reputable position in Kolkata's fashion industry. It was a great gesture from her family to allow her to work outside the home, and her father-in-law was especially supportive. However, Ishika sometimes feels that her work has not been given due recognition by her family. On one occasion when she asked for a reward for her work, her father in-law simply replied, "It's not just you, it's three of you. So, we have to do things equally." His statement may have been correct, but it did not feel right to Ishika at that time.

The family's approach seems to have been reconciled to by Ishika over time. Working has been kept up by her and she believes in destiny. The topic was never raised again by her and she understood the problem her Father in-law was facing. Even though she has put in a lot of hard work and effort, she misses the reward. An opportunity is being received, and she is grateful for it. Herself needs to be proven and hard work needs to be put in. Someday, payment will be received for whatever is being put in, maybe in the form of love or respect.

It is clear that Ishika believes in ensuring fairness for her daughter-in-law in a similar situation. If her daughter-in-law puts in effort into the business, Ishika thinks that she should be rewarded as it is essential for personal fulfilment. Whether she chooses to work within or outside the family, there should be some form of compensation for the hard work she puts into the business. Conflicts may arise when working within the family, but it is okay. Ultimately, it should be acknowledged that the daughter-in-law's hard work merits remuneration.

Succession Management and future challenges

An example was provided by the family when they were asked whether they would make a decision in favor of the joint family or their personal wealth in a situation where they might have to sacrifice their independent ownership rights or individual wealth.

The new home had been constructed and the plans were being reviewed by the brothers to decide which floor should go to whom. Ishika remembers the process being handled quite well with an impressive sequencing of decisions. According to her, Rohit suggested Amitav, being the youngest, should decide first and he chose his floor. Then Sibesh asked Rohit to decide and he selected the next floor. Finally, Sibesh took the remaining floor. Ishika was pleased to see that the brothers shared a strong bond with each other. She believes that if they ever plan to do business together, they will do it in a peaceful and cooperative manner.

The challenges on the family and business fronts, as well as the preferred approach, are being contemplated by the brothers. It is felt by the family that the last decade was spent building a robust real estate and retail business, but the back end remains disorganized. The financial aspect is known to be the cause of this disarray. The ownership structure of several companies is unclear and needs to be sorted out.

The question of whether they remain together and conduct business jointly or they stay together but divide our business remains significant. The answer to this question needs to be found. Additionally, if they decide to continue working together, the approach they take needs to be determined. This is a complex issue that requires resolution.

Two business verticals, namely real estate and retail are being pursued by them. As far as businesses are concerned, they are entirely different and do not have many commonalities. The retail business and real estate business can be dealt with differently as they are very separate from each other.

It is deemed significant for them to remain united on the family front. NKA has always held the belief that strength lies in togetherness, and when separated, weakness prevails. The sentiment is of utmost importance. Business is not necessarily required to be associated with it. It is more about emotional and mental backing, along with mental fortitude that holds significance.

Rohit also expressed to remain together as a unit, despite having varying motives. The reason for staying united is the sense of being a family. However, if Amitav and Sibesh were asked the same question, their response could differ. At present, they are both involved in real estate, which poses a challenging situation for division. Amitav and Sibesh believe in retaining the value that they have generated in the real estate sector, and splitting the business could result in loss of that value. Thus, they could state that it is imperative to remain united primarily for the sake of the business.

OBSERVATION OF THE AGARWAL CASE

DK Agarwal was a Jute Commission agent, facilitating transactions between factory owners and jute producers. He had 2 sons. The elder son joined his father's business in his first year in college. His younger son, Nand Kishor Agarwal (NKA) decided that he did not want to proceed with this business. From the very first day, there was no shared business interest between him and his elder brother. NKA took a shop on rent in the commercial trading centre, Poddar Court (Kolkata), and opened an electrical outlet with a partner.

Rohit, the second son of NKA, remembers the early days of the business when the partner and his father did not share the same vision and were very different in their thought process. This led to a split and losses due to the partner's desire to withdraw money and the father's desire to grow the business. At this point, NKA decided to convert the electrical store into a fabric trading store.

NKA's formative years still influence his son's business decisions. They believe that in the long run it is difficult to run and manage a partnership business. Instead, they believe that sole control of the business is more effective and beneficial. NKA's move into fabric trading did well due to his ability to build relationships with people. Calcutta was a small business circle, and people knew each other. When the shop started to do well, people would bring in their friends and relatives. NKA believed he could take a leap of faith, as he had a good relationship with the landlord of Poddar Court, Mr Arun Poddar, and offered him the property for ownership. This is where the main 'Raymond Store; was born in the early '80s. Post the success of the flagship business of fabric trading, they gradually added on the group's realty business.

Observations on the corporate business side:

1. The group has not entered into any other partnership businesses. However, they have adopted the industry-wide joint venture model in their real estate foray. Their rights are defined until the project is complete, and they have control over the management of the project.

2. The Agarwal family does not offer equity stake or ownership in their retail business, but they do have local partners who work with them to make the stores successful. Rohit believes a store should have a “face” with a business drive and motivation, so they promote this ‘one person’ as the “face of the store”. He gets a cut of the profits, but he doesn’t own the business.

3. NKAs has three sons. Sibesh, Rohit, and Amitav entered the family business at a young age, with Sibesh taking charge of real estate and Rohit taking charge of wholesale. Amitav took charge of a store in Kankurgachi, Kolkata. Rohit explains that his father was a very hands-on person and left it to his three sons to run the new businesses. He continued to micro-manage the Poddar Court store. He also wanted them to own other businesses, such as the wholesale business, Kankurgachi store and real estate business.

4. The three brothers were looking at three separate stores or businesses, but their father was the one deciding where to put money. The son's role was to make it work, not understand where the capital came from and how.

5. The three brothers had arranged marriages within a short span of time, bringing more responsibility into their lives and more responsibility towards the business. They needed a bigger house and to understand the financial part of the business, which had been left to their father for a long time. After getting married, they started asking questions about how to structure the business better and make it more aggressive. They wanted better control over what was happening and how to grow the business.

6. NKA had good people deployed in his businesses, but the reporting and financial operations were unstructured. The siblings lament that he had a vague idea of what was going on. Operationally, they were on the good side, but seeing the back end, the reporting mechanisms were not there For instance, The wholesale business had no automation at all, they had to maintain the purchase and sale records manually, maintain accounts manually, and have a manual inventory management system in place.

7. Agarwal family’s business thrived and achieved the goals it had set. Rohit added that he likened their success to the growth of a tree, indicating that the firm had grown a great deal. Rohit's analogy implies that his family's firm had gone through a period of development, creating a foundation upon which it could build further. He may also have been emphasizing the amount of hard work and dedication that had been involved in the firm's growth. The metaphor of a tree being used to describe the growth of the firm also implies that the firm had a strong, stable foundation and was well-positioned for further expansion, but all the growth was in separate ‘branches’ in a different direction.

8. When talking about the matter of entrusting duties, the siblings were in agreement. They expressed that since their group was still new, there were times when there was nobody to assign tasks to. So, they established roles and took care of those tasks themselves.

9. The siblings agreed to deal with the handover of duties, explaining that since they are a young organization, there haven't been any people to take over the tasks, so they have established roles and taken charge themselves.

10. For the first 5-7 years they had no understanding of where the finance was coming from, focusing on growth instead of debt and capital. Reflecting on this, they realized their system was not helping them create a "space" with a common goal.

    They realized their finances were unstructured as they slowly understood what was happening. They began quantifying their borrowings and created a system to track and understand how much they had borrowed over the 5–6-year period. They then realized that they had borrowed quite a lot, and rationality set in - They needed to pay back what they had borrowed. They began to understand how much capital each business was utilizing.

    The siblings were slowly getting more structures in place to talk about the changing styles. For the past two to three years, they have been trying to rationalize it and set it in a structured manner. Before that, NKA or any of the siblings rarely talked about it. As NKA was turning 60 and their finances weren't in a good state, the siblings started taking over the finance from NKA, borrowing from banks, and paying off unsecured loans. These put the siblings in more control of finance and lessened the dependency on NKA, as everything was from the banks.

Sibesh initiated most of the transition process. At the start, he was the one taking charge of the family's financial matters. Sibesh was responsible for running the real estate enterprise from the Poddar Court office and handled the family's finances from the same location. At that time, the family also started to analyze the ownership structure of their companies. They shifted from the proprietorship and partnership form of business to Private Limited Companies.

Rohit and Sibesh agree that fortifying the business silo model they were now a part of was due to this transition. Explaining this, Rohit said, “We established the foundation, but then we understood that the person who had operational control should also have financial control to prevent a disconnect between the operations and finance. For example, I was opening 25 stores without understanding the financial impact, and when we were 70% through, the financial impact started to roll. This expansion caused stress on the finance requirement, so we understood that the operational person should have some ownership of finance too, or else it wouldn't work.”

The brothers were clear that capital deployment in the future would be based on returns rather than one-on-one. This led to conflicts and discussions which had not been experienced before.

As they worked in silos, the blame game started. They wanted to find out where had all the money gone. The three brothers were involved in three separate businesses, so they blamed each other for the financial mess. Upon reaching a conclusion, they made a decision to harsh decisions on the businesses where their capital was held up or the businesses that weren't producing a profit. Consequently, the stores that were operating with a deficit were shut down, and in the case of real estate businesses, they discontinued making outright land purchases. In the realm of retail businesses, they initiated joint ventures, and when it came to land, they refrained from investing money directly. The family began having official gatherings to discuss business matters and issues, but it was up to the individual "business owner" to settle them. At some point, the family became serious and held conferences to determine what wasn't working, where they had gone wrong, and where they had been successful.

The three brothers still believe their businesses should remain separate. This system did not work properly due to their inefficiency. Return on investment has not been good for some of their losses. If they had started taking care of their financial situation long ago, the situation could have been much better.

They think the head of business has enough experience and expertise to take operational decisions, but some decisions should be taken on a joint basis by involving every partner in the business. This includes convening a board meeting, debating decisions, and greater transparency of finance across businesses. Additionally, more bells and whistles are put in place to monitor how well the business is making money and have clear-cut defined targets. This provides a vision, a road map, and a better understanding of the business.

NKA has been suffering from dementia and is taking a less active role in business. The brothers are trying to make each other understand each other's business problems and align their business goals. They are also faced with the task of aligning their succession plan. Amitav, the youngest brother, has two kids, Sibesh and Rohit have one kid each, and there is one daughter in the family. A number of questions are being asked, such as how to treat their son(s) and how to divide the business. These questions are now part of the monthly meetings that the brothers now conduct.

Any time they have a disagreement, they take a break and revisit it after a short time. They attempt to comprehend the other parties' position and then aim to reach a resolution in which everyone is content. It is essential that they are all in agreement.

Observation on the Family Side

1. At home, the family has adopted a fairly hybrid model. Each couple has an independent living unit and yet have a shared kitchen. The model at home encourages conflict avoidance rather than conflict resolution.

2. Each brother lives on different floors of the same house. Their kitchens are different. However, they do have a common kitchen. Their idea is that everyone needs their own space in today's modern era. Respecting that sentiment, they decided to stay separate. But in many cases, they share things together. The advantage of this hybrid model is that they are together but give each other space.

3. The hybrid model they adopted for the family they are trying to apply to the work. The three brothers have different ways of working. So, they do not interfere with anyone's work. Their work has only one thing in common, and that is finance. Of course, they decide through discussion.

4. There is no objection to housewives working outside the business. However, Ishika (wife of Rohit) feels her work is not recognized enough at home. Once Ishika sought recognition for her work, her father-in-law said it would not be enough to reward her alone; all three wives should be rewarded equally. Ishika did not like this idea back then.

5. The family explains that they would take decisions in the interest of the joint family or personal wealth in the event of losing independent ownership rights or individual wealth.
6. The brothers are facing challenges in building their businesses, such as finances, ownership structure, and the preferred approach.

Moving forward, the most important question is whether to stay together or separate their business. If they are doing business together, how do they move forward? This is a tough question to solve. Real estate and retail are distinctly different businesses with different needs and has to be dealt differently.

The most important idea is that family is more important than business, as it provides emotional support, mental support, and mental strength. NKA believes that together makes one strong, and once divided, you become weak.

Three brothers want to stay together. Because family comes first for them, but if they want to separate at this point, that will create another problem. Among the three brothers, Sibesh and Amitav are in the retail business. And they have grown this business to great heights. Now if this business is split, then the value of the business will be destroyed. As a result, they may have to stay together because of business.

LEARNINGS FROM THE AGARWAL FAMILY

- DK Agarwal built a successful business as a Jute Commission agent, indicating his strong business acumen. Nand Kishor Agarwal (NKA) had the courage to pursue his own interests and start a new business, even if it meant going against his family's business tradition.

  But, there was no shared business interest between NKA and his elder brother, which could have caused a strain in their relationship.

- The conversion of the electrical store into a fabric trading store shows that the business was adaptable and willing to make changes in order to survive. The split with the partner and the decision to expand the business shows that NKA was not afraid to take risks and make difficult decisions.

  However, the split with the partner likely caused significant financial losses for the business. The disagreement between NKA and his partner could have been avoided if they had communicated better and aligned their visions for the business earlier.

- The ability to build relationships with people is a valuable skill in the business world, and NKA's success in fabric trading demonstrates the importance of networking. Having sole control of a business can be advantageous, as it allows for more streamlined decision-making and avoids conflicts that can arise in partnerships.'

  The flip side is that the belief that partnership businesses are difficult to run and manage may limit the potential for collaboration and shared resources and relying solely on personal relationships for business success can be risky and may not always lead to sustainable growth.

- The group has not overextended themselves by entering into multiple partnership businesses, which can lead to a lack of focus and potentially dilute their efforts. By adopting an industry-wide joint venture model in their real estate foray, the group can leverage the expertise and resources of their partners, potentially leading to a more successful and profitable project.'

  By not entering into any other partnership businesses, the group may be limiting their potential for growth and diversification. While the group has control over the management of the project, being in a joint venture may mean having to compromise on certain decisions.

- The Agarwal family maintains complete ownership over their retail business, allowing them to make all major decisions without outside interference. By promoting a "face" of the store who receives a cut of the profits, the Agarwal family is able to motivate their local partners and drive success without sacrificing ownership or control.'

  But, without offering equity stake or ownership in their business, the Agarwal family may struggle to attract long-term, committed partners who are invested in the success of the business. Relying on a single "face" of the store to drive business success can be risky, as it leaves the business vulnerable to that person's potential departures or failures.

- The father has control over where the money is invested, ensuring that it is being used wisely and in a way that aligns with his goals and values. The sons were supposed to focus on the practical aspects of running the business, without the added stress and responsibility of financial decision-making.

However, choosing not to include the sons resulted in a different issue where three brothers were excluded from crucial financial decisions and lacked a complete understanding of the company's operations. The father's unilateral decision-making could lead to a power imbalance and lack of collaboration within the family.

- The three brothers' arranged marriages brought a sense of responsibility that fostered maturity and decision-making skills. This also sparked the brothers' ambition to take a more knowledgeable and assertive approach to the financial side of the business with the intent to expand. However, this aspiration for greater control could lead to internal strife and potentially jeopardize the company's success.

- NKA was able to draw in and keep capable personnel in his enterprises, indicating that he had the ability to select adept workers. The siblings saw that operationally, the firms were going in the right direction, implying that they were likely producing income and profits. But NKA had an unclear idea of what was occurring in his businesses, demonstrating weak management and a lack of supervision.

  The reporting and financial operations were unstructured, suggesting that there may have been issues with accuracy, transparency, and compliance.

  The lack of automation in the wholesale business and reliance on manual processes could lead to errors, inefficiencies, and challenges in scaling the business.

- The Agarwal family's business has achieved its set goals, which is a positive accomplishment for any business. The use of the tree metaphor helps to visualize the growth and stability of the business, which can be helpful in marketing and communication efforts.'

  However, the fact that the growth has been in separate branches in different directions suggests that the business may lack a cohesive strategy or direction.

Without a specific goal as a whole, the business may struggle to prioritize and allocate resources effectively, leading to potential inefficiencies and missed opportunities.

- In a new and small group Clear roles and responsibilities help ensure tasks are completed efficiently and effectively. Taking on responsibilities themselves helped siblings ensure group tasks were accomplished in a timely manner.'

  But time pressure on members to perform their assigned roles effectively which may lead to conflicts over who is responsible for certain tasks if roles are not clearly defined.

- The siblings have taken charge and established roles themselves, which means they are proactive and self-sufficient. By dealing with the handover of duties, the siblings are demonstrating accountability and responsibility.'

  But, the fact that there haven't been any people to take over the tasks could indicate a lack of resources or support for the organization. The reliance on siblings to take on multiple roles may lead to burnout or a lack of diversity in perspectives and skills.

- The siblings' decision to quantify their borrowings and track their finances shows a responsible approach to money management and accountability. Sibesh's initiative in taking charge of the family's financial matters and analysing the ownership structure of their companies demonstrates strong leadership skills and a commitment to ensuring the family's financial stability.

  The fact that the siblings had no understanding of where their finance was coming from suggests a lack of transparency and communication within the family.

  Depending on borrowing from banks to pay off unsecured loans can be risky and may lead to a cycle of debt if not managed carefully.

- Agreement between Rohit and Sibesh indicates a shared vision and focus on the business silo model. A focus on returns-based capital deployment may lead to more efficient use of resources and increased profitability.'

The mention of conflicts and discussions suggests that there may be disagreements or tension between the three brothers, which could negatively impact the business.

- The brothers are taking steps to align their business goals and succession plan, which could lead to better long-term business success. They are making difficult decisions to cut losses and avoid investing in potentially risky ventures.'

  But the decision to shut down stores and discontinue land purchases could lead to job losses and negative impacts on local communities. And the brothers' efforts to align their goals and understand each other's business problems may be hindered by NKA's dementia, potentially leading to confusion or misunderstandings in decision-making.

- Independent living units can provide privacy and autonomy to each couple, giving them their own space to relax and unwind. The shared kitchen promotes cooperation and collaboration in meal preparation and cooking, which can lead to closer relationships between family members.

  The hybrid model may lead to a lack of shared experiences and bonding opportunities between family members, which can cause distance and disconnection.

  Encouraging conflict avoidance rather than resolution may lead to unresolved issues that can fester and cause tension in the household.

- Each brother has their own kitchen, which allows them to have privacy and independence in their living space. The hybrid model of having separate and shared spaces allows the brothers to be both independent and connected to each other.

  Depending on the size and layout of the house, having separate living spaces may lead to a lack of interaction and communication between the brothers.

  The need for separate living spaces may indicate a lack of willingness to compromise and work together, which could lead to conflicts in the future.

- The hybrid model may lack clear guidelines or structure, making it difficult to maintain consistency.

The non-interference policy could lead to a lack of accountability and may result in delays or errors in the work.

The discussion-based decision-making process may be time-consuming and could lead to indecisiveness or disagreements among the brothers.

- In Agarwal families, while daughters-in-law are allowed to work, there is no acknowledgement of the labour that they do. They are not given special recognition for their efforts, and the head of the family will state that other daughters-in-law who do not work will also be given the same rewards. Therefore, it is essential to instil gender sensitivity in this regard.

- Although the family's decision to prioritize the interest of the joint family can create a sense of unity and togetherness among family members and the family's focus on personal wealth and their willingness to make decisions in its best interest can promote financial stability within the family but while the family's focus on personal wealth can promote financial stability, it could also lead to conflicts of interest between family members and create tension within the family.

- The brothers have identified the specific challenges they are facing in building their businesses, which is the first step in finding solutions to overcome them. By acknowledging the challenges, the brothers are showing a willingness to address them and are demonstrating their commitment to the success of their businesses.'

  Still, the challenges the brothers are facing could potentially hinder the growth and success of their businesses if not addressed effectively. The challenges may cause tension and conflict between the brothers as they navigate these issues, potentially damaging their personal relationships.

- The problem that can arise in the future is that the decision to stay together or separate the business can have significant implications for the future of the business. Since real estate and retail are distinctly different businesses with different needs, it is crucial to consider the implications of the decision carefully. If the decision is not made wisely, it can negatively impact the businesses and their profitability. Additionally, if the businesses are separated, it may require significant restructuring and reallocation of resources, which can be time-consuming and costly.

- They believe family is more important than business. Emotional and mental support from family members is essential for a person's well-being and strength. The idea of "together makes one strong" suggests that unity and cooperation within a family can lead to greater success and resilience, while division can lead to weakness. This idea may be relevant in the context of a business, as it suggests that maintaining a strong sense of unity and cooperation within the company can lead to greater success and resilience.

- It is good that the brothers' value family and prioritize staying together. Sibesh and Amitav have successfully grown their retail business to great heights. Staying together for the sake of the business can potentially prevent the devaluation of the business, ensuring financial stability for all three brothers.

  But, staying together solely for the sake of the business may cause tension and strain on the brothers' personal relationships. The brothers may have different aspirations and goals for their individual lives, which may not align with staying together for the sake of the business. If the brothers are not able to effectively manage their business together, the business may still face challenges and potential failure.

- Lastly, it can be argued that the current issues among the siblings causing distress to the business are not exclusively the fault of this generation. NKA had the responsibility of managing the family and business, yet he neglected to cultivate the skills of his sons. Sibesh got an opportunity to pursue a degree in computer science at Cornell University, but NKA, not understanding its worth, made him study for a B.Com. Consequently, the three brothers lacked complementary abilities, leading to difficulties in running the business. To ensure a prosperous nuclear family business, it is imperative to groom the successors in family and business matters.

COMPARISON BETWEEN GUPTA FAMILY AND AGARWAL FAMILY

	GUPTA FAMILY	AGARWAL FAMILY	REMARKS
Family Structure	1.LN Gupta was the sole successor in the Gupta family business, which had transformed into a nuclear family business from its previous structure.	1. Similarly the Agarwal family business became a nuclear family business and had only one successor, K L Agarwal.	Both businesses have transitioned into nuclear family structures with a sole successor. LNG, the current head of the Gupta family business, has two sons, Ramesh and Rahul, who are running the business in the current generation. Kishori Lal Agarwal. NKA, has three sons, Sibesh, Rohit, and Amitav, who run the Agarwal family business. Neither of the successor generations has any sisters.
	2. LNG has two sons, Ramesh and Rahul, who are running the business now in the current generation.	2. NKA, as he is affectionately known in the business world, has three sons, Sibesh, Rohit, and Amitav, who run the Agarwal Family business.	
	3. LNG has no daughter.	3. NKA doesn't have any daughters.	
	4.The current generation of the Gupta family consists of two brothers, Ramesh and Rahul, who are only two years apart in age and belong to a similar age group.	4. The current generation of the Agarwal family consists of three siblings, namely Sibesh, Rohit, and Amitav, who are all born within a year of each other and fall under the same age bracket.	
Financial Growth and Success	Having started their business as a nuclear family, they have achieved financial growth and business success over time. Moreover, they have consistently launched new businesses	The Agarwal family has grown financially and successfully as a nuclear family business. They have also successfully ventured into various businesses.	It is impressive to see how both the Gupta and Agarwal families have thrived and achieved financial growth as nuclear family businesses. Their ability to launch and succeed in new ventures showcases their

COMPARISON BETWEEN GUPTA FAMILY AND AGARWAL FAMILY

	GUPTA FAMILY	AGARWAL FAMILY	REMARKS
	and achieved success in those ventures as well.		entrepreneurial spirit and adaptability. The success of these families highlights the potential benefits of a streamlined decision-making process and close collaboration within a nuclear family structure.
Education for the next generation	1.The family's patriarch, LN Gupta, is a law graduate who has two sons, Ramesh, and Rahul. While Ramesh is a Chartered Accountant, Rahul is an engineer and has also completed his MBA.	1. NKA, the Agarwal family's head, has a degree in commerce, and three of his sons have degrees in commerce as well.	The comparison between LNG's approach to education for his sons and NKA's approach highlights the differences in their perspectives and priorities. LNG's planned education route map for his sons demonstrates his foresight in recognizing the importance of education in enhancing their skills for business. He not only provided them with a structured education but also valued their personal desires to study. This approach shows the potential for utilizing the diverse skill sets of Ramesh and Rahul in the family business. NKA's focus on educating his three sons in commerce from excellent
	2. LN Gupta created a planned education route map for the boys when they were young. The combined skill set of the three later became very effective in business. LN Gupta's foresight in the field of education is admirable. This planned education is not only useful in the field of business, but also addresses the different interests of the next generation.	NK Agarwal educated his three sons in excellent schools and colleges in Kolkata, but he did not encourage them to pursue their interests. Instead, he believed that the boys would eventually be in charge of business and that studying commerce would be beneficial. Sibesh was offered a place at the Cornell University to pursue a degree in computer science, but he was not permitted to study there. He	

COMPARISON BETWEEN GUPTA FAMILY AND AGARWAL FAMILY

GUPTA FAMILY		AGARWAL FAMILY	REMARKS
		attended Xavier's College in Kolkata and majored in commerce.	schools and colleges in Kolkata suggests his belief that commerce studies would directly benefit their future roles in the business. This approach may have limited their opportunities to explore other fields of interest or pursue education at renowned institutions like Cornell University. While this approach may have its merits in terms of specialization, it may lack the potential for diverse perspectives and skill sets that could contribute to decision-making in the Agarwal family business. Overall, the comparison highlights the importance of considering both structured education and individual interests in preparing the next generation for leadership roles in the family business. LNG's approach showcases the potential for utilizing diverse skill sets, while NKA's approach focuses

COMPARISON BETWEEN GUPTA FAMILY AND AGARWAL FAMILY

	GUPTA FAMILY	AGARWAL FAMILY	REMARKS
			more on specialization in commerce studies. Both approaches have their advantages, and the ultimate success of the family businesses will depend on how well these different perspectives are integrated into the decision-making process.
Vision of the Patriarch	LN Gupta has been teaching his sons the importance of keeping both family and business together. To ensure this, he established some crucial regulations for both the family and the business. Later on, his sons also contributed and introduced their own set of rules that are applicable in both aspects.	NK Agarwal had a belief that partnerships or joint ventures are not suitable for successful business as they lead to conflicts. Thus, he assigned different business responsibilities to each of his three sons and after their marriages, they started living separately in accordance with their individual needs.	LN Gupta and NK Agarwal have taken different approaches when it comes to integrating family and business. LN Gupta believes in keeping both family and business together. To ensure this, he established crucial regulations for both the family and the business. By teaching his sons the significance of this integration, he has laid the foundation for a harmonious relationship between family and business. Additionally, his sons have also contributed by introducing their own set of rules that are applicable in both aspects. This approach allows for a strong family

COMPARISON BETWEEN GUPTA FAMILY AND AGARWAL FAMILY			
	GUPTA FAMILY	AGARWAL FAMILY	REMARKS
			bond while ensuring the success and growth of the business. NK Agarwal has a different belief when it comes to partnerships or joint ventures. He believes that such arrangements can lead to conflicts in a successful business. To avoid this, he assigned different business responsibilities to each of his three sons. After their marriages, they started living separately, according to their individual needs. This approach allows each son to have their own independence and personal space, which can contribute to their individual success. It is interesting to note that while LN Gupta emphasizes the integration of family and business, NK Agarwal prioritizes individual responsibilities and independence among his sons. Both approaches have their own merits and it is likely that they have been influenced by the unique

Comparison between Gupta Family and Agarwal Family			
	Gupta Family	**Agarwal Family**	**Remarks**
			circumstances and values of each family.
Roles assumed by the existing generation	Ramesh and Rahul are actively involved in all of the businesses owned by the Gupta Group, taking on functional roles in each one. Currently, Ramesh handles the financial side of the businesses while Rahul manages the operations. Due to their mutual reliance on each other's work, they make joint decisions for every business after meeting and discussing the situation. This interdependence allows both brothers to have a complete understanding of each detail of their businesses.	The Agarwal group is divided into three businesses, each managed by one of the three brothers. As a result, there is no need for collective decision-making among the brothers regarding the businesses. The brothers depend upon formal and informal discussions to share information between each other.	Functioning within the Gupta Group, with Ramesh and Rahul actively involved in all businesses and making joint decisions, promotes a collaborative and integrated approach to their business operations. This allows for a comprehensive understanding of each business and enables effective decision-making. The Agarwal group's approach of having each brother manage a separate business promotes individual responsibilities and independence. While this allows for focused attention on each business, it may result in limited knowledge and understanding of the overall profitability of each business among the brothers. Both approaches have their merits and are influenced by unique circumstances and values. The

COMPARISON BETWEEN GUPTA FAMILY AND AGARWAL FAMILY

	GUPTA FAMILY	AGARWAL FAMILY	REMARKS
			Gupta Group's integrated approach ensures a cohesive understanding of their businesses, while the Agarwal group's divided approach allows for specialization and individual accountability. Ultimately, the effectiveness of each approach would depend on the specific dynamics and goals of the respective businesses.
Decision Making	LNG has included Ramesh and Rahul in the process of planning financial allocation for all the businesses after they joined the company. Due to their comprehensive knowledge of all the businesses, and in the absence of personal favourites, Ramesh and Rahul allocate the necessary capital for each business in a practical manner based on the business requirements.	NKA allowed his three sons to manage three different businesses, but he retained control over the finances. He provided funds to the companies as needed for growth, but the sons were unaware of where the money came from or who provided the loans. Additionally, it was not a common practice to return the allocated capital to the original financial source. Consequently, while the sons were responsible for running the businesses, they lacked true authority over both the operations and financial aspects.	LNG has taken a more collaborative and integrated approach in financial planning, involving Ramesh and Rahul in the process. Their comprehensive knowledge of all the businesses allows for practical allocation of capital based on individual business requirements. On the other hand, NKA has retained control over the finances, providing funds as needed but without transparency or shared authority for the sons.

COMPARISON BETWEEN GUPTA FAMILY AND AGARWAL FAMILY			
	GUPTA FAMILY	AGARWAL FAMILY	REMARKS
Transparency	The two brothers in Gupta's business share equal responsibility regardless of the profit or loss. This means that no individual is held responsible for any outcome, resulting in a clear understanding and no conflicts between them.	In the case of Agarwals, the profits and losses of the three separate businesses differ, resulting in varying success rates. This may lead to the development of distance in the personal relationships.	This comparison highlights the significance of shared responsibility and transparency in business partnerships. The Gupta brothers' equal responsibility regardless of profit or loss fosters a clear understanding and avoids conflicts. This collaborative approach promotes transparency and strengthens their personal relationships too. On the other hand, the Agarwal group's separate businesses and varying success rates create distance and potential strain in their relationship.
Succession Management plan	LNG has been carefully considering plans for succession in his business. He has taken proactive measures to ensure a smooth transition during the actual process. As a result, the succession of Ramesh and Rahul was smooth and without any hindrances.	NKA did not have a robust succession plan. He kept control of the original funding and assigned his three sons to run three different businesses. However, when NKA started developing dementia in 2015 and was no longer able to work, his sons faced various challenges. They lacked	The comparison between LNG and NKA highlights the importance of careful succession planning in business. LNG's proactive measures and consideration for succession planning has resulted in a smooth transition for his business. On the

COMPARISON BETWEEN GUPTA FAMILY AND AGARWAL FAMILY

	GUPTA FAMILY	AGARWAL FAMILY	REMARKS
		financial knowledge and information, resulting in unequal distribution of capital and profits, which led to blaming each other.	other hand, NKA's lack of a robust plan led to challenges and conflicts among his sons. LNG's approach demonstrates that succession management is not a one-time occurrence but an ongoing process that should be initiated well in advance. By considering both the business aspect and the family aspect of succession planning, LNG ensured that the transition of power to his sons, Ramesh and Rahul, was seamless and without hindrances. In contrast, NKA's inadequate succession plan led to difficulties when he was no longer able to work due to dementia. His sons faced challenges as they lacked financial knowledge and information. It is crucial for business owners to proactively plan and initiate the succession process to ensure a smooth transition and avoid conflicts. By doing so, they can pass on their business to the next generation

COMPARISON BETWEEN GUPTA FAMILY AND AGARWAL FAMILY			
	GUPTA FAMILY	AGARWAL FAMILY	REMARKS
			without disruptions and maintain family harmony.
Holding Structure	Ramesh and Rahul are the two leading figures of the LNG Group, and they each own half of the shares in the newly formed Holding Company. As they have the same proportion of shares in the parent company, there is no discrepancy in the distribution of stocks or profit for either brother.	There is no holding company, and the equal ownership is not cast in stone. It is a given belief and understanding that ownership should be equal. The group has not entered into any other partnership businesses. However, they have adopted the industry-wide joint venture model in their real estate foray. Their rights are defined until the project is complete, and they have control over the management of the project.	Ramesh and Rahul have established a holding structure for the AKG Group, with equal ownership in the newly formed Holding Company. This structure ensures that there is no discrepancy in the distribution of shares or profits between the two brothers. Presently, within in Agarwal Family business the equal ownership arrangement is not legally mandated, but rather based on a shared belief and understanding.
Participation of Daughters-in-law in the Family business	The Gupta family has yet to address the issue of Daughters-in law entering the business as the need has not yet arisen.	Ishika, who is married to Rohit, ventured into an independent business that is not linked to the three family businesses of the Agarwals. Although NKA provided her with the necessary funds to start her business, Ishika has managed to grow her company significantly over the last fifteen years, earning a notable reputation in the	The Gupta family's lack of clarity regarding the inclusion of daughters-in-law raises some important questions for the next generation. It is commendable that Ishika, The daughter in-law of Agarwal family, despite not being part of the family business, has successfully established her own independent

COMPARISON BETWEEN GUPTA FAMILY AND AGARWAL FAMILY

	GUPTA FAMILY	**AGARWAL FAMILY**	**REMARKS**
		fashion industry. The other two daughters-in-law of the Agarwal family have not yet joined the family businesses. However, despite her efforts, Ishika receives no financial remuneration or compensation from the family. NKA holds the belief that all three of his daughters-in-law should be rewarded equally.	venture and earned a notable reputation. However, the lack of remuneration or compensation for her efforts and comparing her with other daughters-in-law is concerning.
Living Style & Pattern	Family members live together in one house, under one roof, with only one kitchen and prayer room. Their daily meal time is the same, allowing them to see each other at different times of the day, thus helping create a strong bonding.	The family has adopted a fairly hybrid model. Each couple has an independent and self-sufficient living unit and yet has a shared kitchen. The model at home encourages conflict avoidance rather than conflict resolution. Each brother lives on different floors of the same house. Their belief is that everyone needs their own space in today's modern era.	The Gupta family's decision to live together under one roof with a shared kitchen and prayer room promotes a strong sense of bonding and allows for daily interactions. On the other hand, the Agarwal family has opted for a hybrid model, where each couple has their own independent living unit but also shares a common kitchen. This model prioritizes conflict avoidance and individual autonomy, creating a balance between togetherness and personal space.

COMPARISON BETWEEN GUPTA FAMILY AND AGARWAL FAMILY

	GUPTA FAMILY	AGARWAL FAMILY	REMARKS
			Both approaches have their advantages, and it ultimately depends on the preferences and dynamics of each family.
Independence / Inter-dependence at home.	The family has adopted , a functional approach between the brothers at work, and the same rules are followed at home too. For example, all decisions regarding the education of the children of both Rahul and Ramesh are the responsibility of Rahul. He adjudicates each aspect of a child's education. Whereas Ramesh is responsible for medical issues, health insurance plans, and all other medical-related issues in the family. Ramesh decides on the quantum of health insurance plans and medical experts/institutions.	The independent living space and the vertical business model approach at work also finds similarity at home. Each individual / smaller family unit is responsible for and takes its independent decisions.	n the Gupta family, the functional approach is adopted within the family too, where specific responsibilities are assigned to different members. This division of responsibilities ensures that each brother has a clear role and decision-making authority in their respective areas while taking responsibility for all members of the family. The Agarwal family prioritizes the independent approach for day to day living. The choice of approach depends on the values and priorities of each family, and finding a balance between individual responsibilities and collective decision-making is crucial for maintaining family harmony.

COMPARISON BETWEEN GUPTA FAMILY AND AGARWAL FAMILY

	GUPTA FAMILY	AGARWAL FAMILY	REMARKS
Family Vacations	While Ramesh and Rahul have taken vacations with their parents; they were more prone to travel with their grandparents. The next generation children almost never go out with their parents, but instead go with their uncles, aunts, or grandparents. Annual vacation for the children with their grandparents is a must. The children of the next generation are being groomed as siblings and not cousins.	Each independent nuclear family takes their own vacations. Vacations for the 3 siblings together is desired by all but not feasible most of the time.	t seems that the Gupta family prioritizes the involvement of all the family members, specially the grandparents, in their vacation plans. Spending time with the grandparents is a great way to pass on family values to the next generation. On the other hand, the Agarwal family values independence and each nuclear family taking their own vacations. Both approaches have their merits, but it's important to find a balance that works for everyone involved.
Independence vs. Interdependence	The Gupta family aims to foster a sense of interdependence among their next generation. They desire their four children to grow up as siblings rather than cousins, encouraging them to	Due to the fact that the current generation of the Agarwal family's three brothers reside separately, their offspring have a cousin-like relationship. It is not mandatory for	It is important to note that both approaches have their merits and there is no one-size-fits-all solution when it comes to fostering interdependence or independence within a family.

Comparison between Gupta Family and Agarwal Family			
	Gupta Family	**Agarwal Family**	**Remarks**
	stand together during times of difficulty and strengthening their bond. Although independence is beneficial, the family believes that interdependence would be more advantageous in their situation. They recognize that mutual dependence and connectivity are crucial for both sustaining life and successfully managing a family business. This is exemplified by Ramesh and Rahul's involvement in all aspects of the business, fulfilling their functional roles. Additionally, the family values the proximity of the children to each other. Rahul's son and Ramesh's daughter who is studying abroad, continue to live in the same city, as it makes it easier for them to support each other.	them to spend time with their extended family on a daily basis. Hence, the children were raised in an independent manner, without forming any interdependent relationships with other cousin-siblings. Each individual child now enjoys having their own independent space.	The Gupta family's emphasis on interdependence allows for a strong support system and a sense of unity among siblings, while the Agarwal family's focus on independence allows for individual growth and autonomy. Ultimately, finding a balance between interdependence and independence is crucial for maintaining family harmony and ensuring the well-being of each family member.
Staying together	It is clear that the Gupta family is committed to staying united. LNG has made a deliberate effort to ensure that his family stays together, and this	Though NKA emphasises that unity strengthens a family, whereas division leads to weakness and therefore, the family should be given priority over	It is evident that the Gupta family's commitment to unity and interdependence has played a significant role in their success as a

Comparison between Gupta Family and Agarwal Family			
	Gupta Family	**Agarwal Family**	**Remarks**
	approach has been followed diligently by Ramesh and Rahul. The Gupta family firmly believes that the success of their business is tied to their unity as a family. They have established an interconnected relationship between their family and business, recognizing that one cannot thrive without the other. Therefore, they prioritize maintaining a strong bond between their family and business for both to flourish.	business. Three brothers also want to stay together. However, they have not taken any specific steps to achieve this. This is currently more in a stage of wishful thinking.	family and in their business endeavours. Their deliberate efforts to stay connected and rely on each other have created a strong foundation for resilience and growth. On the other hand, the Agarwal family's emphasis on independence and individuality may allow for personal freedom, but it may also result in a lack of cohesion and support during challenging times. Finding a balance between unity and independence is crucial for maintaining family harmony and achieving long-term success.

CONCLUSION

- The responsibility of succession management falls on the incumbent generation and not the successor generation alone. It is crucial for the incumbent generation to take charge and come up with a plan on how the business responsibilities will be divided amongst the ‘partners/members. This will ensure a smoother transition and minimize potential issues in the future. Failure to plan ahead may result in problems down the line, making it difficult for the future generation to manage the business.

  Poza, E. J., & Daugherty, M. S. in their paper published in the Family Business (4th ed.). Mason, OH highlight the crucial role of effective succession models, planning, and family leadership in family businesses. They emphasize the significance of implementing well-defined succession plans to ensure a smooth transition of leadership from one generation to the next. The authors also stress the importance of strong family leadership, as it sets the tone for the entire organisation and helps maintain family values and traditions.

- Succession Management is not a one-time occurrence but rather an ongoing process that needs to be initiated by the incumbent generation well in advance, even before the next generation learns to walk. It's crucial to recognize that there are two components to the succession management process: the business aspect and the family aspect.

  In their paper, "Lost in Time: Intergenerational Succession, change, and Failure in the family business", Miller, Steier, and Le Breton-Miller emphasize that intergenerational succession in family businesses is a complex process that involves the transfer of leadership and control from one generation to the next. The failure of intergenerational succession can lead to significant negative consequences for family businesses, including a decline in performance and even business failure. They argue that successful intergenerational succession requires careful planning, effective communication, and the development of successor capabilities. The paper highlights the importance of recognising and addressing the challenges and dynamics that arise during the succession *process, such as power struggles, conflicts, and resistance to change. Understanding the factors that contribute to successful intergenerational succession can help family businesses navigate this critical transition and ensure their long-term survival and success.*

- In a nuclear family business, grooming on the family side first and then on business aspects plays a crucial role in shaping the future of the company and its legacy. From an early stage, it is important to impart the necessary skills, knowledge, and values to the next generation of family members who will eventually take over the operations. Grooming is not limited to learning the technical aspects of the business but also involves developing leadership skills, decision-making abilities, financial acumen, and interpersonal skills. The grooming process helps create a strong foundation for the family business and ensures its continuity across generations.

  Alfredo De Massis, Jess H Chua & James J Chrisman in their paper, "Factors Affecting Intra-Family Succession" (June 2008) examine the factors that influence the success of intra-family succession in family firms while highlighting the significance of family dynamics, communication, and planning in the succession process.

- Early grooming also helps in instilling a sense of responsibility and commitment towards the family business among the younger generation. It allows them to understand the significance of their role in carrying forward the legacy built by their elders. Grooming also provides an opportunity for family members to learn from each other's experiences and perspectives, leading to better decision-making and a stronger sense of unity within the family. Additionally, grooming ensures that family members are equipped to handle any challenges that may arise in the business environment, such as changes in market trends, evolving technology, or shifting consumer preferences. Overall, grooming is a critical component for success in a nuclear family business, and it should be prioritized from an early stage to ensure the longevity and growth of the company.

The paper, "Towards an Integrative Model of Effective FOB Succession" (Summer 2004) by Isabelle Le Breton-Miller, Danny Miller, and Lloyd P Steier, aims to develop a comprehensive model of effective family-owned business succession and also emphasizes the importance of effective leadership, planning, and a well-structured succession process.

- The family side of the process should begin much earlier. Commencing early is crucial in the context of nuclear family businesses since keeping the family united is the foremost step to maintaining the business. It is essential to undertake certain measures to ensure family cohesion. Consistent endeavours are required to establish strong family bonds. Occasional actions or utterances are not adequate; rather, it is a continuous process. It helps that siblings reside in the same abode, share their mealtime, and spend their vacations together. Thus, everyone can establish a connection with every other person in the household and develop empathy. For the next generation to establish strong bonds, the current generation must lead by example. Starting from childhood, the family's culture and values should be instilled in a way that lays a strong foundation for the future. Family bonds should be so strong that nobody feels the need to leave or be independent beyond the family's boundaries.

  This does not mean that personal freedom cannot be enjoyed; everyone should have their own space, but it should not come at the expense of family ties. If siblings can create interdependence within the family, it will translate into success in business and personal relationships. The key to a fulfilling life is not compromising but adjusting for the family's benefit, and everyone can achieve individual and family goals through such adjustments. The family must be a place of emotional security where siblings can find comfort and support.

- As interdependence is established, conflicts may arise due to changing times and attitudes. The differences between generations must be addressed through discussion rather than making demands. It is important to listen to the younger generation and not dismiss their thoughts and opinions. Instead, elders should engage in a dialogue with them to resolve any conflicts. Ignoring the root cause of conflicts may lead to future problems, and therefore, conflict resolution should be prioritized over avoidance.

- When it comes to business, the primary step is to establish an agreement on ownership. This decision should be made early on. Once the current generation takes over, they should determine how to pass on the responsibility to the next generation and create a legal document outlining the succession plan. It is crucial for the current generation to pre-determine how the transfer of ownership will occur and the percentage of ownership each individual will receive. This is a critical responsibility for the incumbent generation if they want their business to continue for more than a single generation.

- Giving special attention to business operations is crucial. It's important to ensure that the succession plan doesn't result in each person focusing solely on their own business, as creating silos is never a wise decision. Instead, responsibility should be shared in a way that allows everyone to take care of all the businesses. The operational structure should be predetermined to prevent any favouritism. For instance, one person can handle the finance of all businesses, while another can handle operations and logistics. This approach will ensure that everyone has a share of the responsibility, and no one person will be credited or blamed for the success or failure of a business. It's advisable to swap roles whenever possible to promote information exchange and maintain transparency so that no one hides their mistakes, which could ultimately damage the business. Functional approach versus Business silos.

- Once the succession plan has been successfully executed, the current generation's responsibilities do not end there. They have a crucial role to play in mentoring the next generation on how to move the business forward. This involves guiding them through the process of starting a new business and explaining the advantages and disadvantages. However, it is important to note that the final decision should rest with the next generation. Although the current generation can assist with decision-making, they should refrain from imposing their will on the next generation. Conflict may arise in this process, and it should be resolved in a similar manner. Nonetheless, it is essential to avoid forcing any decisions on the next generation.

- It is important to keep in mind the timing for passing on knowledge to the next generation and implementing strategies accordingly. The family values and rules that children learn at a young age can greatly influence their future decisions, including whether or not to pursue a career in the family business. Therefore, it is important to consider when to introduce business concepts to children and how to nurture their interest in the business. These efforts must be balanced with the successful growth and management of the business, as the current generation aims to pass on a thriving enterprise to the next. In all aspects of life, whether it be familial or business-related, the upcoming generation should remain attentive and actively participate in decision-making processes.

  Aprihatiningrum Hidayati, Aji Hermawan, Agus W. Soehadi, Hartoyo, in their article the "Intra-family succession insights: the presence of millennial cohort successors" (2020) focus on the influence of millennial cohort successors in intra-family succession. They exam*ine the unique characteristics and challenges faced by millennial successors and discuss the need for adaptability and innovation in the succession process.*

- Finding a balance between various aspects of life can be challenging. To achieve success in business, one needs the right mindset and unwavering determination. In order for a nuclear family-run business to flourish, it is essential to strengthen family ties and establish a network of interdependence. This ensures that if the family works together, the business will thrive, and if the business thrives, the family stays united.

ANNEXURE 1

LITERATURE REVIEW PAPERS

ANNEXURE 2

INTERVIEW WITH THE AGARWAL FAMILY

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