

ENGAGING SUCCESSORS IN FAMILY BUSINESSES: CASE STUDIES IN FINLAND AND THAILAND

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Abstract

Continuity of family businesses is secured through succession, one of these businesses' most crucial events. Research has viewed succession as a planned procedure within a narrow timeframe. Business succession could take 10–15 years, however, with stakeholders in interactive social processes where next-generation family members engage with the business. This engagement has scarcely been studied and we know little about how parents and older generations—family business leaders—engage younger generations with the family firm.

We will explore, through case studies, potential successors' engagement in family businesses in Thailand and Finland. We use a next-generation engagement construct (Garcia, Sharma, De Massis, Wright, & Scholes, 2019) to analyse three Finnish and five Thai family firms during succession. This study contributes to the literature a culturally sensitive analysis of next-generation engagement.

Despite differences in Thai and Finnish contexts, there are similarities in how parents engage children in family businesses. Differences in parental behaviour and commitment to the family business, however, demonstrate that context matters. Engagement in the family business occurs in cultural and societal contexts. Finnish society has a central role in citizens' education and social security; in Thailand, family businesses and families have a significant role in financing such services. In Thailand, a family business is a collective to provide income and well-being for all family members; in Finland, a family business is more individualistic, without strong collective responsibility for all family members but, rather, the business.

Introduction

The intention to pass the control of the business to the next generation—i.e. intrafamily succession—is an important difference between family and nonfamily firms (Chrisman, Chua, & Sharma, 1999). Managing succession is one of the biggest problems faced by family businesses globally (Halkias et al., 2010). Fewer than one in three family businesses survive to the second generation, and less than one in twenty to the third generation. The future of family business is highly dependent on whether family business leaders find competent successors who are willing to take over their business. Interestingly, previous studies indicate that next-generation family members are often not necessarily interested in joining the family business (Zellweger, 2017). Given the ageing population and many family business leaders' desire to retire and transfer their business to the members of the next generation, the low intention of the potential successors to continue the family business poses a huge challenge—not only for the family businesses but also for the economy (Garcia et al., 2019).

Continuity of family businesses is secured through succession, which is regarded as one of the most crucial events in the life of a family business (Ahrens, Landmann, & Woywode, 2015); hence, it is a key topic in family business research (Chrisman et al., 1998; De Massis, Chua, & Chrisman, 2008; Gilding, Gregory, & Cosson, 2013; Helin & Jabri, 2015; Lam, 2011; Litz, Pearson, & Litchfield, 2012; Sharma, Chrisman, & Chua, 2003; Zahra & Sharma, 2004). Family business successions have been widely studied. Much of the research has focused on the crucial event as a planned procedure and on related topics (e.g. potential successors and ownership, division of work, and interaction among family members) in the narrow time frame of a business succession. This succession, however, could take 10–15 years and involve multiple stakeholders in interactive, dynamic and lengthy social processes (Lam, 2011; Salvato & Corbetta, 2013) during which next-generation family members—the potential successors—are familiarised and engaged with the family business. This lengthy process of engaging potential successors in the family business has been only scarcely studied, and we know very little about how parents and other predecessor generation members engage their next generation with the family firm. We acknowledge that the ways in which parents exercise power to guide the career decisions of their children vary according to different cultures (Rudy & Grusec, 2006) and consider that it is

important to study this phenomenon in those different contexts. Thus, this study aims at investigating how potential successors are engaged in family businesses.

Empirically, the case study draws from interview data collected from family business founders, current leaders and potential second- and third-generation successors in five Thai and three Finnish family firms. Since the institution of family is very closely intertwined with that of culture and, in fact, constitutes the foundational building block of societal culture, it is important to use a culturally sensitive contextual lens when studying family businesses (Gupta et al., 2009). The findings clearly demonstrate that engagement with the family business takes place in cultural and societal contexts. The findings of this study contribute to the family business literature by offering a culturally sensitive analysis of the next-generation engagement in Finnish and Thai family businesses.

Theoretical Background—Engaging Successors with Family Businesses

The literature conceptualises the family business system as including the family, the business and the ownership subsystems (Tagiuri & Davis, 1996). These three subsystems overlap and are highly interconnected when decisions are made in family businesses. For example, business decisions and strategies may be influenced by the owner's preferences or by the needs of the family (see e.g. Alsos, Carter, & Ljunggren, 2014). The family business *system* is the arena through which the next generation engages with the family business, implying that issues related to family, business and ownership are interwoven and shape the ways in which parents, as family business leaders, engage their potential successors with the family businesses.

This very engagement of the next generation is a lengthy process that most likely shapes family business succession. Similar to family business succession, next-generation engagement implies a dialogue between the predecessor and the successor—or the parents and the next generation—in which issues (e.g. relationships among family members, identities, family wealth and inheritance) are discussed (see e.g. Helin & Jabri, 2016). Understanding this interactive and dynamic social process is critical for securing family business continuity and harmony across generations (see e.g. Daspit, Holt, Chrisman, & Long, 2016; Lam, 2011; Salvato & Corbetta, 2013).

Drawing insights from career development, organisational behaviour, social cognitive theory, organisational commitment, organisational routine and family business literature, previous studies have proposed various ways in which the next generation is being engaged with the family business (Garcia et al., 2019). Garcia et al. (2019) suggest that **parents' behaviour** influences next-generation engagement by increasing the self-efficacy and commitment of the next-generation family members to the family business. Next, we briefly present the suggested constructs as a basis for our explorative qualitative analysis.

Research on parent-child socialisation confirms that parental support and psychological control (Barber, 2002), as the key dimensions of **parental behaviour**, are associated with the well-being and functioning of a child (Garcia et al., 2019). Based on Turner and Laplan (2002), Garcia et al. (2019) suggest the following four types of parental support that increase self-efficacy beliefs of the next generation: (a) instrumental assistance, (b) career-related modelling, (c) verbal encouragement and (d) emotional support. In the family business context, *instrumental assistance* entails, for example, the provision of opportunities to gain work experience, education or professional development to the next generation (Zhao, Seibert, & Hills, 2005). *Career-related modelling* could also increase the self-efficacy beliefs of the next generation. This can, for example, occur through the provision of admirable role models (Zellweger et al., 2012) and through observational learning. Especially in challenging situations (e.g. succession), *verbal encouragement* from parents may increase the sense of efficacy of the next generation. Verbal encouragement to work in and join the family business and a positive attitude towards the business are important in developing leadership interest among the next generation (Handler, 1990). Next-generation self-efficacy may also be influenced through parental *emotional support*, such as evoking positive emotions towards the family business, and management of negative emotions (e.g. anxiety or fear) arising from the need to 'stand on their own feet' without just copying the behaviours of predecessors. Emotional support from parents is highly important because the fusion of rational and emotional aspects in family business successions may be detrimental to transfers (Hytti, Stenholm, & Peura, 2011).

Parents can also influence and control the career interests and choices of their children by validating their choices and feelings. This could even include manipulating the love relationship between parent and child by making parental concern and care dependent on how the child follows the parents' wishes. This kind of **parental psychological control** is highly relevant in family businesses because, here, the family and the business are interwoven (Habbershon, Williams, & MacMillan, 2003). Psychological control could, therefore, hinder the self-efficacy development of potential successors (Bandura, 1986) because they may try to please the parents rather than to develop their own sense of competence (Givertz & Segrin, 2014).

Overall, parental behaviour—namely, parental support and psychological control—influence the next-generation members' willingness to engage with the family business and, in particular, to take a managerial leadership role therein. Parental behaviour also forms the basis for the next generation's *self-efficacy beliefs*, i.e. how potential successors perceive their ability to successfully engage in a family business leadership position. Furthermore, parental behaviour is suggested to shape the commitment of the potential successors towards the family business. Here, the potential successors' *commitment to the family business* refers to their psychological state of mind towards the family business. This commitment can take various forms: emotional attachment to the family business (*affective commitment*), feeling of indebtedness or obligation (*normative commitment*) and concern for work- and non-work-related costs (*continuance commitment*; Garcia et al., 2019). By focusing on intrafamily relationships within the family business system, Garcia et al. (2019) propose that the next generation appraises how they are treated by their parents. This, in turn, shapes the beliefs of the next generation about their competence (self-efficacy) and attitudes (commitment) towards the family business.

Contextualising the study

Finland has an innovation-driven economy, while Thailand's economy is efficiency-driven (Global Entrepreneurship Monitor, 2017). In innovation-driven economies, businesses are knowledge-intensive, while efficiency-driven economies rely on economies of scale (see Porter, Schwab, & Lopez-Claros, 2005). Different *business ecosystems* imply that family businesses in Finland and Thailand are active in different types of industries requiring related competences and working modes.

National education systems provide the societal framework for educating family business successors. In only a few countries, including Finland, tuition fees are prohibited in higher education by the national constitution (Tilak, 2006). In Finland, education is free of charge from preprimary to higher education levels (Ministry of Education, 2019), with the aim of offering equal educational opportunities for all. Higher education is financed by the State through its tax and non-tax revenues. In contrast, Thailand is more market-driven. In Thailand, tuition fees are charged for higher education, but Thailand offers student loan programs for financing higher education (Tilak, 2006; Ziderman, 2006). According to Ziderman (2006), these student loan programs, which were originally established on a ‘social targeting scheme’, have gradually moved towards a ‘cost sharing scheme’, where the costs of higher education are shared between the government and families. According to Tilak (2006), the mechanism of loans shifts the responsibility of funding higher education from society to families; thus, higher education increases the financial dependency of children on their parents. Parents have a concrete potential to guide and even control that their children’s educational choices support the family (business) needs. According to the World Bank (2019), the gross enrolment in higher education is significantly higher in Finland than in Thailand—in 2016, the gross enrolment in tertiary¹ education was 87% in Finland and 49% in Thailand.

Social security systems provide a societal frame around the family business in cases of wage loss (e.g. unemployment, incapacity for work), social burdens (e.g. children), & no-income situations. Finland has an extensive statutory social security system, including one of the highest public social protection expenditures² in the world (International Labour Organization, 2019). Thailand has a limited statutory social security system; however, extended family plays an important role when dealing with social uncertainties. Most family businesses in the Southern Asia cluster have all family members as their joint and undivided owners (Gupta et al., 2008). Such an approach is seen as both humane and respectful of family feelings. Although family

¹ Total enrolment in tertiary education (International Standard Classification of Education, ISCED, 5–8), regardless of age, expressed as a percentage of the total population of the five-year age group, continuing from secondary school leaving.

² Public social protection expenditure (excluding health) on people of working age (percentage of GDP).

resources are separated from family business resources, the family business is expected to support the living standards of the family and the family, in turn, is expected to make sacrifices when the family business needs an infusion of resources. Nearly all Thai family businesses are organised according to the *kongsi* system, wherein a family pools its financial resources under one umbrella that is controlled by the founder (Bertrand, Johnson, Samphantharak, & Schoar, 2008). Finland is a Nordic country, which is closer to the Anglo business tradition than the Asian one. In the Anglo region, boundaries between the family and the business are highly regulated. The family business is not obligated to take care of family members in need, but, conversely, it may also not have free access to the private resources of the family members if the business is facing financial constraints (Gupta et al., 2009).

Pension systems provide a societal frame for the retirement of the entrepreneur. According to a World Social Protection Report, published by the International Labour Organization (2019), the effective coverage³ of the Finnish pension system is 100%. The pension system in Thailand comprises several contributory schemes for public-sector officials, private-sector employees and informal-economy workers, reaching about a quarter of the population above 60 years of age (International Labour Organization, 2019). Individuals not covered by these schemes depend on voluntary insurance, their own savings or family support (Suwanrada, 2008). The existing Old-Age Allowance System supports only the unprivileged elderly. In terms of retirement in Thailand, families play an important role in either supplementing or completing the existing retirement system to a large extent.

Cultural context can be characterised by Hofstede's (1984, 2001) cultural dimensions. The power distance index (PDI) reflects the extent to which the less powerful members of organisations and institutions (e.g. the family) accept and expect that power is distributed unequally. The individualism-collectivism dimension (IDV) is the degree to which individuals are integrated into groups. The masculinity dimension (MAS)—versus its opposite, femininity—refers to the distribution of roles between genders. The uncertainty avoidance index (UAI), deals

³ Percentage of population above statutory pensionable age and receiving an old-age pension at latest available year.

with a society's tolerance for uncertainty and ambiguity. Hofstede's cultural dimensions for Finland and Thailand are presented in Table 1.

Table 1

Hofstede's (1984, 2001) Cultural Dimensions in Finland and Thailand

Country	Power Distance	Individualism- Collectivism	Masculinity- Femininity	Uncertainty Avoidance
Finland	33	63	26	59
Thailand	64	20	34	64

Note: IDV = individualism; PDI = power distance index; MAS = masculinity; UAI = uncertainty avoidance index; CONDDYN = long-term orientation (scores range from 0 low, 100 high); Sources: Hofstede (1984, 2001).

Finland, as a societal culture, resembles most other Nordic countries in terms of its cultural roots—it is an individualistic culture with small power distance. Previous studies of societal cultures (Hofstede, 1984, 2001) describe Finnish culture as being characterised by small power distance, femininity, individualism and high uncertainty avoidance in the above-described dimensions. Thailand, as a societal culture, resembles most other Asian countries in terms of its cultural roots—it is a collectivistic culture with uncertainty avoidance and power distance (Scarborough, 1998).

Gupta et al. (2009) compared the family characteristics and work cultures of family businesses in Anglo, Southern Asian and Confucian Asian cultures. The Anglo cluster of nations was distinguished by its strong performance orientation but weak family orientation, whereas the Southern Asian cluster (including Thailand) was distinguished by a strong family and humane orientation. This indicates differing patterns in terms of the involvement of the family in the key activities, such as family business, in culturally different business contexts.

Based on the aforementioned, the Finnish and Thai cultures differ mostly in relation to the individualism-collectivism dimension and the power distance dimension, while masculinity and uncertainty avoidance are at similar levels. Finnish culture has exceptionally high uncertainty avoidance in comparison to its uncertainty-tolerant Nordic counterparts: Sweden and Denmark. It is rather interesting that Finnish and Thai cultures seem to share this cultural character trait because, in the Anglo region, which is closer to Finnish cultural roots, the intergenerational

succession process tends to be competitive (Gupta et al., 2009). In the Anglo region, successors prepare themselves by becoming educated and gaining some work experience either in family businesses or elsewhere. They make independent decisions to pursue their career in the family business while recognising that they have an option to pursue independent careers. Regardless, globalisation has gradually affected the cultural norms in both Thai and Finnish contexts. For example, according to Niffenegger, Kulviwat, and Engchanil (2006), the Thai culture seems to be challenged by some of the western cultural imperatives (e.g. individualism), which could affect, for example, families and family businesses as the younger generation steps in.

Methodology

This study is a retrospective and holistic multiple case study (see e.g. Saunders, Lewis, Thornhill, 2007; Yin, 1989; Eisenhardt & Graebner, 2007; Baxter & Jack, 2008). The data⁴ were collected in five Thai and three Finnish family businesses through 16 open-ended thematic interviews with owners and managers of family-owned businesses. The main characteristics of the studied companies analysed are summarised in Table 2:

⁴ The cases selected were from different sectors, different industries and of different firm sizes by the time of data collection. The data were based on open-ended interviews completed in Thailand in 2019 and in Finland in 2016.

Table 2

Studied Companies and Interviewees

ID*	Company established	Main industry	Number of employees	Current manager/CEO	Interviewees
T1	1990s	design, engineering and construction of mineral processing	100	Founder	second-generation managing director (grandson of founder)
T2	1980s	packaging printing	400	Son of founder	third-generation plant manager (grandson of founder)
T3	2010s	lighting systems	13	Founder	founder (operation director)
T4	1950s	wood floors, staircases	100	Son of founder	second- and third-generation managers (son and grandson of founder; uncle and nephew)
T5	2000s	food storage rental service	5	Founder	founder (general manager)
F1	1960s	grocery store	1,500	Son of founder	founder (retired) and two second-generation managers (CEO + purchasing manager)
F2	1970s	wood industry	100	Son-in-law of the founder	founder (retired), second-generation owner (no current managerial position), employed CEO (son-in-law)
F3	1950s	food industry	700	External CEO (not family)	three second-generation managers; one third-generation manager

Note. *T = Thailand; F = Finland

The research process of this study is presented in Figure 1.

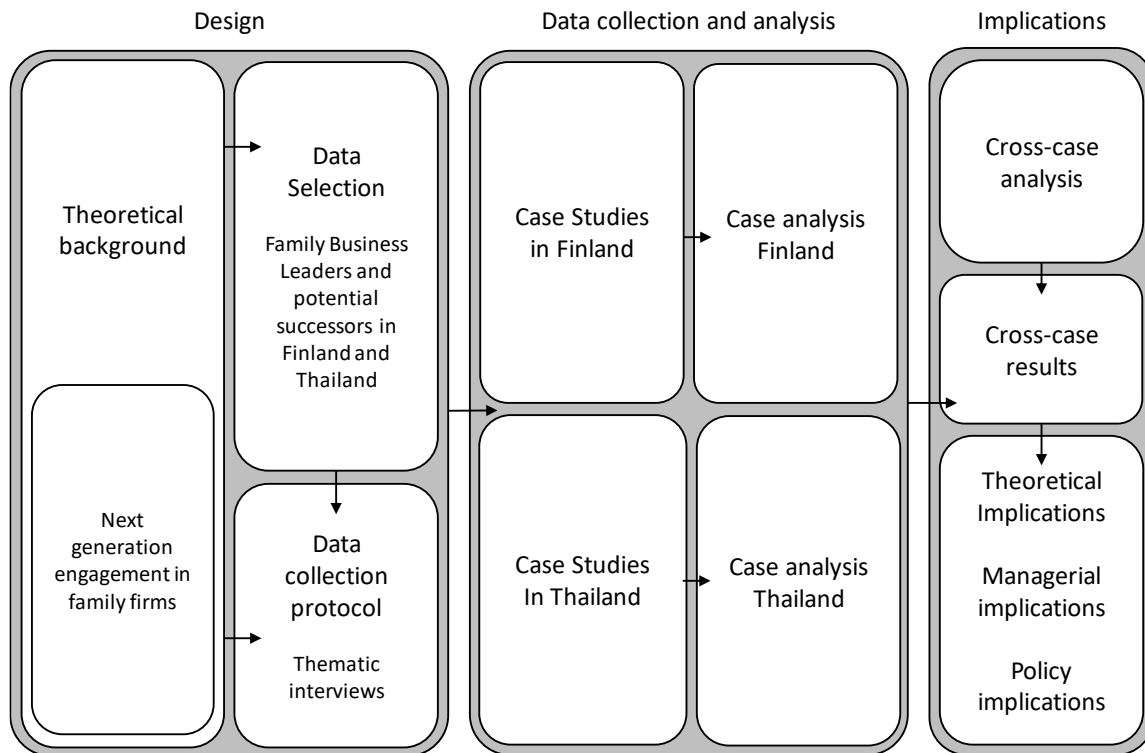


Figure 1. Research process.

Qualitative content analysis (Krippendorff, 2004; Graneheim, Lindgren, & Lundman, 2017) was used to describe how the members of the younger generation were engaged as successors in family businesses. In the first stage, entire interview transcripts were read and reread to identify all parts in which family business succession and successor engagement were discussed. In the second stage, the suggestions by Garcia et al. (2019) were used as reference frameworks to classify the findings into pre-existing categories of family succession. The framework categories were parental behaviour (i.e. instrumental assistance, career-related modelling, verbal encouragement and emotional support), parental psychological control, self-efficacy beliefs of the successors and commitment to the family business (i.e. affective, normative and continuance commitment).

The framework and research questions were used to guide data analysis (White & Marsh, 2006). The presentation of the findings primarily follows, but is not limited to, these categories. The analysis focused on the manifestations of and on the latent content categories, referring to

interpretations of the underlying meaning or the ‘red thread’ between the lines in the text (Graneheim & Lundman, 2004). Four researchers from Finland and two from Thailand participated in the study to minimise cultural bias and to ensure both cultural and contextual understanding of the empirical data.

Findings

Empirical findings in Thailand

In Thai family businesses, **parental behaviour** was often implemented through *instrumental assistance*. It was typical, even necessary, for parents to pay for their children’s education. This was perceived as an investment that parents expected to be paid back through their successors’ work in the family business. Because of this debt, the successors might get less salary than they would through an external employer in the early career stage. Other living costs, however, would be covered by the joint family business.

Because he [father] said that my tuition fee was so high, and he expected that I’m going to pay it back to him. . . . At that time, he paid me—I think my friend got almost double salary at that time. I would get about half, one-third to half of what they got. (T1)

In one case, the potential successor of a large family-run business chose to follow his personal career interests outside the family business. This choice left him outside the economic support network of the family.

They told me that I will just be on my own. They don't support me with any money, really. If I'd ever like to have support from them, this means that I'd have to go back to my family and to help with my family business. This means that everything you see here is on my own. (T3)

Successors observed their parents and other older family members as *career-related models* and could find similarities between their parents’ personalities and managerial models and their own. Regardless of the similarities, parental managerial strategies were, at least partly, questioned by the younger generation, and the successors planned to implement new management structures once they were in charge of the family business.

I will surely become like my father, but I will improve things that I think I should improve. (T2)

Among the Thai cases, *verbal encouragement* was expressed through educational and informative informal lessons integrated into daily communication. For example, a father would educate his successor (i.e. son) beginning in childhood through explanations about the company's practices and principles. After the son took a managerial role in the company, the need for direct education diminished. From the successor's point of view, the father felt unsure about what to discuss with his adult son when educational lessons were not needed anymore.

Before I came into the business, it was 100% about teaching me the correct thinking for their practice. . . . He always talked about the company, but lately—after I got this successful—he talks less about the company, but I think he doesn't know what else to talk about. (T2)

The interviewees also noted that not all verbal expressions of the previous generation necessarily promote their successors' feelings of self-efficacy in the family business. The successors must display their competence prior to being accepted as independent and capable managers in the family business and earning the respect of their predecessors.

He listens to everyone else except me [his son]. . . .Unless I can show him that I know about it. Then, he may listen. . . .Lately, maybe because he didn't trust someone else a lot and this person didn't produce the outcome that he expected, when I comment, he now listens more and supports me more. (T1)

The Thai interviewees did not give many practical examples of *emotional support* from their parents. The future generation who have not yet taken over the leadership role in the family business seem to have more emotional space for individual choices. The potential future successors, however, are also taught to believe that their primary foundation is in the family business and that their individual choices should, preferably, complement the needs of the business.

It's up to them as well. We have the foundation here. Their foundation is built on engineering in construction. If they have other ideas that can complement or that can diversify, it's okay. (T1)

All the interviewed potential successors of the Thai family companies had university degrees in either engineering or managerial sciences. A recurring theme in the stories was the expression of **parental psychological control** over the child's choice of a major study subject at the university, which often was based on the father's wishes and on the parents' perception of the needs of the business more than on the individual interests of the potential successor.

I wanted to build a robot. That was my dream. Kids, they think like that. [I wanted to work with] either electrical or mechanical things. But he said: 'No. —You got to go for industrial'. (T1)

As a child, the pressure to become the manager of the family business was not obvious, but after the potential successor obtained a university degree, the father would exclude any other options except for the child taking a role in the family business.

From my point of view it's really obvious now, but they didn't put pressure on me until I graduated and got my bachelor's degree. (T2)

The second- or third-generation successors generally had university degrees in industrial engineering or management. They studied hard and were also sometimes offered very attractive career opportunities in other companies external to the family. To see how other companies operated and to gain experience, the successors took the opportunities offered to them during their study years to train or work part-time jobs at other companies because, after joining the management of the family business, their choices would be restricted. After relatively short training periods during the students' early study years, however, the parents (typically, the fathers) requested that successors decline other offers and join the family business. This could be motivated either by the traditions of the family or become necessary due to some unexpected incident in the family that requires the sudden input from all capable family members.

Well, actually my father and I agreed to choose career outside the family business for me. Then, some family issues happened and some of the family members left the company. They needed new managers, so they told me that I don't have a choice [laughter]. (T2)

In addition to the study program, the leaders of family businesses also decided what tasks and roles each family member receives. According to the interviewees, this is traditionally based

more on the needs of the business than on the individual interests of the newly graduated. The successor's role as a middle-level manager could be threatened by limited decision-making power in the family business hierarchy. The president of the company (typically a family representative of a previous generation) can overrule the decisions made by the managers who are lower in the hierarchy.

After I graduated, I was put into a job that I didn't like that much, which was like drawing work. (T1)

In the companies under study, the successors often began with smaller and simple tasks, as any new employee would. Only after showing their competence and capabilities did the successors receive more responsibility and have their opinions considered worthwhile. Delegating more duties was a part of the parental process of developing the **self-efficacy beliefs** of successors moving towards managerial positions.

He actually gave me only the smallest department, which is the production control department. I had only two to three subordinates. He was amazed that I used these two to three people and changed three to four departments. . . . After I had something resolved and I had some concrete results, he gave more and, nowadays, he gives too much. It has become so that anything that he cannot deal with or anything that he can't finish within 8 hours, he pushes to me. (T2)

Commitment to the family business was visible in various ways in the Thai cases. *Affective commitment* developed over the years as potential successors grew surrounded by the family business and its culture. Thus, the benefits of engaging in the family business were seen to exceed those from individual preferences and to be worth some personal sacrifices.

Maybe not everyone gets everything that they want but, at least, this is better than not getting anything at all. Therefore, I think that happiness is seeing business and family coexisting. (T4.1: the first person interviewed from T4)

Normative commitment was deeply rooted in the idea of providing the living and well-being for the entire family, regardless of the perceived challenges in doing business with family members and compromising one's personal interests for the good of the family. One interviewee described the family business as a family pot that 'you must keep feeding in order to feed the whole

family' (T1). Potential successors felt that they did not have other realistic and normatively accepted options except to help in the family business. This perspective of duty became relevant especially when the business was going through hard times and the involvement of all capable family members was expected.

Our business was going through tough times. Therefore, it was like if we were going try something outside the family business, we were expected to return—as quickly as possible—to help with the family business. (T4.1: the first person interviewed from T4)

The third type of commitment was based on the *logic of continuance*. Motivation of Thai successors to start working in the family business was partly based on their prospects in terms of the family business survival. A very small family-run company was not as appealing to take over, whereas succeeding over a larger and more well-off company was strategically more motivating because the successors could take over an existing, well-run business and help it grow bigger.

I will be involved in this because I think that it can grow further than this and that we should not start from scratch but should build on what we have. It would be faster than starting from scratch again. (T1)

Successor engagement was not described as a sudden and dramatic change but rather as a long process that takes years. Successors gradually took more roles in the company and, by the time the previous generation's leader was willing to step down, the new generation was ready to lead.

It's not just a sudden shift, it's a 3- to 5-year planned shift, which happened 5 years ago. So it was very smooth—by the time that my grandfather stepped back as the head of the board, my father was already 100% in charge of our three factories. (T2)

Although family members are typically expected to work in the family business, the choice of the leader of each generation was based on individual capabilities. The oldest son was not necessarily the preferred choice; however, finding a solution through which everybody could feel respected without 'losing one's face' was important. When the most capable person was chosen as the leader of the generation, the other potential successors were also given seemingly impressive job titles and positions in the family business. In the studied companies, the leaders of today promised to give their children more freedom to follow their own professional interests.

There are a lot of ways that you can let a person who is not the eldest one to lead that generation and for the eldest one to still feel perfectly fine. For example, you can create a new job title that looks very, very, very cool; that's just one example. (T2)

Empirical findings in Finland

In the studied Finnish family businesses, **parental behaviour** and *instrumental assistance* emerged only in the form of providing work experience. In the interviews, the next generation described various situations through which they were included in their family firm's activities. The children began by working summer jobs at the firm and were given responsibilities and freedom right from the start. Working at different levels of the firm appeared to be very common and important in terms of integration into the firm and growing into a managerial role. Some interviewees indicated that they were encouraged to first study and work outside the firm. According to other interviews, the founder of the firm did not place much importance on education. In these interviews, learning the firm's activities by working at various levels was highlighted.

It was clear that he [father] wanted, that I should start learning about the firm from the inside. Not that he was anti-education, but he didn't . . . necessarily appreciate theoretical studying that much. (F1)

The observation of their parents, other family members and, in some cases, mentors and professionals external to the family served as *career-related modelling* for the successors. The interviewees described parents, particularly fathers, as people who provided high quality standards, demanding tasks and opportunities for hands-on learning.

However, I was, of course, allowed, like, to work alongside my father and uncle (name redacted) for a few years. (F3)

Furthermore, professionals outside the family sought to help the successors in their development. According to the interviewees, these trusted persons—possibly assigned by the fathers—provided the successors not only with important guidance and advice but also with pressure.

For me, he [name redacted] was, in many ways, a so-called difficult man to please and, at the same time, the person who provided guidance. (F1)

Some successors with a strong personal vision of running a family business were reluctant to act according to the model set by their predecessors. This ambivalence caused challenges in the successors' relationships, particularly with their fathers.

However, I can't be like him [father] and do what he does but, then again, I don't want to aggravate and confront him unnecessarily. (F1)

Despite this, the successors showed respect towards the parents and their work. The interviewees highly valued things that they learned from their fathers and discussed values with respect to the family business. As a rule, the successors considered entrepreneurship as a positive thing. Based on the interviews, successors recalled hardly any positive *verbal encouragement* received from their parents. Learning the activities of the family business took place at the practical level.

The interviews revealed that the parents—primarily the fathers—provided *emotional support* by giving freedom and responsibilities to the next generation. Parents increased the self-efficacy of their children through emotional support, particularly in terms of influencing since childhood their affective reactions towards participation in the family business. The idea of the family business was introduced in a meaningful way.

Now that you look, in the rear-view mirror, I was given quite a lot of responsibility, even though I didn't have, education . . . I was just . . . trusted. (F3)

In one company, generational conflicts have caused difficult situations. When describing their feelings in such situations, interviewees mentioned that it was hard. Still, in this case, these complicated situations were seen as growing experiences.

But as he [father] is a very tough person who, like, might say something really bad and harsh even though he doesn't mean it, . . . It affects you so that you always try your hardest and best. . . . Then, at some point, I kind of quit and thought that you're welcome to keep the whole bloody shop, I'm going to get out of here. I can't take it, can't you see that I'm working like crazy here and sacrificing my whole life, and then I'm just told that these are just some kind of opportunities for learning and growing. Really tough situations. (F1)

Parental psychological control towards the successors became evident, for example, in the parental attempts to influence educational choices. In such cases, the aim was to ensure that the future successors remained close by and learned about the firm from within. In one company, the family was so large that there were many potential successors. The father had contributed to the return of his son in the company and discussions took place about how the position of the company successor had to be earned.

My father rigorously pointed me in this direction and argued against participating in an exchange student programme. . . . He kind of wanted to make sure that I would be here. I do also understand that point of view that, like, they want to keep you close by. (F1)

He [father] doesn't want to automatically give the positions to us. We must earn them. He has always had a clear idea about our education and, then, we'll see if the successor candidate has, the resources, capacity and competence required; then, that's the way to proceed. (F3)

As a rule, the successors started their careers in positions other than managerial ones. It was deemed important to learn about the activities of the firm; hence, the successors worked at different levels in the firm before moving on to a managerial position. Freedom and responsibilities had provided them with the opportunities to learn about the firm and the duties within it. Shows of trust from various parties also promoted **family-business self-efficacy**.

My uncle told me that he trusted me. He wasn't a great people manager, but he said that I can do it and that he, had full confidence that I can handle it. It's been, like, a boost to me, the opportunity, so to speak, to put theory into practice. (F3)

The interviews did not reveal any uncertainty about the interviewees' ability to continue the business. Some interviews indicated that the successors were challenged by, for example, their fathers. Nevertheless, the successors were able to use such difficult experiences to improve their self-efficacy:

It is now, like, am I also really being made into a stubborn leader or a person capable of understanding things from different perspectives? I mean . . . it hasn't been easy to get here. (F1)

Successors were highly **committed to the family business**, which became evident on an emotional level. The interviewees expressed their appreciation of the work of their parents and their desire to continue it. *Affective commitment* had been developed since childhood, when the successors were surrounded by the family business and its culture. Values learned at home were significant in relation to the cultural legacy of the family firm.

So, the values I have today . . . are the ones I've learned at home. . . . It's like a direct line from there, from upbringing and all that. Respect and consideration and appreciation for others. (F1)

Many interviewees indicated that there is a sense of duty to the family business. The story of the firm was appreciated. In addition, it was considered important to bring jobs not only to the members of the family but also to many other people. A lot of energy was used in the process of generational change.

In one interview, childhood in a family of entrepreneurs was perceived as difficult. For that reason, the successor made her own choices, deciding to stay at home with her children while her husband became the CEO. Nevertheless, she still mentioned that it was important to be there to continue the business, even though her husband wasn't interested at first (*normative commitment*).

That's how it is, even if, from the emotional side of things, you kind of thought that you, on the other hand, had it rough as a child . . . with the feeling that everything always revolved around the firm and . . . your own things weren't deemed that important when you were a child, so even with all that. And I've no regrets, so returning to family business was an important decision to make. (F2)

In Finnish cases, successors highlighted *the continuance* of the family business. The successors even considered it as their life mission to transfer the firm, in an even better condition, to future generations.

I mean, that's my life's work and my motto. My father gave me this business in good condition. The only task that I have during this little life of mine is to carry on this business, to develop and improve it and to hand it over to my progeny in even better shape. That's the only reason I'm here. (F1)

Cross-Context Analysis and Discussion

The key findings from Thai and Finnish contexts are condensed in Table 3. The table includes the mechanisms through which family business engagement is produced in the studied contexts.

Table 3

The Engagement Mechanisms Condensed from Thai and Finnish Case Studies

Engagement mechanism	Thailand	Finland
Parental behaviour		
<i>Instrumental assistance</i>	Parents pay for education and necessary living costs, which is regarded as a debt that must be paid through working in the family business; tailor-made job positions are created for family member.	Potential successors are provided with work experience and job rotation in order to broadly learn the practices of the family business; there are opportunities to gain managerial experience and respect of the staff members.
<i>Career-related modelling</i>	Successors observed their parents and other older family members as career-related models.	Parents, other family members, trusted professionals and mentors outside the core family showed practical examples and provided opportunities for hands-on learning.
<i>Verbal encouragement</i>	Informal lessons concerning the family firm's principles and practices were integrated into daily communication since early childhood, until successors had proven to be capable of leading the business.	Not visible in the data.
<i>Emotional support</i>	Parents gave emotional support to successors for the choices they make that directly support or complement the collective advantage of the family business.	Parents increased the self-efficacy of successors by giving responsibilities and freedom that lead to affection towards the family business.
Parental psychological control	Parents determined the successors' major study subjects at university; they can request that successors turn down other job offers and join the family business. Parents also decide what jobs each family member has; the father's role is strong.	Parents try to influence their successors' educational choices and job tasks in the family business; father's role is strong. Parents try to keep the most prominent successor/s close in order to avoid letting the successor/s slip towards other career path/s.

(continued)

(continued)

Engagement mechanism	Thailand	Finland
Self-efficacy beliefs	University education and life-long experience in family business provide self-confidence for successors; successors express strong confidence to challenge the previous generations' management styles as soon as they get the chance. Only after having proven their competence do successors receive more managerial responsibilities and independence.	Successors have strong self-efficacy beliefs and visions of developing the family business; to obtain a managerial position, successors must show ability and competence (i.e. there are no tailor-made 'secure' jobs for all family members).
Commitment to the family business		
<i>Affective commitment</i>	Children grow up as a part of a collective culture in which emotional attachment to the family business gradually becomes stronger than individual preferences.	The family business values and culture are learned at home; similarly, appreciation for the individual achievements of the predecessors build emotional attachment to the family business.
<i>Normative commitment</i>	Family business managers pursue the provision of income, security and well-being for all family members (and for those not working in the firm); sense of long-term family business benefits overrides individual short-term desires of the successors.	Successors have a strong sense of duty and obligation to continue the success story of the family business; the successors must earn their positions. Successors feel obliged to provide jobs—not only for the (core) family members who add value to the business but for the (non-family) society at large.
<i>Continuance commitment</i>	Successors are attracted by the economic benefits of taking over an existing business instead of starting from scratch; younger generations expressed increasing preference towards hiring professional managers over family members. Future successor generations will probably have more individual freedom and less obligation to continue in the family business.	Successors pursue the goal of being able to transfer the business to the future generations in an even better condition than it was when they received it. The family business, as an individual achievement of the predecessors, is considered to be worth developing to the next level by the most capable successors and worthy of being handed over to future generations.

Based on our cases, the key engagement mechanisms in the Thai and Finnish family businesses have many similarities. Parents clearly have their role to play and successors are expected to follow anticipated paths when entering the family business. The study revealed, however, some interesting differences in the engagement mechanisms in Thailand and Finland. It seems that these identified differences are embedded in their respective national contexts, especially in the

educational system, business ecosystem, cultural context, social security system and pension system, which are further discussed herein.

The ways in which parents engage the potential successors in the family business through instrumental assistance clearly differ in the studied context. These differences are rooted in the *education systems* of the countries. In Thailand, parents cover the expenses of higher education, which are considered as debt after the child graduates. The early-career salary is, therefore, often lower for the recently graduated family member than for external counterparts. Ignoring parents' career-related wishes may risk their financial support for education. As higher education in Finland is financed by the State, the successors' education is not similarly dependent on family financing. The family offers valuable work experience internally through job rotation and training in the 'master and journeyman' style. The invaluable experience and training that are received generate in the successor a sense of responsibility and pressure to give back by working in the family business.

Parental psychological control over their children's educational choices reflect the needs of the family businesses. Just as the *business ecosystems* in Thailand and Finland differ, the demands of the family businesses differ respectively in terms of required competencies, for example. To generate matches between the successor's competencies and the family business, the Thai parents determined the successors' major study subjects at university. In the efficiency-driven Thai economy, industrial education might be valued more than, for example, more generic managerial skills or strong self-efficacy beliefs in the Finnish innovation-driven economy. In the Finnish context, the parents guide the successor's voluntary competence-building for the benefit of the family business.

The ways in which successors become committed to the family business also reflect the differences in Thai and Finnish *societal culture*. Thailand is a collectivistic culture with high power distance; meanwhile, the Finnish culture is characterised by small power distance and individualism. For the Thai successor, the emotional attachment to family and its collective achievements is strong. Family gains override individual ones, and continuance of family business overrides individual fast-track opportunities. Thai family heads are highly appreciated and obeyed by the potential successors. The commitment to the family business evolves within the family business collective. In contrast, the Finnish successors make relatively independent

career decisions either within or outside of the family business. The family business is considered an individual achievement and a valuable entity to be taken seriously, cared for and transferred to the future generations in a better condition. The Finnish successor's own interests and competencies are crucial when considering the potential of successors and their commitment to the family business.

Similarly, national *social security and pension systems* shape the ways in which family members commit themselves to the family business. In the Thai context, family is a small-scale society compensating for the potential gaps of the national social security and pension systems. In Thailand, the role of the family business is to provide income, security and well-being for all family members collectively—not only for the ones currently working at the family business. In Finland, however, the State is the main entity that secures the basic needs of the citizens through social security and pension systems. The expectations of the family businesses in these cultures, therefore, are different. The most capable successors are expected to commit to continuing the success story and then transfer the business to the next generation in a better condition than it was received.

Finally, our findings suggest that Thai family businesses may be challenged by one of the Western cultural imperatives—individualism—which seems to gain a greater foothold among young Thai successors. The family business leaders need to acknowledge this changing situation and take it seriously to remain able to offer appealing career opportunities within the family business for the highly educated next generation.

Conclusions

This chapter presented an exploratory study on how potential successors are engaged in family businesses in Thailand and Finland. Given the clear differences in Thai and Finnish contexts, it is surprising to see many similarities in the ways parents engage their children in the family businesses. Our study contributes by providing a culturally sensitive understanding of the next-generation engagement with the family business.

The study shows that irrespective of the national context, parents have their role to play in exercising parental psychological control over the next generation. In addition, strong self-

efficacy beliefs of the successors are crucial for successful engagement with the family business. The major differences found in parental behaviour and development of commitment to the family business clearly demonstrate that the context matters. In Thailand, parental behaviour through instrumental assistance is strong as the parents pay for education and living costs, which the successor must pay back through working for the family business. In Finland, instrumental assistance is of a different nature and not so concrete; it takes place through opportunities for getting practical experience in the family business. In both contexts, the sense of obligation for continuance is strong, although it is manifested differently. In Thailand, it is rooted in the financial support received from the parents during university education, whereas in Finland it is more about a sense of duty to continue the business legacy and employment.

Engagement and disengagement with the family business takes place in cultural and societal contexts. In Finland, society has a central role in securing citizens' education and social security, whereas in Thailand, family businesses and the family have significant roles in financing such services. Moreover, at the deeper societal level, the cultural software of the mind guides the engagement process. In Thailand, a family business is understood as a collective with the purpose of providing income and well-being for all family members; in Finland, the family business has a more individualistic notion, without the family business responsibility exceeding any collective responsibility for all family members.

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