

FEAR NOT: UNDERSTANDING THE LIVED EXPERIENCE OF THE INCUMBENTS IN FAMILY-OWNED BUSINESSES

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ABSTRACT

Many family-owned businesses lacked strategies regarding succession planning. Succession planning is a company's way of embracing the future. The family-owned businesses especially in the Philippines do not survive to the second generation, and only of family-owned businesses make it past a third generation. This phenomenological explored strategy that leaders of a family-owned financial area use to prepare future generations to assume leadership roles in their company. The theory of family systems and the theory of organizational and business development were the conceptual frameworks for this study. In depth interviews with purposively selected members of the small family-owned business were supplemented with a review of documentation from archival records. The analysis guided the coding process of participants' response, capturing essential elements using the participants' own language. Member checking was used to validate the transcribed data. The major themes of the study revealed the owners' strategies relating to comprehensive business development, examining the family systems, strengthening retention of all employees, examining organizational theory, planning with contingency strategies, strengthening team building, training, and support, and understanding leadership knowledge and leadership competency. This study may benefit small businesses by providing lessons learned on ensuring organizational sustainability. This study's implications for social change include contributing to social stability and continuing economic growth.

Keywords: Understanding, Lived Experience, Incumbents, Family-Owned Businesses.

INTRODUCTION

A family-owned business is described as an incumbent's business wherein majority of the ownership and control lies within one family. It is where the decision-making process is mainly influenced by generations of the family, either related through blood or marriage and/or consanguinity. However, the lived experiences of the incumbents when it comes to family-owned business is by more than one or more member of the same family. Typically, family businesses are considered to be the oldest form of business organization like farms represented the earliest forms of family businesses in which the private and work lives of farm owners were intertwined. In an urban setting, shops and doctors often lived in the same building in which they can work in, and family members typically assists the business as needed that is why the researcher comes up with the study entitled "Fear Not; The lived experiences of the incumbents in a Family-Owned Businesses".

Most family businesses do not have a succession plan in place. The owners or the incumbents of most family-owned businesses are aware of the necessity and their lived experiences but do not see it as a priority as noted by Boyd (2017). It turns out to be a topic that is easily forgotten in the day-to-day operation of the business, or a sensitive subject that seems better not discussed about. However, it raises to these problems in order to come up with the result of what are the

incumbents lived experiences and how do the incumbents face the challenges and demands when it comes to family-owned business most especially at Binan city, Laguna. In traditional family-owned businesses especially here in Binan city, the owner manager is highly influential and plays a critical role in succession. It has been noted that incumbents have the possibility of being reluctant in giving up their creations, whereas in a situation where several owners exist, each can be involved in the daily operation of the firm in varying degrees. Succession is something can be cautiously prepared for several years, or that can be abruptly implemented. Potential successors can be enlisted internally or externally, whilst managerial roles can be provided to both family and non-family members. A successful transition will not halt a founder's influence as well. Regardless of how the succession process has unfolded, influence from previous founders or owner-managers can still be observed. According to Duh (2018), the problem of succeeding the owner in the majority of small and medium enterprises (SMEs, also manager, is a critical issue in all small and medium enterprises (SMEs), particularly in family businesses because of its emotional nature. Various statistics indicate the limited survival rates of family businesses due to poorly solved difficulties surrounding the succession. In the Philippines, psychological research on family businesses is largely absent (Santiago, 2018). Most of the research view family businesses with a business management perspective that seldom, if at all, involve psychological issues (Lee-Chua, 1997 as cited by Santiago, 2018). Two notable exceptions are *Successful Family Businesses: Dynamics of Five Filipino Business Families* and Santiago's (2018) *Succession Experiences in Philippine Family Businesses*. Lee-Chua's (1997) book is a pioneer in thoroughly investigating psychological family dynamics in Philippine family businesses. Using the case study method and the family systems approach, her study focused on five families who own and manage successful businesses. The focal variable of this study was the perception and the lived experiences of each family member which she used to determine family functioning and ultimately the family's situation in the business. Santiago's case studies focused on the succession phenomena in Philippine family businesses, specifically in Manila. The results of this study suggest that an absence of formal succession planning does not necessarily result in succession failure and what is more important is that a family adopts a succession process consistent with the values they live by.

METHOD

This paper is specifically structured utilizing Psychological Phenomenology (also termed Empirical, Transcendental), which was expounded by Moustakas (1994) and explained by Creswell (2017) explaining that it focuses less on the interpretations of the researcher and more on a description of the lived experiences of the participants. The researcher employed the procedures which consisted of identifying a phenomenon to study, setting aside his experiences, and collecting data from several persons who experienced the phenomenon. Furthermore, the data by reducing the information into significant statements or quotes and then combining them into themes. Moreover, the researcher developed a textural description of the experiences of the persons (what the participants experienced) and a structural description of their experiences (how they experienced it in terms of the conditions, situations, or context) and a combination of the textural and structural descriptions to convey an overall essence of the participants' experienced.

RESULTS

In understanding the Understanding the Lived Experience of the Incumbents in Family-Owned Businesses, the researcher classified eight (8) theme clusters which are divided into two (2) so as to answer the central questions of the study: what are the lived experiences of incumbents

in a family owned business (textural description), and; how did the participants face the challenges and demands in a family owned business (structural description). that were derived from the relevant statements and associated ideas of the participants. As to the participants' lived experiences in a family-owned business.

Theme 1. Business Development. In this Theme, the participants shared their different views of what an effective succession plan may provide an organization with successful business development to sustain the organization into future generations. Almost all of the participants stated that they recognized the importance of a succession plan and why it is a major component in the business development and the sustainment of the organization. At the time of this study, the organization had an unofficial succession plan and was in the process of making the plan a legal document that would go into effect upon the leader's retirement or if anything unforeseen happened.

Theme 2: Family Systems. In this theme, a connection exists between the findings and the literature review that showed individual characteristics greatly influence the success of the family systems. The participants agreed that the management encourages staff within the company to solve business conflicts among themselves before taking them up to management. The family business identified by family systems or business systems can create many conflicts, but it can also be useful to businesses if the distinction made between the two is correct. Therefore, all parties must pick their battles and come together by focusing on the company's goals.

Theme 3. Retention. In this theme the hiring internally especially in times of pandemic covid 19, typically leads to a better chance of retention. Family members running the family business often make decisions unique from companies run by professional managers. Sustainability in a family-owned business is important. The participants' spoke of their strategy to retain in these pandemic current employees by ensuring the staff is up to date on new processes and procedures that are forthcoming. Morale is kept up by having an open-door policy, brown bag sessions, team-building exercises, and road maps.

Theme 4. Organizational Theory. The theme relates to the literature review on exit of Baby Boomers as what being understood by the researcher. Some family members in the company are not in leadership positions, although they play important roles in the enterprise. The leader believed the son had an entrepreneur spirit, although running the company full time may not be something, he wants to do full-time; therefore, management that is already in place is capable of running the business effectively and efficiently. Managing the company requires dedication and a significant commitment of time. For these reasons, strategies are in place to ensure the son or the management team can take control.

As to how the participants' face the challenges and demands in a family-owned business.

Theme 5: Strategies for the Future. In this theme, Integrating the family-owned business with the company's strategic plan ensures the success of both. It helps employees to understand the full picture about combining the succession plan with the company's strategic plan. It is about not just replacing but also preparing the family members or trusted individuals within or affiliated with the organization to take on leadership responsibilities at any moment. It is important to pass on to future leaders the understanding that they are part of the succession plan and strategic planning to keep the company growing and leaving the organization as a

legacy. Incorporating the succession plan into strategic planning for the organization enables leadership to manage and be ready for the turnover that will eventually happen.

Theme 6: Teambuilding. One way to improve and encourage team members' interactions, trust levels, and support levels is by engaging in team building as being suggested by the researcher. Team building can minimize stress within the workplace and promote a unified team. The company tries to be transparent with the short-term and long-term goals the organization is trying to obtain. The leaders try to make work as fun as possible, so they engage in different staff retreats and promote a healthy and fun atmosphere, so employees enjoy coming to work. By participating in a variety of events during different sessions, managers can focus on different skill sets and address needed areas.

Theme 7: Training and Support. In this theme Classes are held on site to keep abreast of technology most especially in this pandemic covid 19. However, employees are encouraged to go back to school to obtain the skills they need after this pandemic. Attaining these skills will help not only the company but also the individual. The company supports formal training because they want future leaders to have the mindset that they can become successful leaders of a company.

Theme 8: Understanding Leadership Knowledge and Competency. In this theme, participants shared how Family-owned business allows the current leaders to anticipate the future and to provide future leaders as mentioned by the researcher. Both current and future leaders can use succession planning to develop an idea of where the company is going, which allows the involvement of key people in the future of the company. The company uses processes and procedures to capture and retain the knowledge of workers. Employees learn about new procedures and about what is occurring in the company.

CONCLUSION

Most of the family-owned businesses do not have business development, family system, retention, and organizational theory to have a succession plan in place. Furthermore, most of the businesses have chosen their successors from their children as opposed to other members of the family. Within family-owned businesses, it is therefore imperative to have contingency planning and take into account positions of employees and key positions when developing a succession plan. Succession is the transition of leadership and possibly ownership and is an important process for organizational regeneration. This views that succession planning in family-owned businesses is a vital component for the business' future and that a written succession plan has a positive impact on the business process as well.

As to how the participants face the demands and challenges of being incumbents in family-owned businesses, it was shown that some of the family business owners are with the importance of strategies for the future; team building; training and support; and understanding and competency as succession planning in the family business process. The employees of most family-owned businesses are aware of the necessity of succession planning but do not see it as a priority, therefore, it is important to prepare impending employees for leadership positions by assessing skill level and capabilities that identify issues and helps us arrive in a sound solution.

RECOMMENDATION

Understanding the lived experiences of the incumbents in family-owned business cultivates a deeper understanding of this trend, together with direct and indirect observations with the incumbents in a family-owned business. In this study, the research recommends that the Successors of the family-owned business should engage in courses that focus on customer and employee satisfaction and retention for an improved succession process to ensure longevity of the family-owned business. It is also highly recommended that Employees should determine future retirement goals of seasoned personnel and engage professional consultants, if necessary, to help in finalizing the succession plan. Providing training for employees and involvement at conferences or other gatherings could help to educate key personnel on the benefits of having a succession plan within the organization. Family members taking the lead are having a non-family member from within the company, with the necessary skills, take on the leadership role. Leadership training should start or continue for potential future employees to enhance their paths to excel in the main positions and to develop their abilities to meet the needs of the organization. Family business owners need to train and equip its chosen successors with the necessary skills and knowledge in preparation of their future roles in the business. Lastly, business owners, to fully comprehend why owners of family businesses have a positive perception on succession planning. This can be accomplished through a sequence of focused interviews, including the owners of the family business as well as the successors to better understand the succession process.

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