

## SUCCESSION IN FAMILY BUSINESSES: AN APPROACH TO REDUCING RISKS IN INTERGENERATIONAL TRANSITION PROCESSES

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### Resumo/Résumé/Abstract

This research investigates the critical activities and challenges involved in succession processes within Brazilian family businesses, identifying the critical activities at each stage, to provide a framework for reducing the risks of transition between successors. Despite the prevalence of family businesses, high failure rates in succession highlight the need for further study. The research examines three family businesses in São Paulo, Brazil, using a qualitative approach. Findings reveal disagreements between founders and successors, a preference for male successors, and overall confidence in future success. The study offers valuable insights for family businesses navigating the succession process and aims to reduce the associated risks.

Esta pesquisa investiga as atividades críticas e os desafios envolvidos nos processos de sucessão em empresas familiares brasileiras, identificando as atividades críticas em cada estágio, a fim de fornecer uma estrutura para reduzir os riscos de transição entre sucessores. Apesar da prevalência de empresas familiares, as altas taxas de fracasso na sucessão evidenciam a necessidade de estudos mais aprofundados. A pesquisa examina três empresas familiares em São Paulo, Brasil, utilizando uma abordagem qualitativa. Os resultados revelam divergências entre fundadores e sucessores, uma preferência por sucessores homens e uma confiança geral no sucesso futuro. O estudo oferece insights valiosos para empresas familiares que navegam pelo processo de sucessão e visa reduzir os riscos associados.

Cette recherche examine les activités et les défis critiques liés aux processus de succession au sein des entreprises familiales brésiliennes. Elle identifie les activités critiques à chaque étape afin de fournir un cadre pour réduire les risques liés à la transmission entre successeurs. Malgré la prévalence des entreprises familiales, les taux élevés d'échec en matière de succession soulignent la nécessité d'études plus approfondies. L'étude examine trois entreprises familiales de São Paulo, au Brésil, à l'aide d'une approche qualitative. Les résultats révèlent des désaccords entre fondateurs et successeurs, une préférence pour les successeurs masculins et une confiance globale dans la réussite future. L'étude offre des informations précieuses pour les entreprises familiales qui abordent le processus de succession et vise à réduire les risques associés.

**Palavras-chave:** Sucessão, Empresas familiares, Mercado emergente, Intergeracional, Brasil

**Mots-clés:** Succession, Entreprises familiales, Marché émergent, Intergénérationnel, Brésil

**Keywords:** Succession, Family Businesses, Emerging Market, Intergenerational, Brazil

## **1. Introduction**

Family businesses regularly face the challenge of transferring management and ownership to the next generation (Cadieux, 2005). It is estimated that around 85% of businesses worldwide are family businesses (Baron and Lachenauer, 2021). Depending on the country, family businesses can represent from 60% to over 80% of active companies in the world (KPMG, 2007; INSEE, 2015). In Brazil, family businesses represent more than 80% of all active 2 companies, accounting for 54.5% of formal employment, 44.5% of the wage bill, and 27% of gross domestic product (GDP) (SEBRAE, 2018). The objective of this article is to identify the critical activities at each stage of the succession process in family businesses, highlighting the key elements that can be used as an approach to reduce the risks of succession processes in family businesses.

Given their specificities, preparing future leaders and managing succession processes are stages that can challenge business continuity (Nishitsuji, 2009). In Brazil, 30% of family businesses reach the second generation, 12% the third, and only 3% the fourth (SEBRAE, 2016). Despite the large amount of literature that has already been produced to shed light on the processes of executive succession in family businesses, the failure rates highlight the existence of theoretical and empirical gaps that justify further studies in this area.

Family businesses differ from other types of organizations because their founders seek to perpetuate their achievements within the family while facing complex interactions (Flores and Grisci, 2012) involving the relationships between family, ownership, and management (IBGC, 2006). A family business is considered first generation when it is managed by the founder, second generation when it is managed by the founder's closest successors (children or nephews), and third generation when it is managed by the founder's grandchildren (Casillas et al., 2007).

Many questions remain unanswered: are family businesses predestined to fail? (Baron and Lachenauer, 2021); what would characterize an effective succession process? (Costa et al., 2015; Bernhoeft, 1987; Altaf and Troccoli, 2010; Silva et al., 2019); what distinguishes the managers who succeed in implementing effective succession processes from those who fail? (Cadieux, 2005); how are these processes carried out? (Oliveira, 2010; Sinanis et al., 2019); how do founders prepare their successors? (Oliveira, 2010; Machado et al., 2013) and how do

they deal with the anguish of their exit from the business (Leone, 2005; Passos et al., 2006)? These doubts raise an important question that has yet to be answered: What are the elements that can be used to reduce the risks of succession processes in family firms?

This article seeks to address this issue through qualitative research conducted in three family firms located in the city of São Paulo (Brazil). The companies that participated in the research have been in business for over twenty years, one of which has already completed the succession process and is in its second generation. The other companies are in an advanced stage of the first succession process. The sample was purposively selected, taking into account the ability of the selected companies to provide the essential elements for the desired reflection. Access to the companies was obtained through social media.

Our results show first that the succession process was a subject of disagreement between the founders and successors. Second, male successors were preferred to female successors. Finally, founders and successors were confident about the future success of the business. This study can be used as a guide for companies during the successor process and to avoid the pitfalls of the process.

The article begins with a brief theoretical discussion of family businesses, governance, and succession. It then describes the methods used to collect, organize, and analyze the data. The research findings are then presented, followed by a framework that describes the main stages of the succession process, the activities, and the critical elements that can help mitigate risk.

## **2. Theoretical Framework**

### **2.1 Family Businesses**

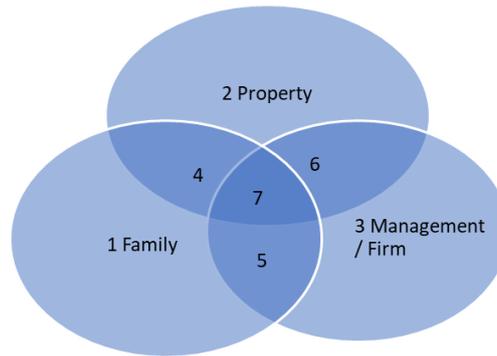
There is a great diversity of definitions of family businesses, considering different criteria such as family power, ownership, values, customs, management influenced by family members, and number of successions (Bengtson, 2001; PWC, 2011; Costa et al., 2015). However, most definitions consider a family business as a small, medium, or large enterprise managed by one or more family members (Oliveira et al., 2011). For this study, the definition adopted of a family business is one that is mostly controlled by one or more families, where the members form all or part of the management team (Sebrae, 2018). The sentimental attachment of the owners to the organization (Pianca and Ferreira, 2017), the family history, the longevity of the company, and its transmission to future generations are the elements that distinguish these companies from other models (PWC, 2011; Bengtson, 2001).

The management structure of a family business tends to be simple and, above all, characterized by low formalization (Lampel et al. 2014; Alvarado and Llorca-Jaña, 2022). In general, it has a limited division of labor, a minimally elaborated management hierarchy, and few procedures for planning work routines, with power concentrated in the hands of the founder (Ramos and Helal, 2010; Silva and Gonçalves, 2011). A family business is characterized not by the simple fact that the capital belongs to the same family, but by how the company is managed, firmly guided by the entrepreneurial vision of a founder, bringing the family and the business environment closer together (Lima, 2016). In short, family businesses are those whose origins and history are linked to a specific family (Bernhoeft, 1987), where the family owns the majority of the assets and whose heirs take over the positions left by the founders (Teixeira and Carvalhal, 2013).

## **2.2 Governance in family businesses**

Corporate governance defines how companies are strategically managed and controlled (Abdullah and Valentine, 2009; IBGC, 2020). The concept of governance has evolved and is now applied to companies of different sizes, including family businesses (Bertucci et al., 2009). The control of the company, the power exercised by the family in the organization, and the presence of family members in the management are the main governance issues in family businesses (Silva et al., 2019). They form a system composed of the family, ownership, and management subsystems, which constitute complementary and interdependent processes (Gersick et al., 1997; Tagiuri and Davis, 1996; Letza et al., 2004; Alvarado and Llorca-Jaña, 2022). A model called the Three Circles Model has been presented. Through the set of three circles, the model describes the family business as a system divided into three subsystems that are overlapping but interdependent, as shown in Figure 1:

**Figure 1 - Three-circle model.**



Note: 1 – Family, 2 – Property, 3 – Management/Firm, 4 – Family owners, not managers, 5 – Managers from the family but not owners, 6 – Owners that are managers but not from the family, 7 - Owners that are managers from the family

Source: Adapted from Tagiuri and Davis (1996).

Although they represent different processes, the three circles are intertwined, making it possible for the same person to play several roles and act in the three spheres, implying recognition of the different attributions (Letza et al., 2004; IBGC, 2016). Family members should not behave in the company with the same references as in the family sphere, nor should they bring professional discussions into the family circle (Leone, 2005), understanding that each circle has its importance and objectives that must be respected to create and maintain harmony. If the dimensions are reconciled, there will be a climate of stability and cooperation; on the other hand, if they are not reconciled, conflicts and contradictions will soon arise in the different circles that make up the complex system of governance in family businesses (Sinanis et al., 2019). It also is in the same line of agency theory (Jensen and Meckling, 2019), which explores the potential conflicts of interest that can arise between the family owners (the principal) and the family members who manage the business (the agent).

### 2.3 Succession in family businesses

For a long time, succession in family businesses took place without planning, understood as a natural process that would result from some kind of disability of the founder, mainly illness or death (Bernhoeft, 1987). However, succession is a crucial moment in the company's development (Cadieux, 2005) and determines its continuity (Pianca and Ferreira, 2017). Many family businesses close between the first and third generations due to succession problems (Costa et al., 2015; Alvarado and Llorca-Jaña, 2022).

Although a growing body of research shows that women outperform men in leadership roles (Zenger and Folkman, 2019) and are more patient and applied learners with better interpersonal skills (Ahrens et al., 2015), they have historically been discriminated against in the succession

process in family businesses, with founders preferring to transfer power to first-born males (Byrne et al., 2019), skewing and limiting the organization's opportunities. Considered the natural heirs, these 'favorite boys' may not be properly prepared to take over the leadership of the family business and may bring inappropriate and unproductive behaviors to the management of the organization (Oliveira, 2010; Wang, 2010).

Succession goes beyond the transfer of leadership in the company and implies strategic, structural, and cultural changes, which means establishing procedures to provide security and motivation to those involved (Wang, 2010; Silva, 2019). Among other things, succession planning should include defining the profile and role of the successor, selecting them, and immersing them in a training process to prepare them for effective management (Sinanis et al., 2019).

### **3. Methodology**

This research is characterized as qualitative, whose research question requires an understanding of the complexity of organizational phenomena (Nordqvist et al., 2009), which means studying them in their real contexts (Godoy, 1995; Yin, 2001; Creswell, 2014), seeking to understand and interpret the meanings that people attach to them (Mitchell, 2011).

Data collection was carried out through semi-structured interviews, which are considered central to qualitative studies (Creswell, 2014) as they encourage respondents to talk about particular issues, considering the facts in their historical contexts (Yin, 2001).

The interviews were pre-planned, recorded with the necessary permissions from the interviewees, and later transcribed by the researchers. Following public health standards and social distancing measures due to the COVID-19 pandemic, the interviews were conducted using virtual meeting platforms (mainly Zoom, Meet, and Skype) at the convenience of the interviewee.

The interviews were transcribed and organized into files. Using NVivo software, the data were first coded through a deductive process based on the thirteen blocks of the interview script. Subsequently, the data were reread in search of uncoded information from uncoded texts, proceeding inductively, starting from the data to complement the previously defined categories, following the analytical approaches recommended by Mayring (2000) and Creswell (2014). Finally, the code structure was refined by merging the categories, resulting in the following nine blocks: main challenges, values, succession planning, preparation of successor(s), choice

of successor(s), performance expectations, connection with the founder after succession, main steps taken and future challenges.

Finally, based on systematized empirical information, a framework was developed describing the steps and elements that can be used as a possible approach to reducing risks in succession processes.

#### 4. Context Studied

Three companies positioned in different markets and experiencing different stages in the succession process participated in the study. In Company A, the succession is complete, in Companies B and C, the processes are at an advanced stage. Table 1 presents and characterizes the companies. To preserve the identity of the research subjects, fictitious names were assigned to the participants.

Table 1: Sample characterization

Name	Age	Period of work at the company	Education	Industry	Work at the firm
Manoel (F)	70	1972 / 2001	Elementary School	Services/Automotive Center	No
Carlos (S)	45	1996 / (-)	Mechanical Engineering	Services/Automotive Center	Yes
Roberto (S)	42	2001 / (-)	Business Administration	Services/Automotive Center	Yes
Paulo (F)	66	1986 / (-)	Mechanical engineering	Technical Services/Systems	Yes, part time / twice a week
Alice (S)	32	2002 / (-)	Nutrition and People Management courses	Technical Services/Systems	Yes
Marta (F)	62	1986 / (-)	High school	Commerce/Wholesale and retail	Yes, part time / twice a week
Mara (S)	35	2006 / (-)	Journalism, marketing and social media courses	Commerce/Wholesale and retail	Yes

*Nota.* (F) Founder; (S) Successor; (-) Since today.

#### Company A

Company A (São Paulo/SP/Brazil) operates in the automotive sector. It was founded in 1972 when Manoel left his job in a machining company to start his own business. He has three

children, two daughters and one son. Manoel's eldest daughter, Mariana, has a degree in business administration and works in a multinational company. She is married and has a son. The youngest daughter, Cíntia, is single, has a degree in physiotherapy, and works in the area. Neither would have shown any interest in working in the company. Carlos has a degree in mechanical engineering. He is married and has one daughter.

In 2001, Mariana's husband, Roberto, a business graduate, became unemployed. Manoel invited him to work with Carlos in the company. Manoel had decided to start another business and leave the company to Carlos and Roberto. After some hesitation, Roberto accepted the proposal. Subsequently, Manoel transferred 50% of the company to his wife, Amélia, and the rest was divided between Carlos (25%) and Roberto (25%). Carlos began to take care of the operational side of the business, while Roberto took care of the administrative side.

### **Company B**

Company B (São Paulo/SP/Brazil) operates in the engineering sector. It was set up in 1986 when the founder, Paulo, left the air-conditioning company where he worked to start his own business in a room in his parents' living room. Paulo was responsible for all business processes, such as buying and selling, hiring staff, and drafting contracts. As the company grew, Paulo moved to a location where it is still based.

Paulo has four children. Alice, the successor, was 35 years old in 2024. She had a degree in Nutrition, a technical course in Administration, and a postgraduate course in Human Resource Management. Alice started working for the company at the age of fourteen as an office assistant. She later worked as a salesperson and, after working in all departments of the company, took over the management of the business.

### **Company C**

Company C (São Paulo/SP/Brazil) sells leather bags and accessories. It was founded in 1986, when João was a handbag seller in the Praça da República, in the central area of São Paulo city, and his wife, who worked as an administrative assistant, had an opportunity to open a shop in the Bom Retiro neighborhood, a traditional shopping area in the city of São Paulo.

The couple had three daughters, all of whom now work in the family business. Mara, 38, took over in 2006. Clara, 35, takes care of the administrative side of the business and Sarah, 33, looks after the brand's image and promotion.

## **Data collection**

The companies participating in the study were selected purposively, taking into account the ability of the sample to provide relevant information to answer the research question and the possibility of access to the two generations involved in the management of the companies.

The search for companies was carried out through social media and relationship networks. Eight companies were contacted, and three agreed to participate in the research. The interviews were conducted in two stages: one with the founder and one with the successor. The questions were sent to the participants in advance via email and WhatsApp. Due to the policy of social isolation imposed by the pandemic that the world was experiencing in 2021, all interviews were conducted via video conference (Zoom, Skype, Google Meet). All interviews were recorded with the consent of the participants. The researchers involved in the study declared that there were no conflicts of interest.

## **Research Results**

Analyzing the succession process of family companies in Brazil from our interviews reveals several key insights and challenges. Here is a breakdown of our findings.

Many studies emphasize the influence of Brazil's cultural and societal context on family business succession. Factors such as strong family ties, patriarchal leadership structures, and the significance of informal networks play a crucial role in shaping succession dynamics (La Porta et al., 1999; Arregle et al., 2007). Bertucci et al. (2009) argue that the family business goes through several stages of maturity and that challenges arise in each of these stages. As we can see in table 02, researchers asked the participants about the main firm's challenges faced by them.

**Table 2: Main challenges faced by the company.**

Company	Founder	Successor
A	"Competition is an unfair thing because you have a name and quality to uphold. Sometimes the customer would take their car elsewhere because they thought our service was expensive. It took a lot of time and I was upset, but by the time the customer came back it had been a long time and suddenly you lost capital".	"In the end, we face the challenge of living with our family. You have to separate things very well. My father-in-law didn't give much ground, he didn't want to follow developments".
B	"The biggest challenge was being alone, not having anyone because today I have Alice. The US Vice President said: "If you want to go fast, go alone, but if you want to go far, go with people".	"My main challenge is the technical part, I do not know, this is one of my biggest fears and concerns. I like the administrative part, HR, and everything else, I'm good at that".
C	"Collor took all the money, we had to work with cheques. Then we started up again. And now because it has to be closed, it has to have income".	"I started working and I saw some things that I didn't agree with, I said: we have to change. The confusion started, my father didn't accept it and I wanted to change, we argued and I left [the shop]. My mother asked me to come back, she said: "We need your help, we no longer have the dynamism of a young person".

Note: Collor – Brazilian president between 1990 to 1992. He did an economic plan and with this, he blocked the savings of all people in Brazil.

Source: authors

When we compare the answers of founders and successors, they suggest different views on this subject. The founders of companies A and C highlighted the business conditions in Brazil: price competition and government policies. The legal and regulatory environment in Brazil also influences succession outcomes for family firms (La Porta et al., 1999; Arregle et al., 2007). However, the successors of these companies point to conflicts with the founders as the main challenge they faced. For the founder of Company B, the main challenge was the lack of a support team. For the successor, the challenge is to deal with the lack of technical knowledge in the company's field of activity. Access to external resources and support networks, such as business advisors, mentors, and peer groups, can significantly impact the success of succession processes. Collaborations with external stakeholders can provide valuable insights, expertise, and guidance to family businesses undergoing leadership transitions (Aldrich and Cliff, 2003; Dyer and Handler, 1994).

Succession is a crucial moment for family businesses as explained by Bernhoeft (1987) and planning is an effective approach to reducing the risks of succession crises (Oliveira, 2010). Flores (2010) believes that the succession process should be smooth, with careful preparation of the successors. Silva et al. (2019) explain that succession is related to strategic, cultural, and structural changes in the company and not only to the transfer of leadership, which requires the establishment of procedures for the transition to the next generation that will take over the

business. For Altaf and Troccoli (2010), the succession process must be able to allow the business to continue with its essence, culture, and activities. Following this idea, we asked about succession process planning for our three companies, as can be observed in Table 3.

**Table 3: Succession process planning**

Company	Founder	Successor
A	"I am setting up a plastics company, I took over the workshop.	"It was very quick. The feeling is that he left it in our hands".
B	"Alice has always shown herself to be very competent. This daughter of mine will run the business. The boys didn't want to run the business.	"It happened. I have worked in almost every department of the company. In my opinion, there was no succession process".
C	"They started working part-time and started learning. Then I only went to work in the afternoon or only in the morning, I started reducing my hours."	"I had already lived it, so I had a sense of what it was like".

Source: Authors

Research highlights the importance of formalized succession planning and effective governance structures in ensuring a smooth transition of leadership within family firms. However, findings suggest that many Brazilian family businesses lack adequate succession plans, which can lead to instability and conflicts during the transition process (Ayres, 1990; Gilding et al., 2015; Naldi et al., 2007). Participant’s answers show that some kind of succession planning and preparation took place in the three companies, although not always in a formal way or perceived by the successors. In company A, the successor left the company to start another business and the perception of the successor was one of abandonment, although he was already working in the company. In companies B and C, the participants' statements highlight this informal and emerging preparation process, based on learning in the day-to-day activities of the company.

In this research, participants were also asked what they consider as the main challenge associated with the succession process, as we can see in table 4. Leone (2005) believes that a sensible approach to succession turns the process into a partnership between the founder and the successor, avoiding conflicts. According to Passos et al. (2006), conflicts can arise during the succession process as a result of the many changes in the founder's personal and professional life.

**Table 4: Challenges faced in the succession process**

Company	Founder	Successor
A	"The biggest challenge was to understand that they were capable of taking over and running the workshop (...) "to show that [they] had the know-how to do the work".	"My biggest challenge was to modernize the company. (...) "Bringing in this issue of technology, winning new customers, implementing a different job".
B	"I confess that emotionally I was a bit depressed because I saw that I was old.	"My biggest challenge was that I had to learn everything on my own, I could not count on anyone to teach me; (...) "I have difficulty coming up with new ideas, this is my biggest challenge".
C	"For me it was peaceful, there was no friction, we solved it. We have to retire at some point".	"The conflicts, the struggles, were the greatest challenges. Some wanted to keep it in the Stone Age, and I wanted to modernize it from water to wine.

Source: Authors

Founders and successors had different perceptions of the challenges they faced. In companies A and C, conflicts between founders and successors stand out, while in company B the difficulty of implementing new ideas and the lack of learning support were highlighted. The founder of company A highlighted the difficulty of trusting his successor's abilities, while the founder of company B revealed some anguish at the perception of the imminent end of his cycle at the top of the company. For the founder of company C there were no conflicts, the opposite perception of the successor. These findings corroborate with the ones presented by Handler (1994).

Identifying a competent successor to perpetuate the family business is a complex task (Costa et al. (2015), implying the recognition of legitimacy (Pianca and Ferreira, 2017) to bring together the ability to align the evolution of the family and the business (Machado et al., 2013). According to Byrne et al. (2019), women are still discriminated against in succession processes in family businesses. To evaluate this succession organization we also asked our participants about disengagement and expectations (see Table 5 and Table 6).

**Table 5: Founder disengagement and successor preparation**

Company	Founder	Successor
A	"It happened naturally over the years that we worked together.	"I studied administration, I was always on a path to see what administration was. There weren't many secrets, I just had to put what I had learned into practice".
B	"This process is still going on. Today I came here some days because I like to work".	"I studied economics and nutrition; I thought I liked it. I worked for my father, I said: I like it here. So I did a general postgraduate degree in business administration.
C	"They were already working with me, they started to solve things on their own and I let them".	"I was always there, watching, seeing what was happening and the dynamics of things.

Source: Authors

**Table 6: Expectations regarding the performance of successors**

Company	Founder	Successor
A	"The expectations are the best because I see that they have potential and have lived up to what was left".	"I have to set up a new phase of company A. To improve, I'm thinking of taking some refresher courses".
B	"I have great expectations; Alice is already managing the administration very well. We have an engineer here who, in a way, prepares me to do my part".	"I intend to get more involved in managing people every day and to do things less and less automatically".
C	"Very good, they have managed to take the shop to a new level. They have streamlined things, changed people. I think young people have a different spirit".	"Now I have found my balance. I use Instagram a lot, so I'm at home but I'm working. But I don't have to prove anything to anyone.

Source: Authors

When asked by researchers about their expectations for the future performance of their successors, all founders were confident that the succession process positively impacted firms performance. This confidence is in line with the optimism expressed in the successors' speeches.

Successors who have been actively involved in the business and have received adequate preparation, either through formal education or on-the-job training, are more likely to perform well in their roles. This is evident in the case of Company A, where the successor has a strong foundation in administration and has been involved in the business for years. Founders who have high expectations of their successors and provide them with opportunities for growth and development are more likely to see successful outcomes. This is illustrated in Company B, where the founder expresses great expectations for the successor and provides her with support and guidance as expressed also by Wang (2010).

Successors who are motivated and passionate about the business are more likely to succeed. This is demonstrated in Company C, where the successor has a strong desire to improve the business and is actively involved in its operations. And also for company C, the ability to adapt to changing circumstances and innovate is crucial for success in today's business environment, where the successor has successfully modernized the business and implemented new strategies, as also discussed by Bizri (2016). The following question was about the process founders used to choose their successors.

**Table 7: Process for Selecting Successors**

Company	Founder	Successor
A	"The son was sort of the automatic successor to the business. Roberto's choice for another part of the succession was trust, and he is my sister's husband".	"It was a consequence, I was invited. I think my father-in-law's main concern was to have someone to help Carlos".
B	"I wanted, I had an insight, that all [the children] would stay and work here. They worked with me for a while, but they didn't want to stay. The criterion was commitment.	"There was only me, if my father could have chosen a man, I'm sure he would have, but he didn't have that possibility. There was no competition, there was my other brother, but he left.
C	"Everyone does one thing, one stays more in the shop, calculating prices and labeling. Mara is in the front, she works on the creation, she travels to bring the models and she solves everything".	"I was always the one who led the most, who was always ahead. My sisters have their qualities, but they are quieter".

Source: Authors

This question point out the gender predilection for succession (Wang, 2010). The bias was evident in the statements of the research participants. The successor of company B said: "I only had me; if my father could have chosen a man, I am sure he would have done so. But he didn't have that opportunity. He didn't have any competition; he had my other brother, but he left". The founder of company A, on the other hand, put it this way: "The son was the automatic successor of the company. Roberto's choice for another part of the succession (...) he is my [daughter's] husband".

Identifying competent successors to perpetuate the family business is a complex task (Costa et al., 2015) that involves the hereditary delegation of decision-making power to one or more family members (Ramos and Helal, 2010). The alignment between family, management, and business is one of the highly relevant activities (Machado et al., 2013). For Ricca (1998), the way the founder raised and educated his children is crucial. In this line, we asked about the successor's selection (table 07). Next question asked to founders if they maintain a connection with the company after their left.

**Table 8: Connections of the founders to the company after the left.**

Company	Founder	Successor
A	"There is financial dependence, sometimes we have meetings".	"We agreed to pay my father-in-law a pension for life.
B	"I want to stay as a consultant".	"He comes once or twice a week and stays for a few hours. He does certain tasks".
C	"I'm just going to sort out one thing or another. She already takes care of everything, I only give advice when she asks me."	"She hardly participates in any process anymore, she does few things.

Source: Authors

All the founders expressed an interest in continuing some kind of relationship with the company as also identified by Bizri (2016). In company A, there is an agreement to pay the founder a

pension for life, to which he contributes by attending meetings. Same types of incentives are also presented by Burkart et al. (2003). In Company B, the founder remains an advisor and in Company C, participation is sporadic.

**Table 9: Perceptions of future challenges.**

Company	Founder	Successor
A	"Investing in marketing and updating both equipment and people to keep the team motivated".	"Adapting to this new market system, investing in new technologies to meet new car concepts".
B	"I don't even know if it's a challenge, but it's seeing every day that this company doesn't need me anymore".	"The challenge I am most afraid of and find most difficult is the technical part. I think I need to learn a bit about this area for the future".
C	"In my opinion, the physical store will exist, but sales will be more online, I think we have to invest in online sales.	"The company needs to be open to change. It will probably change a lot in terms of the environment and the way we consume".

Source: Authors

**Table 10: Critical look at management itself.**

Company	Founder	Successor
A	"I would have standardized many things in the workshop".	"I would have delegated more. The business would have grown faster if I had been a little bolder."
B	"I would have been more ethical, which I wasn't before, I would have been kinder to my employees".	"I was a very authoritarian person, difficult to deal with. I've lost very good people because of this."
C	"Honestly, I think I should have worked less, especially when my daughters were small".	"I would have invested in social media sooner. I would be more of a leader."

Source: Authors

When analyzing their own development in their respective companies, four participants would like to change their management style: to be more ethical (founder of company B), to be less authoritarian (successor of Company B), to delegate more (successor of company A), to be more of a leader (successor of Company C). The founder of company A would improve technical quality management standards by standardizing processes, while the founder of company C would devote more time to family life. Company C's successor would like to have started investing in social media earlier, in addition to being a better leader.

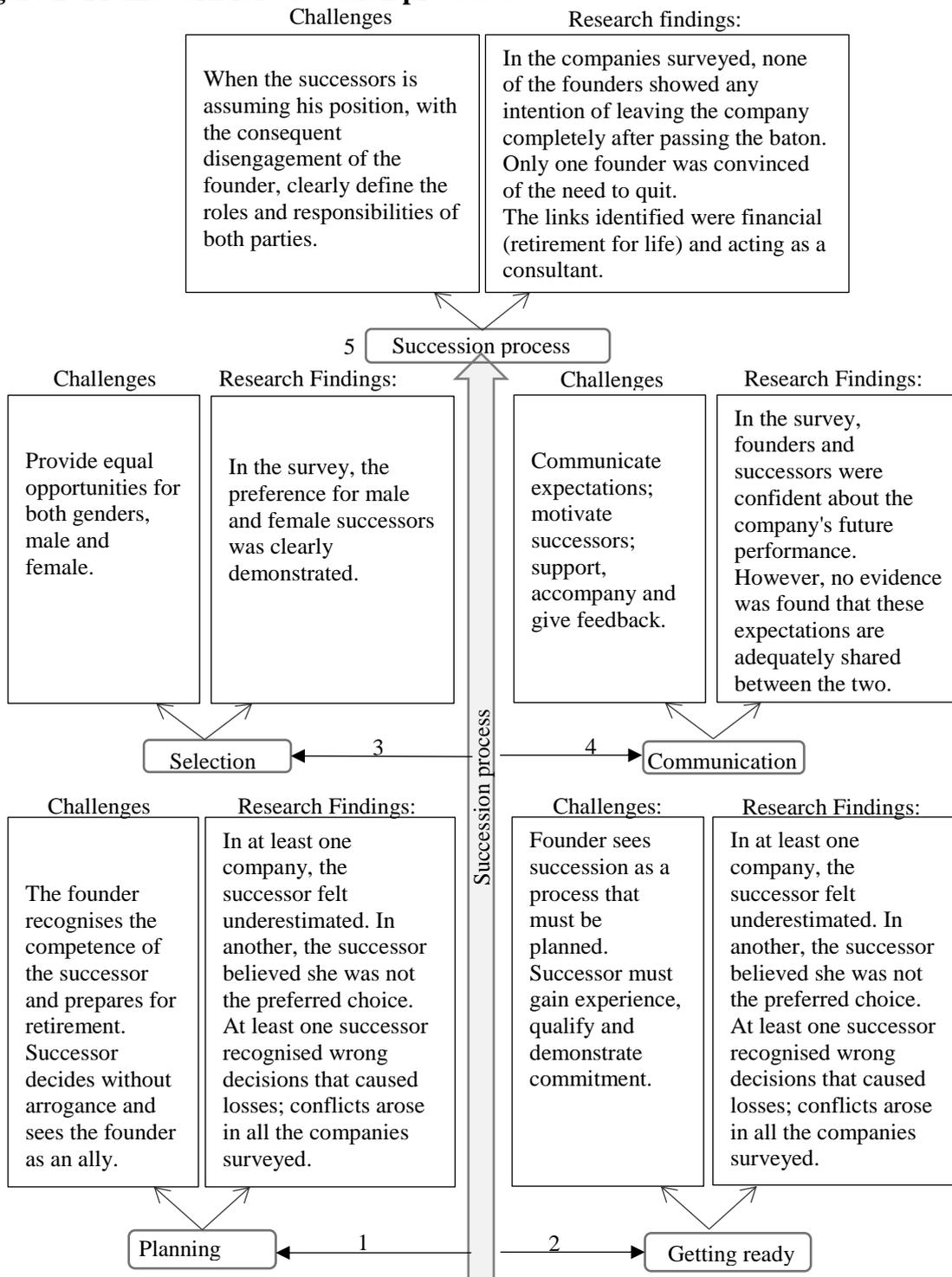
### Looking for a Framework for Succession Processes

Based on the research data in the discussion of the findings, it is noted that: (1) all firms were engaged in some process of preparing successors, although none adopted a formal succession planning process; (2) the selection process was informal and, in some ways, strongly male-dominated; (3) all founders expressed an interest in continuing to work in the business after

retirement; and (4) founders and successors are optimistic about the future of their respective businesses.

The research identified five main stages and several critical factors that may be relevant to support reflection on succession processes in family businesses.

**Figure 2: Framework for succession processes**



Source: Authors.

## 5. Final Considerations

This research was concerned with understanding the succession process in family businesses and sought to identify the stages and critical factors that could contribute to reducing transition risks between founders and successors.

Through a qualitative approach, and based on the study of three family businesses, the research highlights five critical stages of the succession process and presents the challenges and precautions that can be useful to support successful transitions: planning the process, preparing successors, selecting, communicating, and disengaging founders.

Succession is a process, not an event. Therefore, the 5 steps above are not watertight; they are distinct but complementary and interdependent. For example, planning involves preparing both successors and founders to step back from the day-to-day running of the organization. Both the withdrawal of the founder and the preparation of the successor appear to be slow, complex, difficult, and even painful processes.

Although all the companies participating in the research had an informal process of preparing successors, involving them in the business from an early age, none of them had a formal succession planning process. The values and intuition of the founders seem to have been the main guides for decisions, leaving a window of opportunity open for risks and inequities. Therefore, a simple unexpected event with the founder can jeopardize the survival of the company. The sexist tradition of Brazilian society can work subliminally, distorting the succession process and creating favoritism between men and women. The dynamics of families and households are viewed as key elements of issues in the new structure (Bengtson, 2001).

Qualitative research offers valuable insights into complex phenomena, but researchers must be mindful of its limitations, including non-generalizable results and small sample sizes. In this study, acknowledging these limitations, we adopted appropriate strategies to address them. Then we could enhance the rigor, validity, and credibility of their qualitative studies. Moreover, our results contribute to the advancement of knowledge and understanding better the succession process for women in Brazil.

More research is needed to better understand the complex web of values, emotions, activities, and rationalities that permeate the succession process in family businesses. Issues related to the formal planning of the succession process and the influence of gender on succession processes are exciting opportunities for future research.

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