

Success Factor Priorities for the Succession of Family Firms

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ABSTRACT

This research explored the opinion of incumbent CEOs of family businesses on the critical issue of the sustainability of a family business, succession. The incumbent CEO has the irreplaceable rights to make important decisions with regard to business succession. We used Analytic Hierarchy Process (AHP) methodology by dividing variables into two tiers. The first-tier has four categories 1) the relationship with a successor, 2) a successor's management ability, 3) a successor's self-efficacy, and 4) a succession plan. Each first-tier has three sub-dimensions which comprise the second-tier. The findings showed that the successors' management ability was the most important factor, followed by the relationship with a successor, succession plan, and successors' self-efficacy. In the second-tier the importance of successors' interpersonal management ability is highlighted. Successors are expected to maintain good relationship with both family and non-family members. Implications for the successful succession of a family business are drawn.

Keywords: Family Business, Succession, AHP, Incumbent CEO, Priority

Introduction

A family business is the most prevalent type of business in the world and plays a vital economic and social role in each country (Kim, 1999; Sreih et al., 2016). In South Korea, family businesses contribute to some 70% of the total assets and about 67% of employment (Korea Chamber of Commerce and Industry, 2006).

Despite their importance, over 70% of family businesses cease to continue corporation within ten years (Daspit et al., 2016). The main reason for the closure is the problems in succession preparation (Handler, 1994). Succession is a multi-dimensional process through which leadership shifts from one generation to the next (Sharma et al., 2001). Due to the difficulties in managing the highly complex and emotional process (Matthews et al., 1999), it has been difficult to establish generalizable theories of succession. Nevertheless, research into succession is of high material concern. Succession is the turning point in determining the long-term future of a family-owned company. A successor is expected to maintain corporate permanence and improve competence after the turning point event (Dibrell et al., 2019).

Various research approaches and variables were of interest in previous research on the succession of a family business since Dyer (1986) highlighted the need for research on succession. Ward (1987) emphasized the difficulty of succession and showed a low survival rate after succession. Fox et al. (1996) investigated the changes in relationships that occurred during succession. Some research on succession narrowed focuses, such as the relationship between an incumbent CEO and a successor (Lee et al., 2019; Richards et al., 2019), the environmental and psychological variables (McMullen & Warnick, 2015), conflicts or harmony among family members (Michael-Tsabari & Weiss, 2015; Paskewitz & Beck, 2017), and training a successor (Houshmand et al., 2017).

This study has implications as follows. Previous studies allowed family members to deem about what they do, how they prepare for succession, and how they make a plan for the future of the family and the business. However, the priority of variables has not been explored. Understanding the priority factors in the succession process would help family members better prepare for the succession. Based on this discriminatory point of view, this study aims to analyze the priority of variables related to succession from the viewpoint of an incumbent CEO. The result of this study is expected to help family members to set up a better succession plan. Researchers will also be able to use the results of this study to obtain insights into detailed studies on significant variables.

For achieving our purpose, we used the concept of a family business and succession defined by Astrachan and Shanker (2003). The definition of a family business used in this study is as follows.

1) A family business involves over two generations of family member participation in business and is under the ownership of family members (Astrachan & Shanker, 2003)

2) A family business is a company where family members have the will to transfer ownership and management to the next generations (Churchill & Hatten, 1987).

Theoretical Background

Succession in Family Business

If a company hopes to become a family business, succession is an inevitable event and process. The event and process are extremely crucial and time-consuming (Yu, 2020). Many researchers defined succession with various concepts. However, they usually used ownership rights, management rights, and leadership transition (Churchill & Hatten, 1987; Ward, 1987). Importantly, succession is necessary for the sustainability of a firm (Gagné et al., 2019).

Many family businesses in South Korea have developed through industrialization since the 1970s and face the retirement of first-generation CEOs. They are planning a succession to second or third generations. For small and medium-sized companies, the interest in succession is recently increasing (Kang & Lee, 2009). However, the situation is not a problem limited to South Korea. About 50 to 80 percent of family business CEOs in the world have intended their retirement (Bjuggren & Sund, 2002), and the situation means they need to make a succession plan.

Family businesses usually prefer a succession through family members rather than appointing outside experts such as a professional manager. The culture sought by the family members is preserved through their succession, and the culture sustains the business's growth (Cho et al., 2021). In other words, succession is connecting the family members and the business in current to future survival. However, the process is not effortless and uncomplicated. The rate of difficulty was figured out about 30 years ago. According to Ward (1987), the survival rate from the first to the second generation was 30 percent, 13 percent from the second to the third, and only 4 percent of family businesses survived from the third to the fourth generation. Besides, successful succession does not only have advantages or pros. One of the drawbacks is the conflicts among family members (Ibrahim & Ellis, 1994). In addition, the personnel policy that excluded non-family members' abilities and discordance due to inappropriate succession are serious drawbacks. Occasionally, family members may pose a problem for a business (Ward, 1987).

Despite these problems, family members hope to succeed through family members because transferring to family members has various advantages and pros: 1) successful succession could retain managerial secrets that have been continuously handed down since founded the business, 2) managerial secrets could be developed while succeeding between family members, 3) many leaders in family businesses have loyalty and responsibility, and also could make decisions quickly, 4) survived by overcoming many trials over a long period, it could be advantages to adapt to consumer needs and changes, and 5) these advantages and pros could be the basis for surviving (Yu, 2020). Moreover, successful succession indicates significance from various perspectives. From a family's perspective, successful succession is an opportunity for compensation and maintaining the value a family pursues. Completing the succession also solves the problem of family survival (Kim, 2015), and the voluntary participation of family members in the succession process allows them to learn about the family business and communication among family members to improve the value of the business and select a competent successor (Cho et al., 2012).

Succession is also crucial from a business perspective. According to the Economic Research Institute of Industrial Bank of Korea, the business performance of small and medium-sized family businesses in South Korea that completed the succession was analyzed after two to three years. Various areas of the business performance were improved, such as business profit rate (1.9% > 5%), the ratio of net profit to the asset (3.9% > 4.8%), and return of equity (5.1% > 6.8) (Kim et al., 2017). From a social perspective, succession has positive aspects. Completing successful succession means preventing the loss of tangible and intangible assets held by a family business, maintaining stable employment of employees, and securing social stability (Kim et al., 2017; Yu, 2020).

The importance, advantages, and necessity of succession explained why this study focuses on succession. This study used the definition of succession defined by Ward (1987) and Churchill and Hatten (1987). They defined succession as transferring management rights and business control authority to family members with blood or marital link.

Role and Leadership of an Incumbent CEO

Succession greatly influences the goals, strategies, and corporate structure of a family business in many ways (Porfirio et al., 2019). Succession is not a moment but a process (Nordqvist et al., 2013) and is an important change to the family business (Sharma et al., 2001). In other words, succession means more than the transfer of power from one generation to the next. Innovative activities for long-term survival can take place in the succession process (Villalonga & Amit, 2009), and succession can be an

opportunity to bring about changes in the entire company (Zhang et al., 2021). But, then, the succession is largely controlled by an incumbent CEO.

During the succession, the role of an incumbent CEO is significant, and the role changes from stage to stage. Handler (1989) divided succession stages into four steps and argued that an incumbent CEO's roles are classified according to the succession process. At the beginning of succession, an incumbent CEO plays sole operator roles (first stage), then king (second stage), supervisor (third stage), and consultant (final stage). Other researchers described the succession stages according to the roles of an incumbent CEO (Bracci & Vagnoni, 2011; Davis, 1983).

Unlike other types of business, a family business includes the emotional domain of family members (Gomez-Mejia et al., 2011), and not only the role of an incumbent CEO and the leadership style has an important influence on succession. Succession may change depending on the leadership style of an incumbent CEO, and the leadership style may be transferred to the successor (Fries et al., 2020). In the early era of family business research, Dyer (1986) conducted a study on the leadership style of an incumbent CEO. In general, he found that incumbent CEOs had seven leadership styles: Autocratic, Expert, Laissez-faire, Participative, Referent, Transactional, and Transformational. Each leadership style exhibited different characteristics and behaviors. A female successor could be selected depending on the leadership style, such as participative and transformational styles, and there is a possibility that an external manager will be appointed as a competency-oriented choice, such as an expert style (Fries et al., 2020).

An incumbent CEO makes decisions during all stages of succession, preparation, process, and end (Sharma et al., 2003). And depending on the leadership style, the process shows a clear difference, and the succession process mostly depends on an incumbent CEO (Cabrera-Suárez, 2005). In other words, the incumbent CEO has the greatest and most important impact on one person in the succession process. For this reason, research on an incumbent CEO has been addressed as a significant area (Brockhaus, 2004; Chrisman et al., 1998), and it could be explained an incumbent CEO is a key player during the succession. The themes and finding of prior studies could explain why an incumbent CEO's role and beliefs are crucial in determining the beginning and end of succession. Therefore, analyzing the incumbent CEO's perspective has been interpreted as sufficiently valuable in family business research.

Research Method

Analytic Hierarchy Process (AHP)

The Analytic Hierarchy Process (AHP) methodology was developed in the 1970s to make efficient decision-making within the US Department (Saaty, 1980). The

methodology, developed by Saaty(1980), classifies various mutually exclusive factors into top-tiers and lower-tiers having a relationship to the top-tier. It is a decision-support technique that draws final weight through Pairwise Comparison and prioritizes the factors. The methodology objectively and consistently evaluates given alternatives and calculates importance for final decision-making (Boo et al., 2013). Since its inception, the validity and rationality of the methodology have been sufficiently verifiable for a considerable time (Woo & Kim, 2013). The AHP has been studied primarily to apply to a small group of experts (Park & Choi, 2010). Various analytical tools have been developed, but tools have been difficult to apply to the general public (Boo et al., 2013). Recent research has shown that most of the respondents are experts, and the number of samples has been 12 to 28 (Kim et al., 2019; Kim et al., 2020; Ko et al., 2021).

The AHP analysis method is conducted through five processes. The first step is to set up each tier. Generally, the tier is divided into the first and second tiers. Additionally, when a researcher makes each tier with several factors, the factors should be mutually exclusive (Shin et al., 2016). The second step is a comparison of pairs. Based on the responses to the questionnaire, weights are assigned to each factor. Commonly, the answer consists of a nine-point scale. We also conducted with the scale.

Third, it is the process of calculating the weights after obtaining the questionnaire. The number of rows and columns is set equal to the number of factors, forming a square matrix. After setting that, weight is calculated. Fourth, it measures the consistency ratio of the responses. The consistency rate means that the Consistency Index (CI) is divided by the Random Indices (RI). The consistency ratio is judged as a reasonable coherence if the final score is less than 0.1. However, even if it is less than 0.2, it is judged to have a consistency level to be tolerated. More than 0.2, it is considered that the consistency rate is insufficient and recommends conducting the survey again (Saaty, 1990). The last step is to acquire the final weight and results. Then, a researcher could decide the priority. The final weight is usually summed or multiplied by the first-tier and the second-tier. In this study, we multiplied the tiers and obtained the final priority.

After much consideration of the methodology, we excluded the sensitivity analysis. It is because our respondents are not experts in family business research. However, we strived to increase the validity and reliability by obtaining multiple samples. Much research applying AHP focused on consistency and the final weight using many multiple samples (Hong, 2021; Jeong & Nam, 2020) instead of calculating robustness by conducting sensitivity analysis. In this study, we used Microsoft's Excel spreadsheet developed by Boo et al. (2013).

Operational Definition of Used Variable

We reviewed previous studies for establishing the first-tier. Four variables that were determined to have a considerable impact on the succession process comprised the first-tier, with were mutually exclusive. For setting variables, we used a four-factor model argued by Stavrou (2004). The four-factor model divides important factors that influence decision-making to begin a succession process; business, family, personal, and market.

Personal factors could be described as successor's abilities, objectives, and will (interpreted as a psychological part). Business factors are explained as products, strategies, and organizations. Family factors centricly focus on the relationship between parents and children. Lastly, market factors are comprehended, such as the global market from a macro perspective. However, in this study, we excluded the market factors because we do not approach succession from a macro perspective.

In personal factors, we divided two variables; a successor's management ability and a successor's self-efficacy. Because the variables have been extensively investigated in prior research, the variables were also judged to have mutually exclusive characters. Family factors were set up as the relationship between an incumbent CEO and a successor. For business factors, we established a succession plan, which includes organizational management. Conclusionally, the first-tier has 1) the relationship with a successor, 2) a successor's management ability, 3) a successor's self-efficacy, and 4) a succession plan.

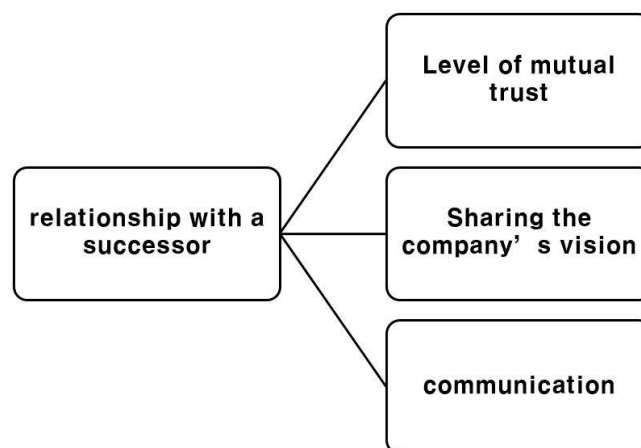
Each first-tier consists of three sub-factors, with a total of 12 factors. The criteria of the second-tier selection were established as the sub-variables used to describe and had a significant relationship with the first-tier in previous studies. Additionally, we brought a Human-organization management plan as a sub-factor of a succession plan because we estimated that the variable was essential during a succession process.

The Relationship between an Incumbent CEO and A Successor

An incumbent CEO and a successor are key players in the succession process, and the relationship between them is a performer of social exchange (Daspit et al., (2016). According to a study (Baek & Hong, 2017), they defined and analyzed the relationship, including the level of trust between them. The result of the study found that a good relationship affected succession effectiveness positively and significantly. Kim and Nam (2013) also analyzed sharing the company's vision. They argued that sharing the company's vision among family members prevents various problems such as conflicts and affects a successor's willingness to take the company. In other words, it could be interpreted that depending on the level of sharing the vision, the relationship could be affected. The study found a positive effect between sharing the vision and succession effectiveness. Finally, Morris et al. (1997) and Song (2014) conducted their study using

communication as a tool for measuring family relationships. They also explained that communication affected the formation of beliefs among them. Both studies concluded that communication was an important and symbolic tool. Through the previous research, we set up the relationship between the first-tier and the second-tier.

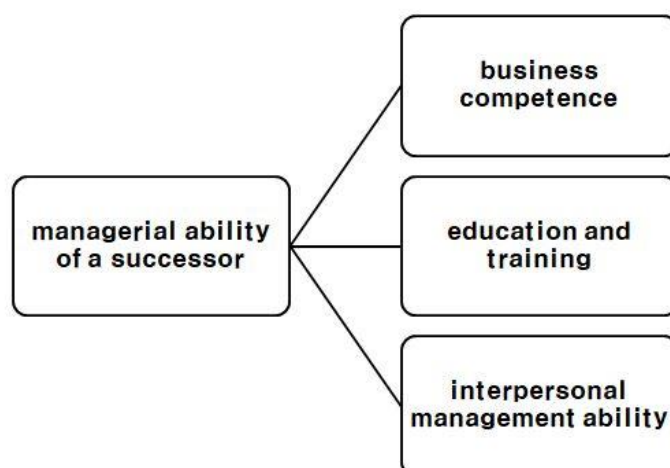
Figure 1 *Relationship with a Successor – Sub-categories*



Managerial Ability of a Successor

A successor's managerial ability could be said to be one of the most critical factors influencing succession. Especially when an incumbent CEO selects a successor, the successor's managerial ability could be an essential criterion. It also significantly affects the company's performance during and after the succession process.

In a study by Kang and Lee (2009), business competence was defined as a complex of skills, knowledge, and behavioral modalities to affect successful succession. As a result, business competence had a positive and significant effect on succession effectiveness. Education and training are crucial factors that form the successor's managerial ability, and the factors could possibly affect succession (Kim & Han, 2017). In the research, the education and training of a successor had a positive and significant impact on the management performance and sustainability of a family business. Making good relationships with stakeholders, including family members, is also essential to a successor who hopes to complete succession successfully (Nam, 2005). In other words, it could be explained as meaning that a successor should manage the person efficiently and need the ability. The study found that when a successor established efficient relationships, it positively affected the succession process. Based on the research, we set up the second-tier of the managerial ability of a successor.

Figure 2 Successor's Managerial Ability – Sub-categories

Self-Efficacy of a Successor

Self-efficacy, from Bandura's social learning theory (1982), expresses a positive psychological state, meaning that the individual can successfully finish a job and positively influence the organization's performance. Therefore, it could be defined as a personal condition and a psychological mechanism affecting an organization's performance. The importance of self-efficacy was found in much previous research, and it was shown that a successor's self-efficacy influenced the satisfaction of a successor in succession (Cho et al., 2018).

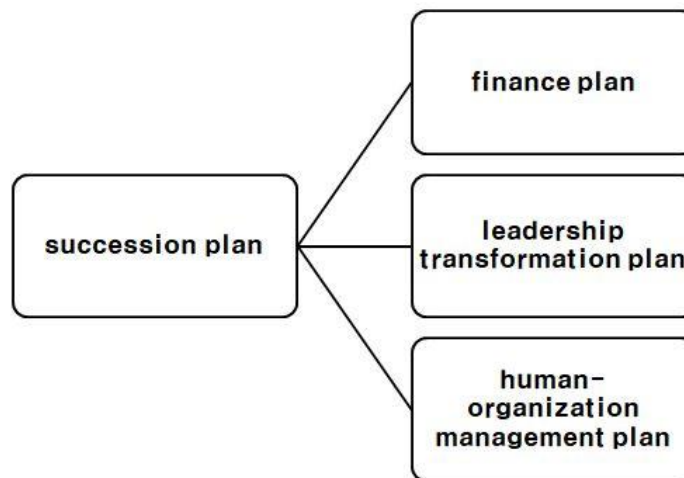
As we mentioned, self-efficacy is a psychological aspect of a successor. Chung and Im (2016) described the relationship between the self-efficacy of a successor and the willingness to succeed. Then they investigated whether a successor with higher self-efficacy would put more effort into solving the task or problem. The study analyzed the relationship between the variables; however, we set up the successor's willingness as the second-tier. It is because the variable is also explained as one of the factors described as psychological parts of a successor. Hwang and Nam (2013) defined confidence in overcoming the crisis as the sub-category of self-efficacy. The study showed that the self-efficacy of a successor had a significant and positive effect on management performance. Im and Lee (2016) formed self-efficacy of a successor by using confidence in achieving objectives as a sub-category. In the study, self-efficacy affected the succession attitudes of a successor. We set up the second-tier of self-efficacy using the mentioned variables.

Figure 3 *Self-Efficacy of a Successor – Sub-categories*

Succession Plan

In the case of a non-family business, succession ends simultaneously as the succeeding management rights. On the other hand, the means of succession in a family business are different. Even the succession is not finished after the succession. It means that a long-term plan and the preparation of succession are necessary for a successful succession. The plan is also needed in various areas, and family members and non-family members should be included.

Song (2014) sought to identify financial factors affecting a succession process and emphasized the need and importance of financial planning. Indeed, the planning and activities affected succession performance in the study. Cho (2012) analyzed the German economy, focusing on small and medium-sized companies. He also explained the transition of leadership to the next generation. The study argued that implementing an early plan to transfer leadership positively affected various areas during a succession process. Kim and Kim (2018) developed detailed measure scales of multiple factors in human-organization management. While they designed the factors, also they described the need to make a plan. In particular, in terms of succession, a human-organization plan is significant because succession has the meaning of changing the leadership of the company. Although a study that directly analyzes the relationship between variables has not existed, we judged that the plan is important and set up as the second-tier of a succession plan.

Figure 4 *Succession Plan – Sub-categories*

Result

Sample Analysis

For this study, the survey was conducted by limiting the respondents to an incumbent CEO in a family business, as we defined. Thus, we could collect the samples that helped Global Young-Entrepreneurship Sprit (YES track) students at Hanyang University in South Korea. The YES Track is only a master's degree course for educating successors of family businesses in South Korea. Over 90% of students are either succeeding in their businesses or preparing for succession, and we contacted their parents through the students. Seventy-six respondents were collected and analyzed online and offline surveys (Table 1).

According to the gender of all respondents, males were sixty-four and females were twelve. The rate of gender was male 84.2% and female 15.8%. Sixty-eight incumbent CEOs considered male (89.5%), and eight incumbent CEOs contemplated women (10.5%) for the next CEO. The gender of a successor was overwhelmingly male. Also, sixty incumbent CEO deemed their children (78.9%) as a successor. Professional managers answered ten (13.2%). The relatives were two (2.6%), and employees were two (2.6%). The age of an incumbent CEO was as follows under forty-five, seven (9.2%), between forty-six and fifty, eighteen (23.7%), between fifty-one and fifty-five, twenty (26.3%), between fifty-six and sixty, twelve (15.8%), and over sixty, nineteen (25%). The rate of over fifty-one age was over 60%, and it could be meant that the majority of the respondents have to prepare for retirement and succession.

Table 1 *The Result of Sample Analysis*

Division	Category	Frequency	Rate(%)	Total
Gender	Male	64	84.2	76
	Female	12	15.8	
Successor's gender	Male	68	89.5	76
	Female	8	10.5	
Succession object	Children	60	78.9	76
	Relative	2	2.6	
	Professional manager	10	13.2	
	In-company staff	2	2.6	
	Other	2	2.6	
Age	Under 45	7	9.2	76
	46 ~ 50 age	18	23.7	
	51 ~ 55 age	20	26.3	
	56 ~ 60 age	12	15.8	
	over 60	19	25.0	
Succession circumstances	Preparing succession	53	69.7	76
	During succession	16	21.1	
	None	7	9.2	
Industry	Manufacturing	25	32.9	76
	Construction	11	14.5	
	Distribution	13	17.1	
	Service	18	23.7	
	Financial	5	6.6	
	Agriculture	2	2.6	
	Other	2	2.6	
Working period	Less than 10	8	10.5	76
	11 ~ 15 years	9	11.8	
	16 ~ 20 years	22	28.9	
	21 ~ 25 years	14	18.4	
	over 26 years	23	30.3	

The Result of the First-Tier

We set up the first-tier with four factors, the relationship with a successor, a successor's managerial ability, a successor's self-efficacy, and a succession plan. The result of each factor was as follows. The relationship with a successor was 0.2594, a successor's managerial ability was 0.35265, a successor's self-efficacy was 0.1845, and a succession plan was 0.2035. The priorities of the incumbent CEO, considered a successor's managerial ability as the first. The second was the relationship with a successor, the third was a succession plan, and the fourth was a successor's self-efficacy. The consistency ratio (C.R.) result was appropriate (0.1437, Table 2).

Table 2 *Result of the First-Tier*

Factor	relationship with a successor	successor's managerial ability	successor's self-efficacy	succession plan
Weight	0.2594	0.3525	0.1845	0.2035
Total			1	
Consistency Ratio (C.R.)			0.1437	

The Result of the Second-Tier

Each of the first-tier has three sub-categories, the second-tier, then the total number of second-tier is twelve. The result of the second-tier was as follows. In the relationship with a successor, the level of mutual trust was 0.3375, sharing the vision of the company was 0.3119, and communication was 0.3507. Second, in a successor's managerial ability, the business competence was 0.4143, the education and training were 0.3063, and the interpersonal management ability was 0.2795. The third factor was a successor's self-efficacy, and the second-tier had each result that the willingness of succession was 0.3819. The confidence in overcoming the crisis was 0.2755, and the confidence of achieving objectives was 0.3426. Lastly, in the succession plan, the finance plan was 0.3845, the leadership transformation plan was 0.2977, and the human-organization management plan was 0.3175. The results of C.R for the second-tier were calculated to be less than 0.2, which was suitable for use in the study (Table 3).

Table 3 *Result of the Second-Tier*

Tier 1	Tier 2	Weight	C.R.
relationship with a successor	level of mutual trust	0.3375	0.0868
	sharing the company's vision	0.3119	
	communication	0.3507	
a successor's managerial ability	business competence	0.4143	0.0953
	education and training	0.3063	
	interpersonal management ability	0.2795	
a successor's self- efficacy	willingness of succession	0.3819	0.0990
	confidence in overcoming the crisis	0.2755	
	confidence in achieving objectives	0.3426	
succession plan	finance plan	0.3845	0.0769
	leadership transformation plan	0.2977	
	human-organization management plan	0.3175	

Final Result of the Priority

To find the final result, we calculated the tiers by multiplying each first-second tier. As a result, the final weight and the priorities are shown in Table 4 below.

Table 4 *Result of Final Weight and the Priority*

Tier 1	Tier 2	Final weight	Priority
relationship with a successor	Level of mutual trust	0.0875	5
	Sharing the company's vision	0.0861	6
	Communication	0.0909	4
a successor's managerial ability	Business competence	0.1460	1
	Education and training	0.1079	2
	Interpersonal management ability	0.0985	3
a successor's self-efficacy	Willingness of succession	0.0704	8
	Confidence in overcoming the crisis	0.0508	12
	Confidence in achieving objectives	0.0632	10
succession plan	Finance plan	0.0782	7
	Leadership transformation plan	0.0605	11
	Human-Organization management plan	0.0646	9

Conclusion

Discussions and Implications

In this study, we analyzed the factors affecting succession from the viewpoint of an incumbent CEO. Factors we used in this study were found to influence and relate to succession in previous research. We hope to highlight the importance of succession research, and this study is the first analysis to examine the priority of factors.

The results of this study are as follows. As a result of the first-tier, incumbent CEOs chose a successor's managerial ability as the most important factor. The result could be interpreted as suggesting that successful succession influenced not only the company's expansion but also its retirement (Cho & Cho, 2007). It implies that the personal life of an incumbent CEO after the succession could be impacted by the success or failure of the succession, and that a successor's managerial ability is one of the crucial determinants of the success or failure of the succession (Kang & Lee, 2009). In addition, incumbent CEOs deemed that the relationship with a successor was more important than a successor's self-efficacy. In other words, the incumbent is likely expected to

maintain an amicable and better relationship with a successor. However, a successor's self-efficacy was ranked the third priority, slightly different from previous research. In previous studies (Hwang & Nam, 2013; Kim & Han, 2017), the variable was treated as a significant factor influencing management performance and sustainability. From the view of incumbent CEOs, they seemed that the psychological part of a successor was filled and covered during the succession process. The last result of the first-tier, a succession plan, was found to be the least important. However, succession should be prepared and implemented for a long time (Kim & Nam, 2011), and various plans are necessary (Kim & Huh, 2019). Nevertheless, considering an incumbent CEO is the most crucial person during a succession process, we assumed the result that incumbent CEOs did not see the necessity to share the plans with family members because they had those in mind already. However, they need to write the plans on paper or share them with family members if they have the plans. We also could highlight this point as the gap between academic research and reality.

The results of the second-tier are as follows. The three sub-categories (Business competence, Education and training, and Interpersonal management ability) of a successor's managerial ability are ranked the first to the third. The unique point is that the third significant thing is interpersonal management ability during the succession process. An incumbent CEO is forced to consider the relationship between family members, non-family members, and various people related to the business. An incumbent CEO should attentively listen to their opinions regarding a successor or succession because they could affect his or her decisions or a successor (Goldberg, 1996). At this point, if a successor could not make good relationships with them, it is possible that they negatively advance the view on a successor. Then, the view would be an obstacle to making better succession. To prevent the obstacle, incumbent CEOs expected or agonized over supporting or agreeing on a successor or succession. The three sub-categories (Level of mutual trust, sharing the company's vision, and communication) of the relationship with a successor were ranked as fourth, fifth, and sixth. In particular, the communication incumbent CEOs choose the fourth is crucial for building trust with a successor and resolving conflicts during the succession process (Song & Nam, 2017; Yu, 2020). Incumbent CEOs likely selected the variable as the tool affecting succession. Then, they were supposed to think that the level of mutual trust and sharing of the company's vision could be achieved through communication.

Meanwhile, sub-categories of a successor's self-efficacy and a succession plan are set as lower priorities. In the case of a finance plan, the variables were ranked seventh place, more important than other plans. In South Korea, incumbent CEOs would recognize unfavorable business environment requires high taxes to succeed (Kim, 2019; Suh, 2021). Preparing the tax plan is needed for a long period and much effort, so it

could be why incumbent CEOs choose more momentous than other plans. Despite the importance of a successor's willingness in succession (Cho et al., 2018; Im & Lee, 2016), the variable was ranked eighth. The result could be interpreted as incumbent CEOs already decided to succeed in the succession on their own (Yu, 2020), so a successor's psychological situation is not a factor to consider. Other psychological variables (Confidence in overcoming the crisis and Confidence in achieving objectives) were ranked tenth and twelfth. We comprehended the results that incumbent CEOs estimated the psychological factors as the personal part which a successor should enhance and strengthen by him – or herself. From the perspective of this result, the leadership transformation plan was most likely ranked eleventh because they judged the variable was also the personal of a successor's him- / her- self rather than approaching with planned access.

The academic implication is as follows. We have identified the priority of variables, which are significant factors influencing succession. Previous research usually strived to focus on relationships among the variables. However, we presented diverse perspectives by analyzing the priority among the variables. Family business researchers could preferentially conduct studies using the priority in detail. Some variables also have differences between reality and academics. We identified an opportunity to study how to combine the views of academics and reality. It has implications in practice that provide information on what family members, especially a successor, prepare for succession successfully by finding the view of an incumbent CEO. A successor could see what an incumbent CEO wants from this study, and we expected that a successful succession would be achieved by identifying factors a successor should prepare first.

Limitations and future research

The limitation and future research of this study are as follows. First of all, this study only focused on the view of an incumbent CEO rather than including various stakeholders' view related to a succession process. To achieve the study's purpose, we faithfully implemented all research steps. However, many stakeholders, such as family members, non-family members, employees, and even suppliers, are related to the succession, and sometimes they strive to engage the succession. The stakeholders have possibly different ideas from an incumbent CEO; future research would need to consider other views because of the ideas. Second, we did not divide the succession process such as a preparation stage, an ongoing stage, and the end of the succession process. However, responses and thoughts of the incumbent CEO would likely evolve over time. Therefore, future research seems to need to track respondents over time and use time series analysis. Alternatively, it would be a valuable study to select and analyze

relevant family businesses by dividing them into stages of succession (such as before, during, and after). Third, in this study, the sensitivity analysis conducted for the robustness of results was not performed. As we mentioned, we established the methodology as a strategy to increase the number of samples rather than conducting the sensitivity analysis because the respondents in this study (incumbent CEOs) were not experts who studied family businesses or earned degrees in those areas. In addition, we considered that studies using AHP methodology were not actively conducted in the research field. However, future research would be required to improve the robustness of results by using sensitivity analysis. We expect to establish the priority among variables and be completed the successful succession guideline based on it.

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