

Factors Dominating the Continuity and Decline of Family Businesses

Dr. Rasool Shafieyoun

Department of Management and Accounting, Islamic Azad University Mobarakeh Branch,
Mobarakeh, Iran

Dr. Fariddedin Allameh Haery

Department of Management and Accounting, Islamic Azad University Mobarakeh Branch,
Mobarakeh, Iran

Marjan Mansouri

Faculty of Management and Accounting, Islamic Azad University, Mobarakeh Branch, Isfahan,
Iran

Email: imarjan.mansouri90@yahoo.com

DOI: 10.6007/IJARBSS/v4-i1/532 URL: <http://dx.doi.org/10.6007/IJARBSS/v4-i1/532>

Abstract

A family business refers to the ownership and management of specific business run by two or more members of a family. Such transactions are functionally varied and involve diverse industrial activities playing a pivotal role in national economy. The present essay aims to identify effective factors dominating the continuity and decline of family businesses to establish a conceptual model of continuity and succession for family businesses. As such, 3 corollary questions were formulated: a) why does continuity and succession in a family business last for two or three generations? b) What factors can guarantee the continuity and decline of family businesses? c) Which factors are influential in governing continuity and decline of family businesses?

For this purpose, a descriptive research design was used in which from the population of successful owner managers running a family business in Iran, a sample of nine was selected using a purposive sampling method. Initially, the existing literature on family business was analyzed by Delphi: a procedure based on which a questionnaire with 24 statements addressing the continuity and decline of family businesses was developed. Then, a semi-structured interview with the sample members helped to identify 10 more factors. Accordingly, a questionnaire with 34 statements was developed and administered to the sample members who were required to respond to each statement by providing a percentage value showing the relevant distance of the statement from the ideal state. The rank ordered analysis of the data by TOPSIS procedure revealed a number of insightful facts about the continuity and decline of family businesses.

Key words: Continuity And Decline, Family Business, Delph, Topsis, Owner Manager

1. Introduction

Indubitably, the family business has enjoyed a prestigious position in the growth and development of national economy and entrepreneurship. In fact, current studies have revealed such transactions from a considerable number of businesses in Canada and America (Davis and Harveston, 1998). Because of its prominent influence on the economic infrastructures of the community, the family business as a household system offers the advantages of sustainable economic growth and dependable wealth creation. Additionally, as Kuratko and Hodget (2004) maintain, the family business not only has an inherent potentiality for creating new employments, but also it plays a determinant role in the gross national product of the countries which have ardently been investing on family-based micro entrepreneurship in recent years.

Nowadays, the family business encompasses a wide range of activities including retail sale stores, contract businesses, small production firms, restaurants, and the like. Not surprisingly, Winter, et al (1998) maintain that family businesses have a socioeconomically dominating position in most nations by contributing to national economy. However, the historical examination of the household systems run by owner managers consisting of two or more family members indicates that the success and continuity of such family enterprises depends mainly on decision-making outcomes concerning succession in family business (Ting, 2009 & Westhead, 2003). In other words, one of the most sinister challenges working against the business continuity in a household system is the vital issue of succession. Current studies reveal that failure to ensure a smooth succession between generations will inevitably lead to the breakdown of the family business (Miller, et al, 2003). As an illustration, when financial resources of a family business slacken because of tax matters, paying compensatory fees to family members and inheritors as well as rehabilitant's costs. In general, it seems that the lack of a suitable financial structure can be a formidable hurdle to succession in a family business.

Accordingly, careful planning and cooperation between group members as well as an appropriate understanding of employment and financial resources regarding the family business could guarantee the successful succession, which is the key prerequisite to the sustainability and continuity of the family business (Handler, 1994). Current statistics have illustrated that the chance of succession from the first generation to the next is 30 percent. The chance is, however, diminished to 15 percent for the third generation and to 3 percent for the generations after (Samizadeh & Daryani, 2011).

2. Literature review

The evolutionary nature of a family firm, or more specifically its life cycle, has had a characteristically chequered history of development (Perricone, et al, 2001 & Anju, 2006). The historical investigation of a family business development has revealed that continuity and succession have always been the most challenging concern resulting in the demise of family businesses. Mouris, et al (n.d.) suggest a tripartite scheme for explaining the most effective factors responsible for the transformation of business from one generation to the other. These factors are as follow:

- a) The promptitude of succession: this depends on the successors, educational level, working experiences prior to joining the family firm, their motive for joining the firm, and their business aptitude.
- b) The relationships between family members and the business: such relations are reliant upon the degree of trust and confidence level, competition, conflict, fraud, beliefs, and values among the family members.
- c) The planning and controlling of business activities: it involves planning for the selection of the future successors' taxes, for enlisting outside managerial board and business advisors, as well as for establishing family councils.

Among these factors, knowledge and awareness, establishing working and communicative networks, social capital, the successor's enthusiasm and readiness and their spirit of innovativeness are of paramount importance in transferring responsibilities from one generation to the next in family firms (Sharm, et al, 2003). Clearly, although such schemes make logical predictions about the future outcomes of the family business continuity and succession, they ignore the impact of psychological needs such as the sense of belongingness, interest, identity, and domination. (Lee, 2006)

It is evident that the successful continuity of a family firm much depends on the process of succession. This process may be threatened by a wide range of factors leading to its total failure. Table 1 indicates a number of findings reported by concerned practitioners of the field in the past decade:

Table1. Factors leading to family business failure by different writers

Writer	Findings
Philip, et al. (2001)	Point to ethnic identity, tensions, family disputes, diligence of younger members and family's trust in them; being motivated and having a sense of faithfulness in business; development of business by traditional family members; recognizing environmental opportunities; involving family members in the business; solving family tensions through negotiations; setting up new goals and strategies for the business.
Per-Olof, et al. (2001)	Laws related to inheritance determination; legal laws concerning taxes, offspring's faithfulness to business; wage and reward systems; involving family members in the family firm.
Sharma, et al. (2003)	Choosing the successors and preparing them for the business; developing strategies in the succession process; communicating with external advisors; the method of communicating with outside stakeholders; observation of social norms; obligation towards preserving the business.
Lee, j (2006)	Members' level of obligation to the business; family's cohesiveness in decision making and controlling the business; role of job security and professional progress in the organization; lack of long term

	perspectives; level of education; affective relationship in the business; leadership style; types of communication.
Marco, et al. (2007)	The business founder's leaving the office and its impact on the process of succession; enlisting the services of external managers; restructuring the organization; the interference of family members with the business issues.
Koroppe, et al. (2012)	Unexpected events such as the death of the owner manager; involving family members in the business; individual decision making for receiving bank loans to facilitate the succession process.
Bjuggren, et al. (2012)	Choosing the successor based on family counseling; informing stakeholders about successors' programs; the conditions written in the articles of association of related succession.

Summing up the previous studies regarding the continuity and succession in the family businesses as shown in table 1 reflect that each of these factors may be influenced by a plethora of factors.

Clearly, factors governing the continuity of family businesses are multivariate. As Davis, et al, (1998) maintain, appointing a successor to replace the founder, in the event of death or retirement, has a powerful influence on the continuity of a family firm. By providing statistical evidence, these writers predict that the continuity of the household systems is most likely to reach stagnant, particularly after the third generation. Unfortunately, the aftermath of failing to call a successor, which is crucial to the continuity of family firm, is horrendous leading to considerable economic loss and at times the total demise of the business activity (Lam, 2009).

Alternatively, a wide spectrum of general variables may adversely affect the natural succession in a family firm resulting in the discontinuation of its economic activities. Current studies reveals that factors such as the absence of a strategic plan for actualizing business objectives, poor performance of the business in competing with the rival firms and ignoring the vital role of appropriate training programs for stimulating the innovative powers of the workforce have equally been effective in bringing a family firm to its knees thus bugging down its continuity (Jose, 2009; Roman et al, 2008; Lorna, 2011, Krope, et al, 2012).

In the same vein, some students have addressed the variables playing an influential role in the succession process in family businesses (starrou, 1999; Bocatlo, et al, 2010; Ting, 2009). As a case in point, Castilo (2009) has tried to devise a succession general plan for family firms accentuating the role of managerial leadership and the successor's preparation. In another study, Sardeshmokh and Corbell (2011) attempt to unravel the impact of self efficacy factors, academic background and working experiences of the successor on the entrepreneurial achievements and economic development of family firms.

Evidently, myriad study cases on exploring and challenging the family firms confirm that succession is a determinant factor in ensuring the continuity, and as a consequence, factors governing the succession must be unequivocally identified and brought into light. Unfortunately in majority of cases, one of the basic requirements of qualitative descriptive research, i.e., rich or thick description of data has been neglected.

On this basis, the present study used a procedural framework in which a cyclical data collection method helped to refine the data collection and interpretation at several points in time. Such provision can enhance credibility, transferability, and confirmability of the findings to a considerable extent.

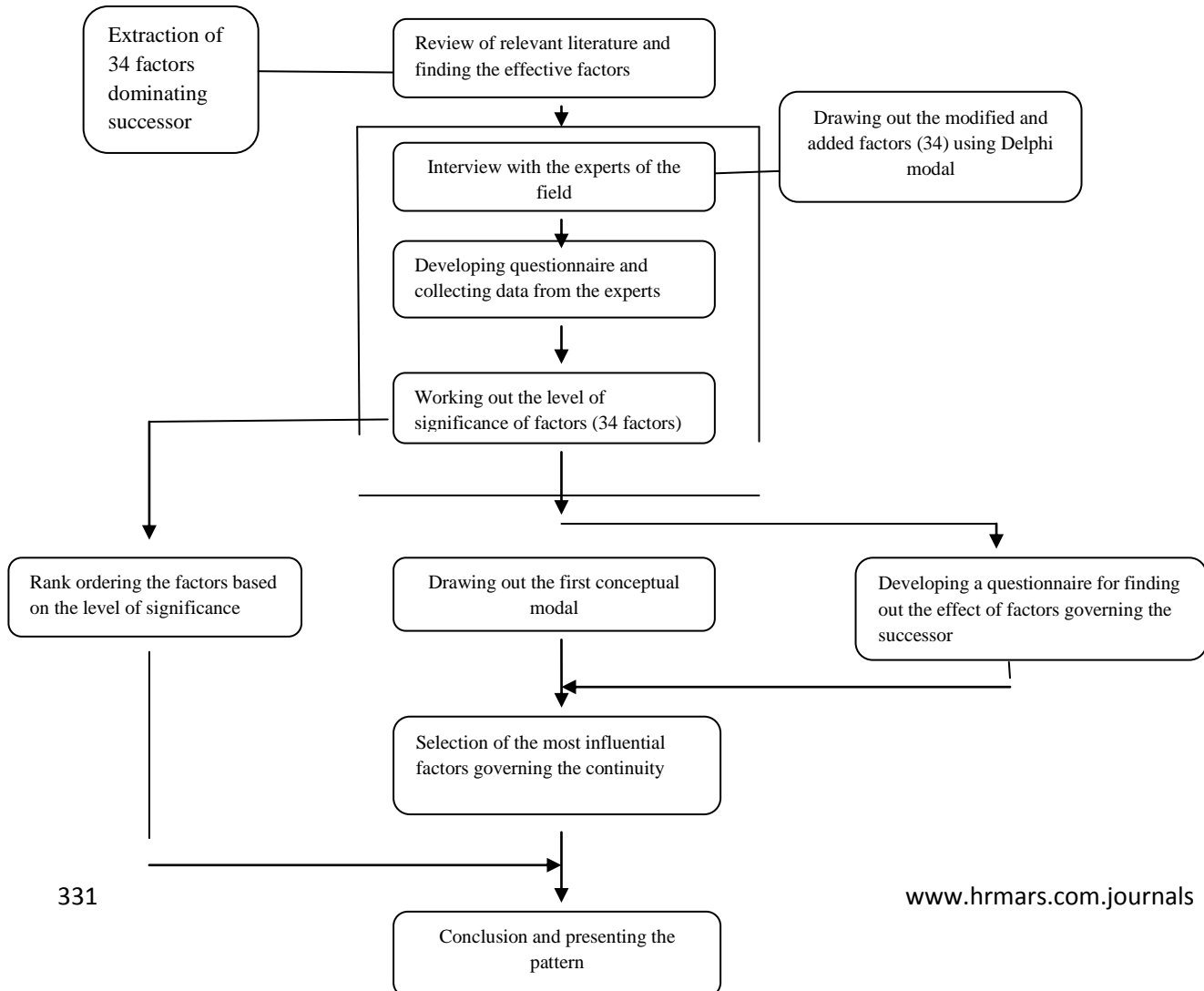
The procedural model was used as a foundation for investigating the main objectives of the study: what is an optimal pattern for continuity in family businesses which can ensure the business sustainability for several generations? And in line with the main question, the following 3 questions were formulated:

- a. Why do family businesses last only for two or three generations?
- b. What are the factors governing the continuity in family firms?
- c. Which factors pertinent to continuity and succession are more significant?

3. Methodology

In this section, the conceptual modal that is used in this study is illustrated. In addition, the sample, instruments used, and data collection methods and procedures would be presented. Following is a diagram of research process:

Figure1. Diagram of research process



Based on the theoretical and practical issues governing the present study, a purposive sampling method was employed so as to select a sample of nine participants from the population of successful owner managers running a family business in Iran.

3.2 instruments

To collect the necessary data, the present study utilized a survey research design in which a semi-structured interview and a well-organized questionnaire were employed in different phases of the project. Initially, a semi-structured interview was run with the sample members so as to specify the influential factors affecting the continuity and decline of family businesses. In the second phase, a questionnaire with 34 statements was developed and administered to the sample members who were required to respond to each statement by providing a percentage value showing the relevant distance of the statement from the ideal state.

Reliability and validity of instruments

Reliability is one of the technical features of the instruments used in a research project. That is, reliability of an instrument has something to do with the consistency of the results obtained from the same instrument under the same conditions (Parizi, 2011, P. 87).

Due to not having a standard criterion in choosing the successful owner managers running a family business, the researcher, based on the supervisor's opinion, employed the following criteria to select the proper sample. Accordingly, the participants were selected from among those managers who:

1. Were parts of family business members suffering great hardships to survive.
2. Were also exporters and great men of the field?
3. Enjoyed a range of 35 to 100 years of service in family businesses.

3.3 data collection procedure

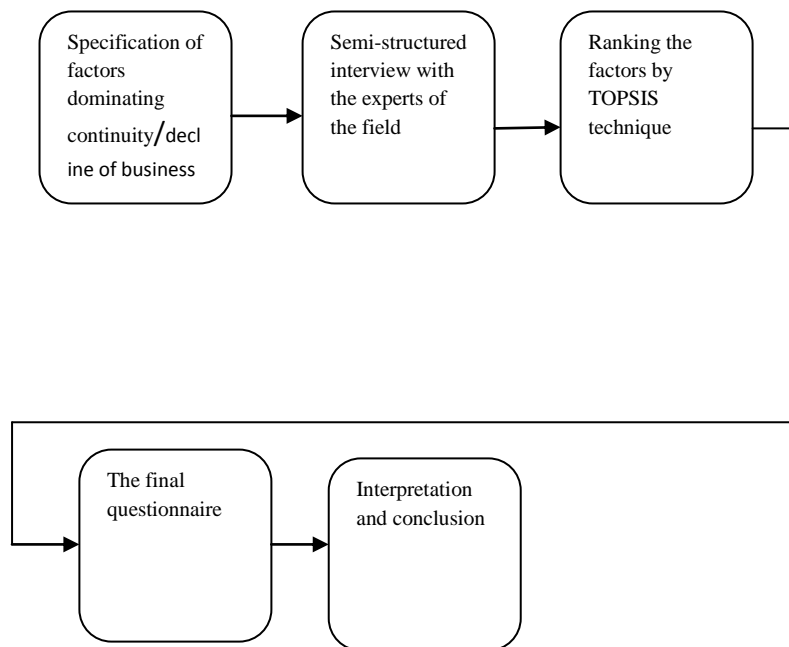
The procedural model

Drawing on Delph, as a procedure for obtaining access to experts' opinions and individuals highly experience in family firm, the framework enlisted a purposive sampling for choosing a truly representative sample of family stakeholders with a great deal of practical experience in household system transactions.

Additionally, the multi-criteria decision-making technique was adopted to single out the most essential factors responsible for business succession and continuity using the related literature as an analytical resource.

As can be seen in figure 1, the conceptual model upon which the study was founded involves a methodology triangulation. First, the factors dominating the continuity and decline of family businesses were specified by reviewing the related literature on the issue. Then, a semi-structured interview with the experts of the field who had a long lasting experience in family businesses revealed an initial refinement of the factors. These factors were then rank ordered by TOPSIS. Then, another questionnaire with more relevant issues was developed and given to the sample. Finally, the participant responses were analyzed to extract the key factors governing the continuity and decline of family firms.

Figure1. The procedural model



a. Identifying factors dominating the continuity and decline of the family businesses

In this phase, a vast number of factors and variables influencing the continuity and decline of the family businesses were compiled from different resources, which were considered as the basis of the semi-structured interview run at the next phase of the project so as to identify the key factors affecting the decline and continuity of family businesses.

b. A semi-structured interview to experts and successful managers running a family business

On the basis of the results of some research projects mentioned in the literature review section, 24 factors governing the continuity and decline of the family businesses were identified. Using Delphi technique, a questionnaire was developed and administered to the target sample based on these factors.

The results obtained from the interviews with the nine experts in the field, added 10 more factors to those dominating the continuity and decline of the family businesses. As a result, a sum of 34 statements were developed and considered as the basis of the conceptual framework. These experts, in addition to being rated as successful managers in their own field, were considered as the top exporters and importers in the family businesses.

c. Ranking the factors using the multi-criteria decision-making technique and the experts' opinions

The utility of experts' judgments in identifying and classifying the factors governing the decline and continuity of family businesses incorporate various steps. The following steps have been taken into consideration:

1. Creating ideas from the experts' viewpoints
2. Systematic organization of the ideas, guidelines, and key factors using the multi-criteria decision-making models
3. Identifying and rank ordering the key factors and making conclusions
4. Modeling the identification of the factors influencing the decline and continuity of the family businesses in Iran.

The TOPSIS model was proposed by Howan and Yun (1981). The model is regarded as one of the best multi-criteria decision-making models, and as such, is made use of in many conditions. This technique is designed in such a way that the selected choice must have the least extent to the ideal positive solution (the best possible status) and the most extent to the ideal negative solution (the worst possible status). Moreover, it should be assumed that the desirability of each index is steadily increasing or decreasing. The solution of the problem, using this technique, necessitates the following 6 steps to be taken into consideration (Momeni, 2006, Ps. 24-30):

1. Making decision matrix (*N*) quantitative and immeasurable: to make it immeasurable, the Norem should be used.

$$n_{ij} = \frac{a_{ij}}{\sqrt{\sum_{i=1}^m a_{ij}^2}}$$

2. Obtaining the rhythmical immeasurable matrix (*V*): multiply the immeasurable matrix (*N*) by diametrically weight matrix

$$V = N \times W_{n \times n}$$

W1	W2	W3	W4	W5	W6	W7	W8	W9	
0.1118	0.1126	0.1100	0.1109	0.1137	0.1102	0.1101	0.1102	0.1104	1

3. Determining the ideal positive solution and ideal negative solution: the ideal positive and negative solutions are defined as follow:

The ideal positive solution = [vector of the best quantities of each matrix index *V*]

The ideal negative solution = [vector of the worst quantities of each matrix index *V*]

$$d_i^- = \sqrt{\sum_{j=1}^n (v_{ij} - v_j^+)^2}, \quad i = 1, 2, \dots, m$$

$$CL_i^* = \frac{d_i^-}{d_i^- + d_i^+}$$

The best quantities for positive indexes are the largest quantities and for the negative indexes are the smallest quantities. The worst quantities for positive indexes are the smallest quantities and for the negative indexes are the largest quantities.

d. Developing the questionnaire to measure the key factors governing the continuity and decline of the family businesses in Iran

In this phase, using the 34 statements obtained from the experts' opinions, a questionnaire was developed and administered to the successful managers of the leather, weaving, and stone industries who were specified the top craftsmen of the country.

4. Conclusion

Based on the findings of the research projects mentioned in the literature review section, 24 key factors dominating the decline and continuity of family businesses were identified. These factors were, then, organized in such a way that formed the basis of the questionnaire statements, which was administered, together with a semi-structured interview, to the experts of the field. In the next phase, 10 more key factors were exploited as a result of the interview, which were again turned into a questionnaire and administered to the same experts. As a consequence, a sum of 34 key factors were identified and divided into two sections: 16 factors influencing the continuity of family business and 18 factors influencing the decline of the family businesses. Using TOPSIS technique, the second questionnaire was analyzed and rank ordered from the most credits to the least ones. The following tables reveal the process of analysis.

Table3. Key factors governing the decline and continuity of family businesses extracted from the literature review projects.

Factors governing the continuity of family business	Factors governing the decline of family business
1. Arbitration technique to settle the disagreement among members	1. lack of long-term planning
2. Self-sacrificing for family benefits and continuity of family business	2. lack of enough discipline and seriousness as a result of family friendly relationships
3. Determining the next successor of the family	3. having an orientation towards self-benefit among children and grandchildren
4. The use of all family members in addition to sons (daughters, daughter in law, son in law)	4. having stress and scaring of the future of family business
5. Setting a future outlook and long-term goals	5. sex discrimination (among girls and boys)
6. Getting informed the consumers and suppliers from the succession programs	6. unqualified and undutiful successor
7. Having emotional dealings and remission of younger members by older ones	7. lack of motivation among young generation towards the continuity of family business
8. Respecting religious values	8. not giving opportunity to the next generation by the present incumbents

9. Holding regular meetings so as to exchange new ideas	9. mortality of the members and decline of the business
10. Providing Job security and wage for less rich members by well-off members	10. the effect of family disagreement on the family business
11. Transferring members' confidence, faith, and loyalty to family business	11. religious prejudice of the older members
12. Making a rigorous decision to maintain the family ownership for family business	12. lack of motivation due to insignificant difference between the salaries of the active and inactive members

Table4. Factors dominating the decline and continuity of family businesses extracted from the interview with experts.

Factors governing the continuity of family business	Factors governing the decline of family business
1. Specifying a budget for conducting researches about the family business	1. Lack of contribution culture among members for family business
2. Having a family business and new objectives	2. Issues and problem related to sole inheritance
3. Providing job opportunity for the whole family members by the main core of the family	3. Easefulness-seeking of the next generation
4. Being busy doing job all the time	4. Finding faults with each other instead of having faith to each other
	5. Not training the younger members by the older members
	6. Having limited access to businesses

Table5. Rank ordering the factors based on their importance by the experts.

All of the factors governing the decline and continuity of family businesses	Ratio to ideal extent
1. Transferring members' confidence, faith, and loyalty to family business	%78
2. Being busy doing job all the time	%77
3. Holding regular meetings so as to exchange new ideas	%76
4. Setting a future outlook and long-term goals	%73
5. Determining and preparing the next successor of the family	%70
6. Self-sacrificing for family benefits and continuity of family business	%69
7. Specifying a budget for conducting researches about the family business	%67
8. Providing job opportunity for the whole family members by the main core of the family	%66
9. Getting informed the consumers and suppliers from the succession programs	%62
10. Providing Job security and wage for less rich members by well-off members	%62
11. Respecting religious values	%61

12. Having emotional dealings and remission of younger members by older ones	%61
13. The use of all family members in addition to sons (daughters, daughter in law, son in law)	%53
14. Issues and problem related to sole inheritance	%53
15. religious prejudice of the older members	%52
16. Mortality of the members and decline of the business	%51
17. Not training the younger members by the older members	%50
18. Easefulness-seeking of the next generation	%39
19. Having an orientation towards self-benefit among children and grandchildren	%37
20. Lack of motivation due to insignificant difference between the salaries of the active and inactive members	%35
21. Sex discrimination (among girls and boys)	%33
22. Having limited access to businesses	%31
23. Lack of contribution culture among members for family business	%31
24. having stress and scaring of the future of family business	%27
25. Unqualified and undutiful successor	%25
26. lack of motivation among young generation towards the continuity of family business	%20
27. Finding faults with each other instead of having faith to each other	%18
28. Not giving opportunity to the next generation by the present incumbents	%18
29. The effect of family disagreement on the family business	%16
30. Having a family business and new objectives	%13
31. Making a rigorous decision to maintain the family ownership for family business	%. /8
32. Arbitration technique to settle the disagreement among members	%. /5
33. Lack of enough discipline and seriousness as a result of family friendly relationships	%. /3
34. Lack of long-term planning	%. /5

There are many economic agencies for Iranian families that are called action agents. In these agencies, the feelings, emotions, and uneconomic actions such as charity, are taken more into consideration than mental and economic actions. The results of these factors have been considered the main obstacle to the expansion of such action agents. Many case studies conducted on the role of actionists in the family and politic and social structures of the market have revealed the main factors contributing to the decline of these agencies in Iran.

5. Limitations and Suggestions

It is recommended that in order to continue the family businesses and prevent their degeneration, following actions should be proceeded:

To transfer the family members' confidence and loyalty to the family businesses, there should be a system of payment in which those who are more deserved receive more salary and vice versa. Moreover, it should be determined, base on the articles of association of family agencies,

that how much money each member has invested so as to prevent the possible misuses among the members due to emotional relations.

Doing job has an indefatigable essence because according to this view, job has an interminable path so that members should not regress due to business's problems, but rather they should stick to their job to get their wishes. As such, members will never get disappointed from their businesses, and as such, this attitude will prevent the decline of family businesses.

Holding regular meeting with the all members' attendance to exchange the new ideas will cause the family member to be aware of the business proceedings, and help them to solve the business problems by establishing a consultancy group. In this way, union and consensus among family members will be established and problems and disturbances found in some family businesses will be prevented, and as a result, the decline of family business would be blocked.

Having a future outlook and setting long-term goals will make members to move in a proper direction and use their optimized strategies and principles for their businesses. This is because having plans and strategies is necessary for every business and those family businesses which do not take into consideration these strategies and plans would be declined after a while. Accordingly, it is suggested that in order to run a successful business, members had better to first set a goal and establish a plan and long-term program for the business and then begin it.

Determining and preparing the next successor would be successful only if the owner-manager of business do what it takes to prepare the next successor before his/her announcement of retirement or unexpected events happen. This will result a condition in which after the absence of the owner-manager, the expected challenges and problems will become paled and an integrated managing system would govern the situation. This procedure would somehow prevent the decline of family business and help it to continue successfully.

6. Suggestions for the future projects

The lateral findings of the present study may serve as a helpful resource for the future researches investigating the factors dominating the continuity and decline of the family businesses in Iran. In this regard, the following suggestions have been presented:

1. In the future projects, using the structural equations, the relationships among factors governing the decline and continuity of family businesses would be investigated.
2. Some projects on the effect of these factors on the decline of family businesses would be conducted in macro levels and in big and special industries such as metal, petrochemical, and so on, using the opinions of experts in the field.
3. Using the *D-mated* technique, the effect of factors on the continuity of family businesses would be investigated and the model of the factors influence on it would be designed.
4. There would be some studies conducted in the future on the issues and challenges of family businesses in the local level.

7. Research limitations

During conducting the research phases, there were a variety of limitations, the most important of which were the research method and choosing an appropriate data analysis procedure, and the interviewees' prejudice in filling in the questionnaire. However, the way they answered the

questions and made interview, which in some cases was done on the phone, has made the interviewing and questioning valid.

References

Bjuggren, Pre-Olof & Go ran Sund, Lars (2012). *A contractual perspective on succession in family firms: a stakeholder view*. Springer Science + Business media. Eur J Law Econ DOI 10.1007/s10657-012-9331-6

Bjuggren, Pre-Olof & Go ran Sund, Lars (2001). Strategic decision making in intergenerational successions of small- and medium- size family-owned businesses. *Family business review. Family firm institute, vol. XIV, no.*

Bocatto, E., Gispert, C. and Rialp, J. (2010). Family-owned business succession: the influence of pre-performance in the nomination of family and nonfamily members: evidence from Spanish firms. *Journal of small business management, 48(4), pp. 497-523.*

Cucculell, Marco, & Micucci, Giacinto, (2007). Family succession and firm performance: Evidence from Italian family firms. *Journal of corporate finance, 14. Pp 17-31.*

Davis, P. S and Harveston, P. D. (1998). The influence of family on family business succession process: A multi-generational perspective. *Family business review. 22.*

Handler, W. C. (1994). Succession in family business: a review of the research. *Family business review, 7(2): 133-157.*

J. Perricone, Philip & Earle. R & Taplin. Ian, M, (2001). Pattern of succession and continuity in family-owned businesses: Study of an ethnic community. *Family business review. Family firm institute, Vol. XIV, No. 2.*

Krope, Christian & Grichnik. Dietmar & F. Gyax, Andre (2012). *Succession financing in family firms*. Springer Science + Business Media. Small bus econs, DOI 10.1007/s11187-012-9442-z
Kuratko, D. K., and R. M. Hodgett (2004). *entrepreneurship: theory, process & practice*. 6th edition. United state of American: Thomson south-western.

Lam, J. (2009). *Succession process in a large Canadian family business: A longitudinal case study of the Molson family business: 1786-2007*. A PhD thesis report. Concordia University Montreal, Quebec, Canada.

Lee, Jean (2006). Impact of family relationships on attitudes of second generation in family business. *Family business review, Vol. XIX, no, 3.*

Lorna, C. (2011). Implications for family-owned business successions: A multiple perspective review and suggestions for further research.

Miller, D., Steier, L. and Breton-miller, I. L. (2003). Lost in time: intergenerational succession, change, failure in family business. *Journal of business venturing*, 18, 513-531.

Momeni, Mansour. (2006). New research discussions in practice. Faculty of Management & business, university of Tehran, Tehran, Iran, pp. 24-30.

Parizi, Irannezhad. Mehdi. (2010). *Research methods in social sciences*. Modiran press, p.87

Ramona, K. Z., Hoy, F., Poutziouris, P. Z., Steier, L. P. (2008). Emerging paths of family entrepreneurship research. *Journal of small business management*, 46(3), pp. 317-330.

Rao, A. Srinivas & Sharma, Pramodita (2000). Successor attributes in Indian and Canadian family firms: A comparative study. *Family business review*. DOI: 10.1111/j.1741-6248.2000.00313.

Sareshmukh, S. R. and Corbett, A.C. (2011). The duality of internal and external development of successors: opportunity recognition in family firms. *Family business review*, 24: 111-125.

Sharma, Pramodita & J. Chrisman. James & H. Chua, Jess (2003). Succession planning as planned behavior: some empirical results. *Family business review*. DOI: 10.1111/j.1741-6248.2003.00001. X

Ting, Z. (2009). *Succession in family business-differences between foreign family business and Chinese family business*. Mikkelin Ammattikorkeakoulu, Mikkeli University of applied science.

Westhead, P. (2003). Succession decision-making outcomes reported by private family companies. *International small business journal*, 21: 369-401.

Appendixes

Appendix1. Data analysis via a multi-criteria decision-making model: TOPSIS model

The model is regarded as one of the best multi-criteria decision-making models, and as such, is made use of in many conditions. In this model, m option is assessed by n index. This technique is designed in such a way that the selected choice must have the least extent to the ideal positive solution (the best possible status) and the most extent to the ideal negative solution (the worst possible status). Moreover, it should be assumed that the desirability of each index is steadily increasing or decreasing. In this model, decision-making matrix is used to solve a problem.

Decision-making Matrix

	D1	D2	D3	D4	D5	D6	D7	D8	D9
C1	4	5	4	4	5	5	4	5	4
C2	3	5	2	1	5	5	5	5	5
C3	1	5	3	1	3	5	1	5	4
C4	2	5	4	5	4	5	5	5	5
C5	2	4	2	5	4	3	3	4	3
C6	3	3	2	3	5	3	5	2	3
C7	3	3	2	5	5	3	4	2	5
C8	1	5	3	4	3	5	4	2	1
C9	3	4	4	5	5	3	1	4	5
C10	3	5	2	5	3	5	3	4	4
C11	4	5	4	5	5	5	3	5	5
C12	2	5	4	5	5	5	4	1	5
C13	2	4	5	4	5	5	4	5	5
C14	3	3	5	4	3	5	4	5	5
C15	2	5	2	5	5	5	4	3	5
C16	4	5	3	5	5	5	4	3	5
C17	1	1	1	1	1	3	4	1	1
C18	1	3	5	5	3	3	2	1	1
C19	2	3	2	1	1	3	1	5	1
C20	2	1	2	1	1	1	1	2	1
C21	1	2	2	3	3	3	2	5	1
C22	1	3	2	1	4	3	2	3	2
C23	2	1	3	1	1	1	2	3	3
C24	3	1	3	1	1	3	1	1	1
C25	2	1	3	3	1	1	4	1	1
C26	2	1	2	2	2	3	1	1	1
C27	1	1	2	1	2	1	2	3	1
C28	2	2	2	1	1	1	1	2	1
C29	2	1	4	1	5	3	1	5	3
C30	2	1	2	1	2	1	3	1	1
C31	2	5	3	1	4	3	1	3	1
C32	2	1	2	2	4	1	1	3	2
C33	1	1	3	5	1	1	1	1	3
C34	2	1	2	3	1	3	2	2	3

Appendix2. Semi-structured interview with the experts of the field

Instruction: this is to inform you that this questionnaire is developed to collect the expert's opinions so as to determine the key factors influencing the decline and continuity of the Iranian family businesses. The final objective is to specify and rank order the factors supporting the continuity and decline of the family businesses using decision-making models. You do not need to write your name on the questionnaires, and the answers are only used to analyze the

research data. With your association, we hope to reach our expected results and determine the factors governing the decline and continuity of the family businesses.

Best wishes

Marjan Mansouri

- What is your idea about the factor governing the continuity of the family businesses?
- What is your idea about the factors governing the decline of the family businesses?
- Explain one of the successful or unsuccessful family businesses based on your experiences in the field?

Final Questionnaire

General information.....

Years of experience.....

Which generation of family businesses do you belong to?

1. Establisher 2. 2nd generation 3. 3rd generation 4. 4th generation 5. More

“To what extent do you agree that the following factors will influence the continuity of family businesses?”

	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
1. Making a rigorous decision to maintain the family ownership for family business					
2. Determining and preparing the next successor of the family					
3. The use of all family members in addition to sons (daughters, daughter in law, son in law)					
4. Setting a future outlook and long-term goals					
5. Getting informed the consumers and suppliers from the succession programs					
6. Arbitration technique to settle the disagreement among members					
7. Having emotional dealings and remission of younger members by older ones					
8. Respecting religious values					
9. Holding regular meetings so as to exchange new ideas					
10. Providing Job security and wage for less rich members by well-off members					
11. Transferring members’ confidence, faith, and loyalty to family business					
12. Self-sacrificing for family benefits and					

continuity of family business					
13.Specifying a budget for conducting researches about the family business					
14.Having a family business and new objectives					
15.Providing job opportunity for the whole family members by the main core of the family					
16. Being busy doing job all the time					

“To what extent do you agree that following factors will influence the decline of family businesses?”

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Lack of contribution culture among members for family business					
Issues and problem related to sole inheritance					
Easefulness-seeking of the next generation					
Finding faults with each other instead of having faith to each other					
Not training the younger members by the older members					
Having an orientation towards self-benefit among children and grandchildren					
Having stress and scaring of the future of family business					
Sex discrimination (among girls and boys)					
Unqualified and undutiful successor					
Lack of long-term planning					
Lack of motivation among young generation towards the continuity of family business					
Not giving opportunity to the next generation by the present incumbents					
Mortality of the members and decline of the business					
The effect of family disagreement on the family business					
Religious prejudice of the older members					
Lack of enough discipline and seriousness as a result of family friendly relationships					
Lack of motivation due to insignificant difference between the salaries of the active and inactive members					
Having limited access to businesses					