

Communicating Innovation and Sustainability in Family  
Businesses Through Successions

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การสื่อสารเพื่อสร้างนวัตกรรมและความยั่งยืนในช่วงสืบทอดธุรกิจครอบครัวไทย



วิทยานิพนธ์นี้เป็นส่วนหนึ่งของการศึกษาตามหลักสูตรปริญญาวิทยาศาสตรดุษฎีบัณฑิต  
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ธุรกิจขนาดกลางและขนาดย่อม (SME) มีส่วนสำคัญต่อเศรษฐกิจแม้อัตราการอยู่รอดของธุรกิจจะลดลงจากฐานผู้รุ่น งานวิจัยฉบับนี้มีวัตถุประสงค์เพื่อพัฒนารูปแบบการสื่อสารที่เหมาะสมสำหรับธุรกิจขนาดกลางและขนาดย่อมในการสืบทอดนวัตกรรมและความยั่งยืนของธุรกิจ ธุรกิจครอบครัวที่มีนวัตกรรมในประเทศไทย 14 รายได้รับการคัดเลือกให้เข้าร่วมเป็นกรณีศึกษาในงานวิจัยนี้ โดยการสัมภาษณ์เชิงลึกเป็นรายบุคคล ในทุกบริษัทที่เข้าร่วมงานวิจัยนี้ ผู้ส่งมอบธุรกิจ ผู้สืบทอดธุรกิจ และพนักงานในตำแหน่งสำคัญที่มีใช้ครอบครัวจะให้สัมภาษณ์กับนักวิจัย การค้นพบหลักสองประการในงานวิจัยมีดังนี้ ๑ ประเด็นเกี่ยวกับนวัตกรรมขององค์กร ทูทางสังคมในรูปแบบของความสัมพันธ์เครือข่ายภายในและภายนอก ความรู้แบบดั้งเดิม การวางแผนสืบทอดธุรกิจ และความยั่งยืนของธุรกิจ เป็นปัจจัยที่ควรได้รับการสื่อสารอย่างเป็นทางการหรือไม่เป็นทางการในระหว่างกระบวนการสืบทอดตำแหน่ง ๒ ความขัดแย้งของเจตนาและการกระทำของผู้ส่งมอบธุรกิจ ความมุ่งมั่นในการสืบทอดและความสามารถของทายาทธุรกิจ และปฏิภริยาของพนักงานต่อการเปลี่ยนแปลงระหว่างการสืบทอดตำแหน่ง เป็นสามอุปสรรคหลักในการสื่อสารเพื่อสร้างนวัตกรรมและความยั่งยืน ด้วยการใช้รูปแบบการสื่อสารในธุรกิจครอบครัวที่ได้ค้นพบในงานวิจัยนี้ ผู้ส่งมอบและผู้สืบทอดธุรกิจสามารถประเมินตนเองและธุรกิจเพื่อนำไปเพิ่มโครงสร้างและทรัพยากรอย่างเหมาะสม โดยธุรกิจยังคงรักษาค่านิยมเดิมแม้จะส่งมอบธุรกิจสำเร็จแล้ว การสื่อสารหัวข้อและแนวคิดที่ประสบความสำเร็จในช่วงต่อเนื่องควรยกระดับมาตรฐานและความสามารถในการแข่งขันของธุรกิจครอบครัวทั้งในประเทศและต่างประเทศ

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Small and Medium-sized Enterprises (SMEs) contribute significantly to the economy, despite the fact that their survival rate is declining over generations. The purpose of this research is to create a communication model suitable for SMEs during succession for innovation and business sustainability. Fourteen innovative family SMEs in Thailand are selected using the assembled multiple-case study method, and in-depth individual interviews are conducted using the data triangulation method with the incumbents, successors, and long-serving non-family employees as participants from each business. There are two main findings. Issues regarding organizational innovation, social capital in the form of internal and external network relationships, traditional and territorial knowledge, succession planning and procedure, and a sustainability-driven mindset should be communicated, formally or informally, during the succession process. Secondly, the incumbent's contradiction between his intention and action, the successor's ability and willingness, and the staff's response to changes during the succession process are the main communication barriers against achieving innovation and sustainability. By implementing the communication model in the family business, the incumbents and successors can maximize the business's structure and resources to be better understood throughout the firm, with the business maintaining or reinterpreting its cultures, values, and traditions for the next generation. The model allows family businesses to have better awareness in terms of innovation management, social capital, innovation with their background knowledge as capital, succession, and business sustainability. Successful communication of the topics and concepts during succession should raise the standard and competitiveness of family businesses domestically and internationally.

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# CHAPTER 1

## Introduction

In the introduction, the background of the Thai family businesses, mostly Small and Medium Enterprises (SMEs) will be shortly introduced. The global overview of the family businesses, family governance, and how organizational communication is related to building a solid foundation for family businesses in terms of succession and innovation. The introduction also provides the basic definition of the terms commonly used throughout the research

### 1.1 Background to Topic and Problem Discussion

Family businesses are the dominant business form globally, especially in Asia, however there are significantly less conceptual and empirical studies that explore the factors influencing strategic behaviors of Asian businesses compared to those in the Western countries where the current theories are used to generalize family businesses in general (Astrachan & Shanker, 2003; Jiang & Peng, 2010; Sharma & Chua, 2013). More than 80% of businesses in South East Asia (ASEAN) valued at USD\$1 billion are family businesses or conglomerates, with family businesses contributing up to 85% of national GDPs in the ten countries (Ho & Chalam, 2017). Small and Medium Enterprises (SMEs) contribute significantly to the Thai economy. In 2021, there were 3.1 million SMEs out of 3.3 million enterprises in Thailand, hiring 12.6 million out of 16 million workforces, in contrary, these SMEs contribute to only 34.6 percent of the GDP with only 0.5% growth (The Office of Small and Medium Enterprises Promotion (OSMEP), 2020). Out of 3.1 million SMEs, 2.4 million or 77%, are considered family businesses (OSMEP, 2022). In 2016, the survey of over 2,800 family businesses worldwide separates family, and non-family businesses by unique cultures and values, faster decision making with involvement of working family members, and lastly intrinsic measures of success such as maintaining the family values together with the businesses, instead of tangible key performance indicators. (PWC, 2022) Despite the high proportion of family businesses in the SMEs, the

survival rate of the businesses decreases through generations: 30% make it to second generation, 12 % and 3% to third and fourth generations respectively (Singapore Management University, 2015). Study in Hong Kong finds that family businesses on average lose 60% of their value during the succession period (Ho & Chalam, 2017). Contradiction between actions and intentions of the incumbents, the potential successors' feelings of isolation despite their commitment, and the successors not feeling trusted and given enough importance by the incumbents, are factors contributing to family businesses' low survival rate through generations (Singapore Management University, 2015).

To achieve long term competitiveness, inputs from both the innovation-driven family businesses, as well as family-driven innovative businesses are crucial for the national economy, since innovation is vital to the financial growth of the businesses by increasing the competitiveness to gain new target groups by innovative business models, and better adaptability and ability to flexibly transform to new crisis to meet the market requirements (Calabrò et al., 2018). There are no clear factors indicating how the family businesses can stay successful through generations, despite the increasing number of academic research papers on the topic of family business and innovation in the past decade. The future research should focus on the family, its complexity, and how the management of communication and relationships within family businesses should be handled to achieve innovation, amid all the intangible factors associated with family businesses (Eddleston, Kellermanns, & Collier, 2019). There are no clear factors indicating how the family businesses can stay successful through generations, despite the increasing number of academic research papers on the topic of family business and innovation in the past decade. This study aims to explore the factors that make family SMEs, with less financial and human resources compared to non-family conglomerates, successful through generations.

Business sustainability can be achieved through a perspective known as resourced-based view which regards the business as resources independent from external and industry factors (Ambrosini, 2003). (Basadur, Basadur, & Licina, 2013) interprets the resourced-based view that the business's resources, especially its

people, are key drivers of the business's sustainable competitive advantage, because with good leadership and managerial skills, the people in the business will be capable to adapt to the ever-changing markets and industry structures. "Simplexity thinking" is a system that involves all employees to maximize their knowledge, process, and skills to constantly counter both internal and external problems to develop a sustainable organization (Basadur et al., 2013). An innovative and sustainable organization must be effective in balancing adaptability and effectiveness in both rapidly changing, unstable environment, and a predictable, stable environment (Basadur et al., 2013; Mott, 1972). These theories about business sustainability are widely studied and used as models, but few, or even none, on how family business can be both innovative and sustainable through generations.

The creativity and innovation usually come in the form of tacit knowledge known only by an individual, most commonly the founder, suggesting that the knowledge transfer during succession have not been completed. This is supported by the theory of technological discontinuity by P. Anderson and Tushman (1990) stating that once a business reaches a breakthrough innovation, the business will invest heavily to maximize commercialization on the product, with incremental improvements until a new dominant design comes into the market and the old product discontinues. In the case of the family business, if the later generation is not invested psychologically into the business and grasp the business's core values, they are not able to adapt to various environments with innovation or crisis management (Mott, 1972; Rau, Werner, & Schell, 2019). Psychological ownership, transfer of tacit knowledge, and comprehension of the core values of both the family and the business, if communicated efficiently and the willing successors are groomed into both leadership and ownership, successful and smooth succession is possible (Duran, Kammerlander, van Essen, & Zellweger, 2016; Rau et al., 2019; Ungerer & Mienie, 2018).

A famous Chinese proverb "Wealth never survives three generations," is mirrored by the empirical data that it is difficult for family businesses to prosper, or even survive, through generations. This article aims to study the key success factors of the family businesses that have not only survived but prospered through different

generations. Family SMEs do not have the luxurious resources and fundings of large conglomerates, therefore the author aims to study from the successful family businesses in Thailand on what and how the family businesses communicate through generations.

This article contributes to the field of family business, and family business research in several ways. Family business can achieve business sustainability through innovation. However, to maintain innovation activities and output during and after the succession process, many concepts, ideas, and factors need to be communicated from the top to the bottom of the organization, and communication between the incumbents and the successors are critical for the business during the succession process. The findings can potentially lay a foundation for future research on various communication topics in family business in ASEAN and Asia. We hope that in future studies, many theories, empirical studies, and concepts will be originated specifically from Asia.

## 1.2 Definitions

**Family Business:** Business based on ownership both financially and psychologically, control and authority, and management run by an entrepreneur or his/her family member (spouse, children, or grandchildren) holding more than 50% of the voting rights, with at least two person with ownership and top managerial position of the company, with the business being succeeded, or intended to be succeeded by another generation or to another family member in the future (Drake, 2009; Stavrou, 1999).

**Thai Small and Medium Enterprises (SMEs):** According to Ministerial Regulation of Thailand passed on 7 January 2020, for manufacturing sector, the total income for small enterprise should not exceed 100 million Baht with not more than 50 employees, and for the medium enterprise the total income should not exceed 500 million Baht, with not more than 200 employees. As for retail/service/wholesale sector, the total income for small enterprise should not exceed 50 million Baht with



not more than 30 employees, and for the medium enterprise the total income should not exceed 300 million Baht, with not more than 100 employees.

**Innovation:** Set of activities beginning from research and development of the product with newness and design, either by function or meaning, to generate new technological knowledge into new tangible or intangible products or services, that are then manufactured or conceptualised, widely accepted, applied, implemented, and commercialized (Chiesa, 2001).

**Organizational innovation:** A successful application, implementation, and/or procedure of creative and novel ideas to find new solutions or solve problems from the organization's creative person or group of people (Amabile, 1988).

**Creativity:** Production of ideas that is new, with meaning that differ from usual interpretation, and useful either by a person or group of people working together, with the individuals involved having domain expertise, accessible to the fields, with intrinsic motivation to create (Amabile, 1988; Csikszentmihalyi, 1997).

**Social capital:** The sum of available internal and external social resources the business possesses, both tangible such as networks, and intangible such as values, trust, and relationships (Nahapiet & Ghoshal, 1998).

**Socio-emotional wealth:** The goals, values, and traditions of the family members in the businesses to explain what influences their behaviour, with focus on non-financial goals, and achieving socio-economical goals (Wiseman & Gomez-Mejia, 1998).

**Familiness:** The term that combines "Family" with "Business". The interaction between the business, the family, and individuals inside the business, caused by the power structures, experience, and the mixed cultures between the three parties, that has intrinsic purposes linked to the system performance (Habbershon & Williams, 1999).

**Family business succession:** Transmission of business, not just a change of ownership but also control, internal and external networks, authority, and traditions, between generations and generations, not limiting to parent-offspring, parent-niece/nephew, or just grandparent-grandchild, but focuses more on the replacement of leader in the family business, by a family member (Yuan, 2019).

**Internal organizational communication:** Communications transactions between individuals and departments or groups at various levels of specialization intending to implement the day-to-day operations and design of the organizations, taking place in all aspects and levels of organizational environment. It can be through verbal, personal expression exchanges, formal and informal meetings, and electronically as well (Welch & Jackson, 2007).

**Succession planning:** Formal plan to transfer business ownership between generations and generations.

**Family governance:** A formal structure and documented rules for a family business, integrating family and business cultures in parallel to facilitate planning, day-to-day and long-term decision making, and problem-solving within both family and business, involving both the board of directors and family council (Carlock & Ward, 2001).

**Knowledge in family businesses:** The wisdom and skill that family members have cultivated through education and experience regardless of the formality of education, and sources of experience of members (Chirico, 2008).

**Sustainability:** The ability to maintain the existence of the organization, trans-generational welfare, and continuity of the economic systems (Tisdell, 1991).

## **CHAPTER 2**

### **Theoretical Background**

In this chapter, each factor that is commonly associated with family business, family business succession, communication, and organizational innovation will be explained. Linkages between the factors will be explained and the research gap will be identified. The research questions will be proposed.

There are connections of overlapping studies and fields regarding innovation, business sustainability, and family business. In the literature review, the author discusses the previous research of different factors that are linked with successful family businesses, and innovative businesses. For some factors, numerous studies support the claim that they are directly linked with the success of successful family businesses, and/ or innovative businesses. However, some factors do not have strong evidence for the success of the business, therefore there is a strong case to explore that gap in conducting the research.

Existing literature fails to separate regional and national level of contextual contingencies, which is a hindrance to the understanding of family business (Fang, Singh, Kim, Marler, & Chrisman, 2022). To provide the better of understanding, Fang et al. (2022) suggests that the topics of family compared to non-family, governance, heterogeneity, family system, business ethics, and business behavior should be explored regionally and nationally. This section of literature review attempts to give an overview of the success factors of family businesses that adapt to flourish with innovation through generations. These factors are organizational innovation, positive social capital, ability to innovate through tradition, the mindset for business sustainability, and a good succession process. When the incumbent hands over the business to the successor, in which the process may take several years, these factors should be communicated to the successor along with the change of leadership and ownership.

## 2.1 Family business

Family businesses play a significant role in the global academy, but not much academic research have been conducted until the early 2000s (Bird, Welsch, Astrachan, & Pistrui, 2002). Family business is defined as a business based on ownership, and management run by an entrepreneur/ founder or his family members, holding more than 50% of the voting rights of the company, with at least one person holding a managerial position, together with the completion, or in the process of the business succession intra or intergenerationally (Drake, 2009; Stavrou, 1999). Azoury, Daou, and Sleiaty (2013) gives another dimension to the definition that the family business is not necessarily family-exclusive but can include non-family as shareholders and key managers. Chua, Chrisman, and Sharma (1999) define family businesses as businesses governed and managed intending to pursue the traditions, values, and visions of the businesses held by a dominant figure usually the founder, or a dominant group affiliated with the founder. In this research, a family business is a business based on ownership financially and psychologically, with control and authority, and management run by one or more family members holding more than 50% of the voting right, with an intention to be succeeded by another family members (Azoury et al., 2013; Drake, 2009; Stavrou, 1999).

## 2.2 Creativity and organizational innovation in family businesses

Creativity is the production of novel and useful ideas either by an individual or a group of people, and when successfully applied by an organization leading to the ideas being useful and commercialized, organizational innovation is achieved (Amabile, 1988). Amabile (1998) also defines organizational innovation as a creative problem-solving process by combining three factors: intrinsic motivation to create, organizational resources, and innovation management skills of the leaders. Woodman, Sawyer, and Griffin (1993) define organizational creativity as the process of bringing a novel, valuable, and useful product, service, idea, and process by a group of people in a complex social system. Csikszentmihalyi (1997) theory of creativity resonates

that a creative personal needs: expertise in his domain, creative thinking skills, and his work must be accessibility to the domain and accepted by the gatekeepers. Organizational is also linked with the business's internal organizational climate that includes involvement, freedom, trust, healthy debate, and risk-taking (Shanker, Bhanugopan, van der Heijden, & Farrell, 2017). A business needs to manage its human resources efficiently, providing them with enough resources to be creative, and manages the intrinsic and extrinsic motivation in the right balance for these personnel (Amabile, 1998).

There are no best practices for a family business to follow in order to achieve organizational innovation. Some research finds family businesses traditional, stubborn, and incapable to innovate (Hall, Melin, & Nordqvist, 2001). In contrast, some find family business to have intangible ability to innovate (Gudmundson, Tower, & Hartman, 2003). De Massis, Frattini, and Lichtenthaler (2012) put a strong emphasis on the business's active family members to value the innovation's potential to gain a competitive advantage, leading to a long-term innovation capability. There is a direct positive correlation between skills, involvement, defined structures and directions of the management; and innovation capacity in non-family businesses, but not in family businesses (Beck, Janssens, Lommelen, & Sluismans, 2009). The family businesses are different structurally compared to non-family businesses, so best practices may not apply (Ernst, 2002). The directions of future research on the family business cannot regard the family businesses as businesses, with a clear focus in the family business group especially between or within generations, and researchers should be able to identify the generational phases with different behavioral and identity patterns, for meaningful and valid data (Beck et al., 2009).

### **2.3 Social Capital**

The term "Ability and Willingness Paradox" is first introduced by De Massis, Di Minin, and Frattini (2015), resonating that family businesses have unique abilities to innovate with supporting financial, human, and social structures that come with

family ownership, however the commitment to innovate is unpredictable. The willingness does not depend on tangible resources but is highly influenced by socio-emotional non-economic factors, specifically social capital (Chrisman & Patel, 2012).

Social capital refers to the sum of available social resources the business possesses: it can be categorized as internal such as values and relationships between members; or external such as network ties and interaction between the internal and external agents (Kim & Cannella, 2008; Nahapiet & Ghoshal, 1998). Carrasco-Hernández and Jiminez-Jiminez (2013) find that social capital in the form of family business's culture positively contributes to innovative process and output by creating mutual goals and knowledge. Positive social relationships within the business, regardless of family or non-family members, are likely to generate common understanding of the innovative goals and create useful knowledge exchange in different phases of innovation; and they also encourage the successors to adapt themselves to the businesses' social capital after the succession while maintaining the incumbents' visions and traditions as well (Carrasco-Hernández & Jiminez-Jiminez, 2013). A more innovative-oriented culture is usually achieved when the later generation is involved in management of the business (Zahra, 2005), supporting the finding of Carrasco-Hernández and Jiminez-Jiminez (2013) that positive social capital between generations will lead to an innovation-oriented family business. The studies of social capital of family businesses suggest that positive relationships of the working family members, non-family members, altogether with a clear vision to innovate, and a business's intention and action of the incumbents on the succession to their next generations, directly impacts innovation. The studies of social capital suggest that positive relationships of the working family members, non-family members, altogether with a clear vision to innovate, and a harmonious intention and action of the incumbents for the next generation to succeed, directly impacts innovation.

Socio-economical wealth consists of objectives, values, and traditions of the family members in the business to explain what motivates their behaviour in certain situation (Wiseman & Gomez-Mejia, 1998). What separates family business from the

non-family counterpart is the difference in emphasis on non-financial goals, and most family businesses strive not only to achieve economically but also socio-economical goals such as maintaining the family reputation, withholding the family heritage and traditions, and prolonging the legacy for generations to come (Gomez-Mejia, Nuñez-Nickel, & Gutierrez, 2001). Identity of the business's family members has a direct impact on the firms' achievement of their non-financial socio-economical wealth goals, and that family climate plays a strong role in preserving the socio-economical wealth to create the business's unique identities (Cabrera-Suárez, Déniz-Déniz, & Martín-Santana, 2014). In contrary to non-family business, family business tends to treasure the socio-emotional wealth for both the family and the business, with the fear of losing control being the strongest factor which will complicate relationships with the non-family partners (Yuan, 2019). However, if the family business can adapt to using external social capital, the business can incubate and develop competitive advantage and positive reputation, strong relationships with partners, stakeholders, and within the family themselves, enhancing open innovation (Gomez-Mejia et al., 2001).

## **2.4 “Familianness” and Its Role on Family Business Innovation**

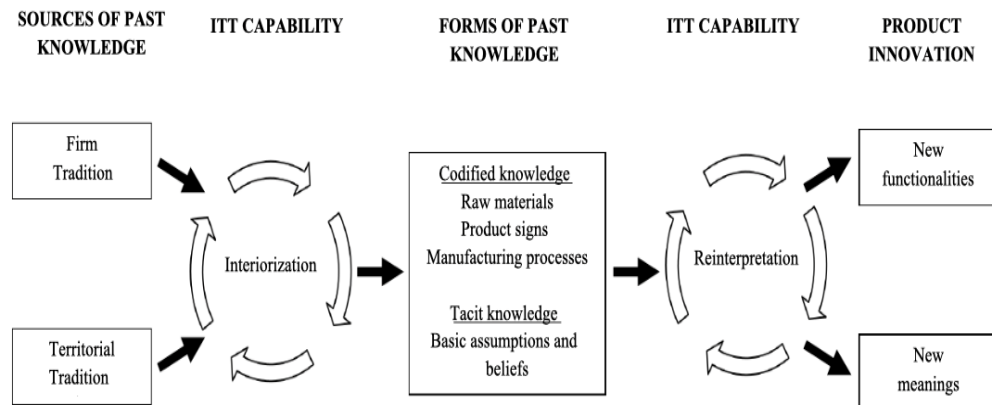
The term “familianness”, first introduced by Habbershon and Williams (1999), is defined as the resources of the family business from the interactions between three parties: 1) the family, 2) the business, and 3) the individual members, caused by the power structures, experience, and the cultures resulted from the interaction between the family and the business (Habbershon & Williams, 1999; Klein, Astrachan, & Smyrnios, 2005). Habbershon and Williams (1999) indicates that the familianness has intrinsic objectives linked to the system performance, not of the individual performance in the system, though concerns and conflicts may arise during the succession period when the older generations are emotionally attached to old cultures and habits, while the new generations have implemented or are in the process of implementing new cultures, especially when non-family members are involved, creating complexity and idiosyncrasies in family businesses.

Daspit, Long, and Pearson (2019) found a clear distinction between family and non-family businesses: idiosyncratic nature of the family involvement internally and familiness can contribute either positively or detrimentally to innovation outcomes. In contrast, findings of Craig and Dibrell (2006) indicates that family businesses are more innovative, in contrast to H. Chen and Hsu (2009). Daspit et al. (2019) proposes that the involvement of non-family employees should be encouraged to seek new knowledge from different external sources which offers less risk than just working internally within the family business, and strong partnership with other trusted allies will create a long-term family business relationship. The importance of capable and trustworthy non-family managers is critical because it heightens the effect of familiness on potential absorptive capacity, and the recruitment of new non-family members should be strategically considered. Absorptive capacity can be defined as the business's long-term success depending on the ability to internally and externally integrate new knowledge to commercialize (Cohen & Levinthal, 1990).

#### **2.4.1 Innovation Through Tradition**

The innovation through tradition model by De Massis, Frattini, Kotlar, Petruzzelli, and Wright (2016) (Figure 1) explains that the sources of past knowledge from business and area-specific traditions, is vital for innovation by interiorization. These sources of traditional and knowledge are then codified into raw materials, manufacturing processes, and implicit knowledge usually kept secret by a few trusted working family members. Although some family businesses are unwilling to engage in innovation activities due to the fear of losing control and identity despite having substantial resources and capabilities, they can overcome the paradox combining the past knowledge and new technologies to improve the existing product functionalities (De Massis et al., 2016). Innovation occurs when the business can reinterpret the forms of past knowledge into new functions or meaning. In practice, managers with innovation responsibilities should bravely forego the past traditions and accept the new knowledge for future innovation with products combining the past knowledge with new knowledge for new functions and meanings (De Massis et al., 2016).





**Figure 1** Innovation Through Tradition (ITT) model  
Source: De Massis et al. (2016)

#### 2.4.2 Business sustainability in family business

Business sustainability, or organizational sustainability is defined as maintaining the existence of the organization, trans-generational welfare, and continuity of the economic systems (Tisdell, 1991). Sustainability of a family business depends on the commitment through generations, therefore the incubation of the next generation is a necessary step towards sustainability (Singapore Management University, 2015). Effective succession leading to sustainability is a two step process into leadership and into ownership, by allowing successors to get external professional experience, putting a medium term plan as a bridge between succession, broaden the decision-making process, involving successors to have psychological ownership, and clarifying the incumbents' plan after retirement (PWC, 2022). Correct identification of successors, altogether with utilization of experience, with clear intention of the incumbents, are all key factors of family business succession (Royer, Simons, Boyd, & Rafferty, 2008). (Ho & Chalam, 2017) notices a trend that many of Asia's new family business successors are trained at the top international educational institutions before returning to their family businesses, which brings professionalism to modern day management.

Some family businesses adapt to new business models, or business model innovations to encourage sustainability (Schaltegger, Freund, & Hansen, 2012). A change in business model not only can act as a facilitator of organizational and technological innovation but is also able to evolve to a strategic innovation for knowledge sharing, managerial and entrepreneurship platform, and restructuring of the value chains in a business (Chesbrough, 2007). An integrated model proposed by Schaltegger et al. (2012) to increase contribution to business sustainability consists of three strategies: 1) defensive strategy as in adaptation of the business model to current situation, 2) accommodative strategy as in improvement of the business model such as increasing the business visibility, branding, and attractiveness to existing and potential employees, and 3) proactive strategy as in redefining the business model by radically changing the core business logic and principles which is directly linked with the business reputation, branding, and product values.

Empirical study by Wang, Lo, and Weng (2019) indicates that successor knowledge, rather than willingness, plays an important role on sustainability, and that the incumbents must identify the right successors with both social and intellectual skills to succeed the businesses or they must face the dilemma of seeking professional managerial options. If the successors are incompetent, it is more likely that the incumbent will appoint professionals to conduct business operation (Bañegil Palacios, Barroso Martínez, & Luis Tato Jiménez, 2013). In Taiwan over 90% of businesses are family SMEs that engage in manufacturing, and these businesses are facing the decrease in ability to retain and develop their skilled labors (I. Chen & Wang, 2017). Empirical study also indicates that family business succession is not the obligation like before and not all successors are willing to succeed, thus it is crucial to understand the relationship and linkages between succession willingness, knowledge, talents, and sustainable innovation for a good transition of succession process (Stavrou, 1999; Wang et al., 2019). Moreover, as long as the incumbent approves the successor professionally in the business after the successor's accumulation of experiences both inside and outside the family business, there will be a positive influence on successor's attitude, motivating the successors to continue the business (Wang et al., 2019). The consideration of sustainable succession of family businesses

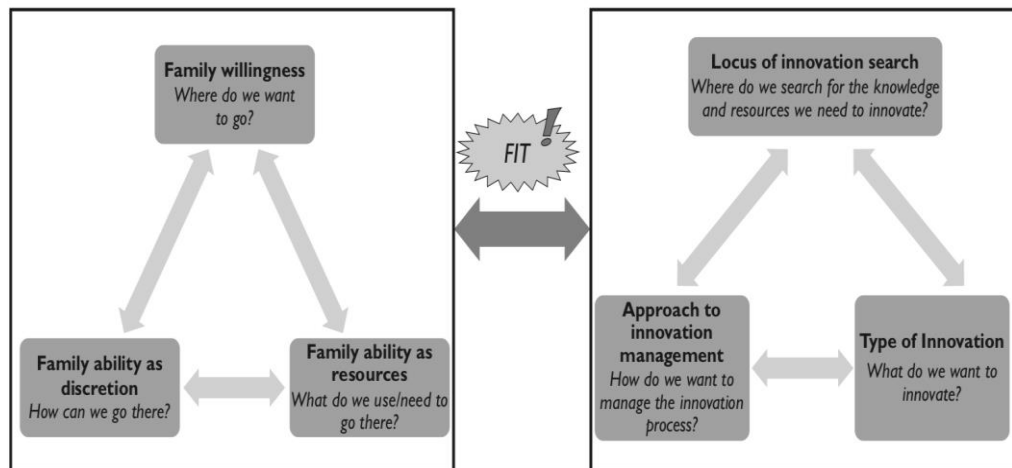
consists of complexed and multi-dimensional decision-making process (Liu, 2018). In a competitive and ever-changing market environment, positive relationships, trust and commitment between the incumbents and successors: along with corporate characteristics and family social capital are the key determinants that the businesses' sustainability and survival through generations.

## **2.5 Innovation and sustainability- driven succession process**

Succession of a family business is defined as the handing over of the business between generations, not limiting to parent-offspring, but more on the replacement of leader in the family business by a family member (Yuan, 2019). Succession does not only involve handing over just the ownership and leadership, but also authority, corporate and social networks, and also the entrepreneurship spirit from one generation to the next (Handler, 1994). The process commonly starts with the successor entering the business, regardless of position or hierarchy, and ending with the him/her having full control when the incumbent retires (Yuan, 2019).

Innovation in family business is considered a paradox with contradicting findings: they are known to be conservative, but more than 50% of “innovative businesses” in Europe are family businesses, and the most paradoxical issue is that despite having the capability to innovate, family businesses do not have enough innovation outputs (De Massis et al., 2015). Paradoxical effects of innovation in family business are separated into: 1) innovation inputs suggesting that family businesses invest less in R&D compared to non-family businesses, 2) innovation activities which both empirical and qualitative researches are inconclusive, and 3) innovation outputs which sums up the paradoxical effects because there are contrasting studies indicating different innovative outputs from family (De Massis et al., 2015). One unique feature of a family business is the unification of ownership and control, while non-family businesses distinctively separate ownership and management (Gedajlovic & Carney, 2010; Kotlar, De Massis, Frattini, Bianchi, & Fang, 2013). In the family-driven innovation model, the incumbents, successors, and executives should find an integration that captures the complexity of innovation and family businesses and

finding the “close-fit”, as demonstrated in Figure 2, between the two to develop the mechanism that the family involvement can lead to innovation (De Massis et al., 2015).



**Figure 2** The family-driven innovation model

Source: De Massis et al. (2015).

Although many studies find that as family businesses go through later generations the innovation output decreases due to smaller investment, family businesses have better conversion rate of successful innovation than non-family businesses as the investment is treated with greater care, and there are less hierarchy problems during the decision-making process (Carney, 2005; Chrisman & Patel, 2012; Duran et al., 2016). Study of 942 German family firms by Rau et al. (2019) find that innovation beyond third generation is possible and likely to occur if the successor both legally and psychologically owns the business then the negative generational effect on the output of innovation shall be counter balanced. There are plenty of idioms and myths involving the end of family businesses in the third generation supported by empirical data globally (Rau et al., 2019; Yuan, 2019). However, there is evidence that correlates the lack of innovation output beyond the third generation with the failures of family businesses, and this can be explained by the failure of successors to take psychological ownership or the entrepreneurship spirits that are the key success

factors in the first two generations (Rau et al., 2019). Psychological ownership and entrepreneurial legacy are nurtured since the early years of the successors through formal education, experience, shared stories, and upbringing, and these contribute to high innovation output, less investment in stabilizing the firms during succession, and more investments in innovation activities such as risk taking after succession (Duran et al., 2016; Rau et al., 2019).

A qualitative study of family businesses by Ungerer and Mienie (2018) indicates an important need to develop an entrepreneurial mindset for the successors, or it will be difficult for the business to last till the next generation especially when the number of family members outgrows the dividends per member. To achieve sustainability, family businesses must adapt to new situations, and this mindset of the family businesses can contribute to trans-generational success (Basadur et al., 2013). Potential successors should be groomed to be responsible owners who act in the best interests of the business, the employees, and the community, from a young age when the incumbents and the board of directors should instill business awareness, knowledge, and values (Koeberle-Schmid, Kenyon-Rouvinez, & Poza, 2014). Competence development plan to groom the successors into ownership and leadership should be regularly assessed by the incumbents with the board of directors to provide a healthy challenge with a sense of discipline for the working family members of all generations (Koeberle-Schmid et al., 2014).

### **2.5.1 Succession planning**

The need for family business planning arises from factors such as maturation of business, communication, information, market, and technological changes, however the family itself is usually the problem rather than being the driver for business growth, with internal conflicts, trust issues, and different needs of the sub-unit of the families (Carlock & Ward, 2001). Since 1956, in the Fortune 500 list, regardless of family owned or not, only 77 companies or less than 20% have stayed

independent and not being sold, acquired or witnessing major decline (Carlock & Ward, 2001).

The most challenging aspects of the family business is the grooming, incubation, and cultivation of the next generation of family business leaders regardless of their managerial positions in the business (Hnatek, 2012). More than half of the family business succession in Germany occurs due to emergencies such as sudden death or critical illnesses prohibiting day-to-day operations of the incumbents, thus a family business requires a plan, formal or informal, to groom the successors ahead of time in case of emergency situations (Hnatek, 2012).

Requirement for successful succession stated by Hnatek (2012) includes:

- 1) A profitable company.
- 2) Time specific and strict generation transition planning schedule, and compatibility trial of the potential successors in the business.
- 3) A qualified and committed successor, with good leadership quality who can represent both the family and the business gracefully.
- 4) Maintaining the core values and heritage of the family and the business. The informal educational from the incumbents through work ethics, leading by example, and the building of confidence for the successors to succeed with will and be future leaders.
- 5) Successors knowing the tasks well, without forgetting their roots, and family values and cultures.

A quantitative correlational research of family businesses in the United States by Nunnemacher and Aguilar (2019) finds that family businesses do not last through the third generation due to a lack of succession planning, and a lack of trust between family members especially when family grows in numbers. The needs of the company, and the family must be well balanced, with trust and family firm's identity being the most critical factors for succession planning to be successful (Nunnemacher & Aguilar, 2019). Carlock and Ward (2001) emphasizes the needs for both the family

and the business to balance values, strategy, future visions, and plan formulations fairly to reduce the negative overlapping between the two parties.

## **2.6 Family Governance**

### **2.6.1 Structure of the family governance**

Good family governance is essential and fundamental for successful ownership, combining and taking the factors of both the family and the business, leading the business in the same direction to facilitate planning, day-to-day and long terms strategic decision making, and problem-solving (Carlock & Ward, 2001). The family business consists of three overlapping groups: the family, the owners, and the management (Carlock & Ward, 2001). The parallel structure of board of directors and family council by Carlock & Ward (2001) clearly defines the scopes and functions as followed:

#### ***1) Board of directors***

The board of directors should, but not always, consist of the family members who are involved in the business, the qualified non-family members from the management, and unbiased qualified external businesspeople in some cases. The main tasks of the board are protecting and managing the assets, ensuring that the capability of the management is up to standard, and providing supportive strategies beneficial to the business and shareholders in both short and long term. In family business, the board acts as the bridge between the family and the management, plays a role of a mediator in ownership and any complexity occurring due to the unclear and overlapping nature of family business. The board holds the power to elect its own chairperson, who may or may not be a family member. The main additional task of the board is that the board should provide mentorship to family employees on both business and family relations, and more importantly representing the non-family shareholders justly in the decision-making process.

## 2) *Family council*

As the family expands, and the family business grows both financially and in reputation, the influence of the senior generation may decrease resulting in less family meetings, thus less harmony amongst the family members. A formalized family council is an alternative, or even crucial, to initiate and overlook the development of future family plans, to review the business strategies while encouraging participation, to transmit and cultivate family heritage, to develop the future leaders, and to have a formalized body that acts as a fair judge especially during family conflicts. Unlike the board of directors, the family council also consists of non-working family members. The young members of the family council can benefit from shared stories, visions, and the emotional relationship that the council provides that can be inspirational for the younger generations to strive to take over the business as working members or directors in the future willingly.

Family governance, innovation activities, and innovation outputs, as mentioned by Chrisman and Patel (2012), and De Massis et al. (2015), can create an “ability-willingness paradox”. Family governance that controls, monitors, and encourages networking, may provide a beginning pathway to innovation which can be facilitated by the application and knowledge of the business life cycle to support the innovation output and activities (Dieleman, 2019). Although Carlock and Ward (2001) finds that the business life cycle of the family business mirrors the life cycle of a human, where the activities peak at year 30 to year 60 before the decline, Dieleman (2019) counters that the family governance plays different roles at different phases of the business life cycle, namely the exploration and exploitation phases. Some family governance attributes that encourage exploitation may not encourage exploration, and vice versa, therefore the practice and structure of family governance need to adapt according to the innovation processes especially the post founder phase where successors may face a dilemma of changing the identity and core values of the business (Dieleman, 2019).

According to a study by Suehiro and Wailerssak (2004), family governance was fairly a new issue for Asian countries back in early 2000s, and formal family



governance started when foreign investors questioned the transparency and credibility of the family businesses in the stock market in the late 1990s. In 1998, the Stock Exchange of Thailand enforced improved measures for corporate governance, including the compulsory audit committees of at least three independent directors. In 2000, the Thai government passed a new Accounting Act, requiring all companies to register the accounting officers in the system (Suehiro & Wailerdsak, 2004). Therefore, most public family businesses started to form a formal family governance with both board of directors and family council, to increase transparency and accountability that are required by the foreign investors.

## **2.7 Communication practices and communication barriers in family business**

Effective organizational communication is essential for organization to succeed by increasing employees' engagement, keeping the employees' understanding of the mission and objectives, and educating the employees about the relationships between changes and the requirement to adjust (Welch & Jackson, 2007). Family business governance is complexed because the needs of the family must be balanced with the business compared to non-family business where less intangible factors such as emotions and clash of egos are involved (Carlock & Ward, 2001). To achieve optimization in business results, horizontal communication is the most suitable method of communication, but in contrary businesses are more likely to use top-down communication and misunderstand information for communication (Welch & Jackson, 2007). Communication is not only limited through non-digital and digital media, but also daily face-to-face interactions (T. Anderson, 2005).

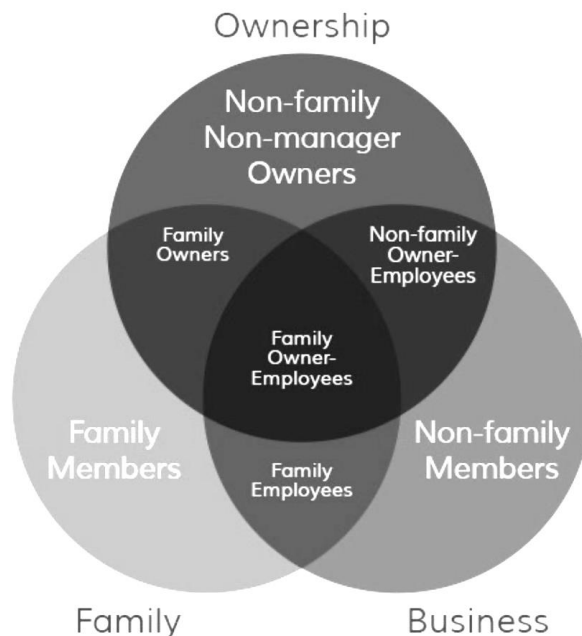
Larkin and Larkin (1994) emphasizes that communicating major technological change to frontline employees is most effective with interpersonal interaction between the frontline employees and the supervisors, while top management should ensure that their message are correctly interpreted by the middle managers. In family business, the role of power cannot be ignored and are closely linked to communication

especially during succession. Most importantly, the complexed nature of the family businesses consisting of members with multiple roles, creating complicated relationships and centralized power to certain individuals (Haag, Helin, & Melin, 2006). In most family businesses, the composition of top level management, with power to make top-level decisions, consists mainly of family members (Azoury et al., 2013). Nordqvist (2012) indicates that family business has an introvert orientation compared to other type of ownership due to the complex interconnection between family, ownership, and the daily operations. The challenge for family businesses is the management of communication and conflicts between non-family members and the working family members (Chua, Chrisman, & Sharma, 2003). The topic of communication of knowledge or the transfer of knowledge, from the incumbents to successors has been given research attention (Carrasco-Hernández & Jiminez-Jiminez, 2013).

### **2.7.1 Groups in the family business**

It is important to comprehend the parties/interest groups/stakeholders involved in the communication system. The Three-Circle Model of the Family Business System (Figure 3), developed by J. Davis and Tagiuri (1989) shows three overlapping groups: family, ownership, and business. An individual in the Three-Circle Model can be separated into seven distinct interest groups or stakeholders:

1. Non-working family members who are descendants or spouses/partners of owners.
2. Non-working family owners.
3. Stakeholders not employed in the business.
4. Working non-family owners.
5. Non-family employees.
6. Family members who work in the business without ownership.
7. Family owners who work in the business.



**Figure 3** Three Circle Model of the family business system  
Source: J. Davis and Tagiuri (1989)

The unanimous wish of peace and harmony within the business is the final objective underlining the relationship between all parties, even though conflicts may arise between them (J. Davis & Tagiuri, 1989). For family members, there are traditions and goals that they are exposed to and strive to achieve since childhood, but not for non-family members, therefore family members are not enthusiastic when being informed about non-family members in top level management and mostly view and treat them as outsiders to the core business (J. Davis & Tagiuri, 1989). Family members will take advantage of their status as being inclusive to the family to provide biased arguments and proclaim power with non-family members, making the family business a distinctively complexed organizational form with specific structures to fulfil the needs of all parties involved (J. Davis & Tagiuri, 1989).

### 2.7.2 Communication barriers in family business

The communication barriers between family and non-family members detrimental to the businesses are trust, lack of psychological ownership and emotional

attachment (J. Davis & Tagiuri, 1989; Grytsaieva & Strandberg, 2016; Mitnick, 1984; Oswald, Muse, & Rutherford, 2009). A study of Swedish family SMEs by Grytsaieva and Strandberg (2016) recognizes four issues that can result in communication barriers in family business:

- 1) Trust-related issue. For example, when a working family member has more trust in his own family rather than the non-family members, and vice versa, some issues may be avoided between two parties. The risk management policy is also a factor when the key family managers are fearful that the non-family members of the business will leak the secret of the companies, for example a new product, a secret recipe, or a surprise marketing campaign.
- 2) Time-related issue resulting in communication barriers occurs when decision is perceived to be made too slowly. The lack of willingness of the family members to invest their time in bonding with non-family managers regarding work issues, regardless of their length of experience in the business, are likely to make them go to their own family for consultation.
- 3) Beliefs and attitudes. Firstly, the family members believe that employees are not allowed to receive too much information, although non-family members desire to be included and obtain more information than what they currently get for better work results. Family members think that letting the employees know the plans too early will more likely create negative effects to both parties. Secondly, the family members do not look at the company holistically, especially when supervisors' voices are not heard, which mirrors the finding of Larkin and Larkin (1994), especially when the family members are not empathetic to the front-line supervisors when they require a change, either a lack of equipment, production process, or unnecessary protocols.
- 4) Psychological and behavioural issues. The lack of emotional connection between the family and non-family members results in the communication barriers between the two parties. Family members are also likely to neglect

sharing information. When family members find the information to be complexed and take it for granted that the employees will find out later anyway, leading to the confusion of the work system in the end.

These communication barriers result in the lack of or incorrect information transfer of topics such as R&D, succession plans, employees' feedback on the successor's performance, job security, resulting in a communication void (Grytsaieva & Strandberg, 2016).

## **2.8 Knowledge transfer process in family business**

Innovation capabilities differ across businesses, depending on their intellectual capital of knowledge, a collective and accumulation of thinking capacity, and the knowledge stock of the businesses (Delgado-Verde, Martín-de Castro, & Emilio Navas-López, 2011). Organizational innovation is the result of the business's resources including intellectual capital which are the sum of collective brain power of the individual members, ability to manage innovation, and motivation to innovate (Amabile, 1988; Delgado-Verde et al., 2011). The topic of knowledge creation and transfer from the incumbents to successors has been given research attention (Carrasco-Hernández & Jiminez-Jiminez, 2013; Sharma, 2008). Knowledge in family business, defined by Chirico (2008), is the wisdom and skill that members have accumulated through both formal and informal education, and experience both internally and externally. Compared to non-family business, the family business's competitive advantage lies on the tacit knowledge embedded in its intelligence capital, and knowledge resources passed through generations, which can be lost with time if not carefully handled by the successors, making tacit knowledge the most valuable but also the most difficult asset of family business (Bracci & Vagnoni, 2011).

In a systematic literature review by Duh (2014), the knowledge creation process of the family firm is formed in six processes:

- 1) Successors should gain an early exposure to the family business, both formally or informally, to enhance their commitment to both the family and to the business. The incumbents and the management should provide knowledge about the business's operation and values, influencing their absorptive capacity during the succession process later.
- 2) Formal education should be planned for the successors in a related field. Successors should gain concepts and skills in the business contexts, develop decision making skills, and learn to observe market and technological trends relevant to the business.
- 3) Successors should receive basic mentorship, apprenticeship, supervision, and on-the-job training within the business, however that is not sufficient for knowledge creation for innovation. Successors should be able to combine the experiences with the different explicit knowledge from his formal and informal education. Thus, the emphasis on the business's intellectual capital to gain access to explicit knowledge internally and externally.
- 4) In order to increase the business's innovation capacity, tangible knowledge bases such as documents, specifications, standard of operation procedures, databases, patents, registered trademarks, and any documented process of product development, should be readily accessible to successors. Not only it will expand the firm's innovation capacity, but it will also influence the successors' knowledge base and provide a basic platform of information for innovation as well.
- 5) Successors should constructively participate in the business communication, for example stakeholder meetings, strategic planning for the future, financial plans to invest, and teamwork project regardless of their status of leadership of the project. This process allows the enhancement of the innovation capacity of both the successors and the business.

- 6) Successors should have outside work experience before returning to the family business.

Similar to the findings of Carlock and Ward (2001), Handler (1994), Hnatek (2012), Mitnick (1984), and Nunnemacher and Aguilar (2019), comprehensive literature review by Martínez, Galván, and Palacios (2003) finds that knowledge transfer in family business is most effective when members value these tangible and intangible factors: trust between members, commitment, inter-generational and intra-generational relationships, psychological ownership, formal and informal training with the incumbents' sincere involvement, and the cultures of the business.

## 2.9 Research questions

Previous studies suggest many factors affecting the family businesses' sustainability and innovation and indirectly imply that communication plays a role. Nevertheless, the factors reviewed will not be effective unless efficiently communicated. There is a gap for the research on how family businesses can innovate and be sustainable without following the best practices, through a communication model or pattern that can encourage organizational innovation and sustainability. It is critical that the incumbent's intent and the values he sets for the business is communicated to the successor(s), altogether with actions that correspond. Incumbents must professionally install confidence to the successors, while maintaining the key intrinsic values that the company holds since foundation. Therefore, the following research questions arises:

*What should be communicated from the incumbents to the successors during succession for family business to achieve or maintain innovation?*

*What should be communicated from the incumbents to the successors during succession for family business to achieve business sustainability?*

*How should the incumbents, successors, and employees communicate during the succession process to achieve innovation and business sustainability?*





## CHAPTER 3

### Methodology

In this chapter of the dissertation, the reader will be introduced to the methodology of the thesis. Starting with the conceptual framework developed from the literature. Framework of the research will be conceptualized for the research. The method of data collection, qualitatively, and quantitatively will be explained. Lastly the author will present how the data will be analyzed, modelled, and adapted for the next phases of the research.

#### 3.1 Research gap

The literature review does not suggest directly that communication plays a role in the family business's innovation, but the factors reviewed will not be effective unless communicated efficiently. There is a research gap in the following communication aspects towards family business's innovation: organizational innovation, social capital, succession with innovation and sustainability as objective, "familiness", common practices in family business governance, communication, or the lack thereof between family and non-family members, and knowledge creation and transfer in family business.

There is a gap for the research on how family business can innovate without following the common best practices, through a systematic organizational communication that can encourage organizational innovation for family business. The research gap for the topic of organizational innovation in family business is that there are not many qualitative and empirical studies linking the theory of organizational innovation (Amabile, 1988) with family firms. It is also crucial that communication plays an important role in the linkage.

The theories of social capital, socio-economical wealth, and shared stories raise the question of how the communication system, and knowledge sharing function in

family business. The research gap is the communication between family members, important non-family members, about their different ideas and values to achieve and maintain the goals and visions. It is also important for the incumbents to share appropriate and inspirational stories in order to rightly motivate the successors and not make it an obligation.

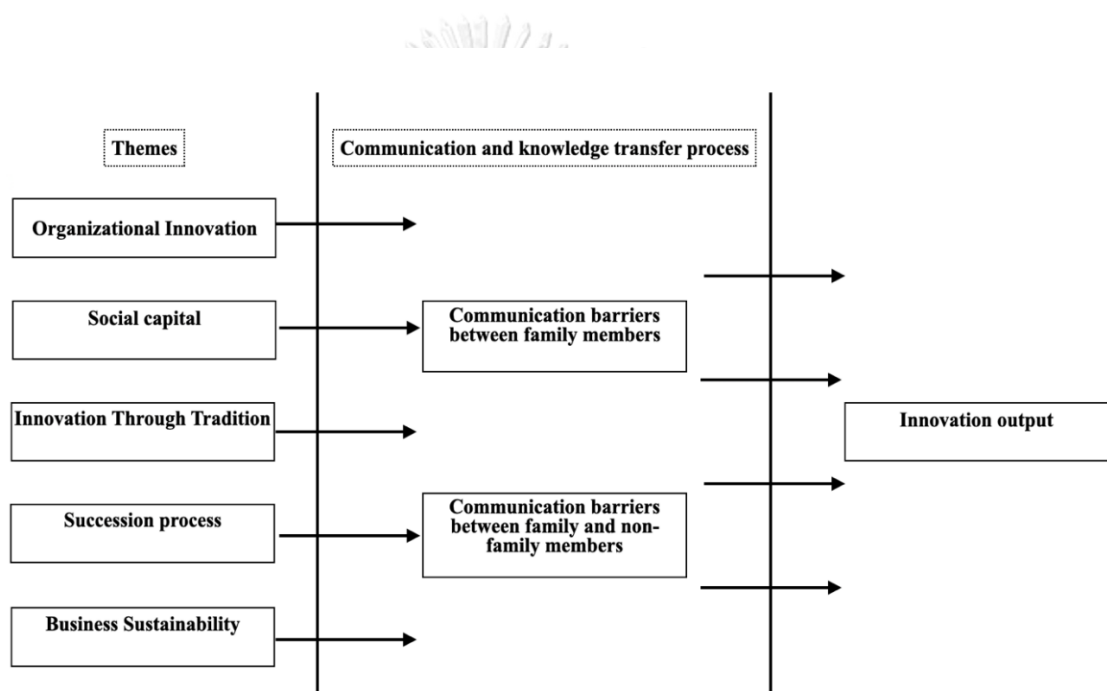
Familiness, is relatively a new concept in the research area. Therefore, the importance of familiness in the Thai family firms, especially in SMEs is novel and can contribute both academically and practically. In Asia, especially those with Chinese background, the family traditions, values, and cultures play a strong role in the family business. In this research to develop a model for innovation in family business in Thailand, it is of great importance to study the familiness of the family business and the communication of the related topic.

The type of communication practices, and how the family businesses communicate internally and externally not only impacts the succession process, but also gives future indication on innovation and sustainability of the businesses. Family governance involves a lot of communication, within the family council and the board of directors, where both the family and the business topics are discussed, which sometimes create confusion. The gap for research to find the suitable communication model for good family governance that will lead to innovation exists. The planning for the family business, including succession planning, requires efficient communication. The key to successful planning process is the effective, open communication between family members, and non-family members to discuss the visions, strategies, and values.

Lastly, the research gap exists for the effective communication to facilitate the transfer and creation of knowledge in family business. A lot of tacit knowledge are not transferred through generations, and to non-family members, and this research is to understand the reason, and explore the possibility of the tacit knowledge transfer within the family, and for the family managers in order to maximize innovation capacity.

## 3.2 Conceptual framework

The framework developed from a systematic literature review suggests that organizational innovation and sustainability can be achieved through effective communication during the succession period; and communication barriers are detrimental to the family businesses' innovation and sustainability as shown in Figure 4.



**Figure 4** Conceptual framework for the research

## 3.3 Research design

### 3.3.1 Multiple-case study

An assembled multiple-case study with semi-structured interviews, and data triangulation method will be used. A qualitative study of selected Thai family businesses was conducted via in-depth interviews.

A case study is a research method that studies a contemporary phenomenon within the setting, particularly when there are not clear boundaries set or when ambiguity occurs (Yin, 2003). It is also defined as an in-depth study about an individual, group of individuals or subjects of interest, which the final objective being to generalize over several units (Thomas, 2011). The practice of law is the concept behind a case study, where the unit of analysis is presented as a single case before the court, and case study is a pedagogical tool in the practice of both law and business, which when applied in academic research allows a deep exploration of a program, a system, a group of people or individuals, and activity (Creswell, 1998). The case study method is widely used and somewhat represents qualitative research field: its objectives is not only to try to arrive at a comprehensive understanding of the event, person, groups, or subjects under study but also to develop more theoretical statements or information about regularities that are observed during the study (Creswell, 1998; Fidel, 1984). Two main functions of the case study method are to study the units in the study itself, and to study the larger group of units (Gerring, 2004). A case study is qualitative, and it offers advantages over controlled experiments as followed: having a high construct validity, having strong reasoning about causal mechanisms in the studied cases, and having a high capacity to address casual complexity (Berman, 2007). Case study helps to develop and identify new variables or factors, in the process of developing new hypotheses, usually not explained by initial theories, by studying the case in-depth via techniques such as interviews, and observational measures (Yamashita & Moonen, 2014).

Van Maanen (1988) finds that in organizational research, case study method has remained a popular choice, where the emphasis on understanding a particular work environment, not to find a variable or a factor to predict results in other areas.

George and Bennett (2005) finds three challenges for the case study method: 1) the selection of cases, 2) the selection bias due to the limitation or availability of cases, and 3) the determination of relative casual weights for variables. In controlled experiments, the analysis of the relation between two or more variables is done by minimizing the variability in other variables that can affect the relations and dividing

the subjects into two groups of experimental and control groups through random assignment (Yamashita & Moonen, 2014). The traditional practice to select the control group, for a case study design, is through case selection where the case and the units of analysis are as least different as possible, though they may vary in the areas that the researcher intends to study in detail (Yamashita & Moonen, 2014). Lijphart (1971) finds that by selecting similar cases that are different only in the variables of interest is critical for a case study method, otherwise there will be questions whether the variations seen in the cases is because of the variables under consideration or from the difference between the cases. In actual practice, however, the researcher tends to face the problem of lack of availability of cases, therefore a selection bias may occur (Benbasat, Goldstein, & Mead, 1987). The same challenge occurs when the researcher intends to determine the relative causal weights of variables, as case studies are structured to assess whether and how a variable affects the outcome, rather than how much it affects the outcome, thus the level of control is rarely achieved in practice (Yamashita & Moonen, 2014).

A multiple-case study allows the exploration of similarities and differences within and between cases, with replications of findings across cases as objective (Yin, 2003). Multiple-case study does not focus on conducting more individual case studies, but it is used as a tool to further develop or support a theory about the factors resulting in those similarities and differences (Hunziker, 2001). Zach (2006) finds that multiple-case study allows the research to explore further from single-case study, that already has unique characteristics, through the replication strategy. In multiple-case study, replication occurs in two stages: a literal replication stage where cases are selected to obtain similar results, and a theoretical replication stage where selection of cases serves a purpose of exploring, confirming, or disproving the patterns identified in the initial cases (Zach, 2006). Despite challenges from researchers who favor controlled experiments, there can be enough satisfactory supporting evidence for the development of a preliminary theory that describes the phenomena, if most, or all, of the cases provide similar results (Eisenhardt, 2009).

Yin (2003) indicates that there are no mandatory rules about the number of cases required to fulfil the requirements of the replication strategy in multiple-case study, with six to ten cases being sufficient to support the propositions that the researcher initially set for, if the pattern of the results is observed. Yin (2003) further plays down the relevance of the sample size because the approach of the multiple-case study does not rely heavily on logic of the representative sampling. For multiple-case study, the sample size depends more on the number of cases needed for the results to reach saturation, in other words, no new meaningful findings are revealed as the number of cases increases (Yin, 2003). The quantity of cases does not play a significant role in multiple-case study, but the selection of the sample participants is critical to ensure the finding of phenomena in the study, which is consistent with homogenous sampling, where the in-depth description of some subgroup reveals the desired outcome (Patton, 1990).

In order to reduce the selection bias, and challenges of determining relative causal weights for variables, an approach of “assembling” or orchestrating cases to match the real-life situation, where factors across the cases are made as similar as possible and the variable of interest is made dissimilar, can address the challenges (Yamashita & Moonen, 2014). During the assembling of the cases, there is a trade-off between the degree of realism, and the level of control in the studies, thus an appropriate study design is needed to balance the realism and control (Yamashita & Moonen, 2014). In assembling multiple-case study of system engineer developers, Yamashita and Moonen (2014) observe that:

- 1) Assembled case-study provide the detailed in-vivo context that is not achievable using controlled experimental study.
- 2) The degree of intrusiveness does not differ from the typical selected case-study.
- 3) The skill and understanding of the researcher play an important role in the outcome of the study, as the balance the degree of realism, and control must be achieved in order not to compromise the validity of the study.

In this research, the author chooses the assembled multiple-case study as the method to conduct the research.

### **3.3.2 Triangulation method**

Triangulation method uses two or more approaches while conducting the research to achieve a more valid and meaningful data, giving more dimension and different perspective of the research (Flick, 2002). Patton (1999) defines triangulation as the use of multiple methods, data sources, or theories, in qualitative study to develop an in-depth understanding of a phenomena, and acts as a strategy used in qualitative research to validate through the convergence of information from different sources. The method utilizes different sources of data such as time, geographical location, and different source samples involved in the study, therefore data triangulation widens the perspective, increases the depth, width, and consistency in research proceedings (Flick, 2002).

Denzin (1978) lists the four types of triangulation method commonly used in qualitative research include:

- 1) Method triangulation which involves using multiple methods of data collection, such as interviews, observations, and field notes, about the same phenomenon.
- 2) Investigator triangulation which requires two or more researchers conducting the same study to observe and provide conclusions independently. This triangulation method brings confirmation of findings, and sometimes different perspectives.
- 3) Theory triangulation which uses different theories to analyze and interpret the data of the study.

- 4) Data source triangulation, which collects data from different types of sources such as people, groups, or communities to gain multiple perspective and validation.

In data source triangulation method for qualitative research in-depth individual interviews, and focus groups are the most common methods used in conducting the research (Carter, Bryant-Lukosius, DiCenso, Blythe, & Neville, 2014). Researchers need to be cautious with choosing between using focus groups and in-depth interviews, as they provide different perspectives on resources, values, and issues (Kaplowitz & Hoehn, 2001). One of the most effective methods for understanding human behaviors and studying topics in depth is the in-depth individual interviews (Fontana & Frey, 2000). The advantage of the in-depth individual interviews are spontaneity, flexibility, and responsiveness to individuals, but the process is time and effort consuming (Carter et al., 2014). The participants of the in-depth individual interviews, compared to the focus groups, express greater sensitivity, more openness to discuss sensitive topics in detail, and more willingness to share personal stories (Fontana & Frey, 2000).

In this research, the author chooses data triangulation method to conduct the research. The key factor in this study is the different people and their roles in the family business. Incumbents/ founders, potential successors, and key employees with professional experience with minimum of two years' experience with high level of involvement with two generations are interviewed. It is best to obtain qualitative data through semi-structured in-depth individual interviews with data triangulation method consisting of three groups: incumbents, successors or potential successors, and non-family members with experience with the family. The interview design is planned to gain multiple points of views, with different perspectives from both family and non-family members, regarding different topics from succession planning to an innovation history of the family businesses. The in-depth interviews are conducted individually, with the other two individuals to be interviewed from the business being absent to accurately obtain meaningful data of sensitive topics such as the communication



barriers, and unshared information between family and non-family members, with the reasoning behind them. All interviews are conducted face-to-face.

### 3.3.3 Case selection

This research aims to go in depth with the subjects not commonly discussed in the day-to-day family business operations, and kept confidential for the research topic only. The sample size for the qualitative study was fourteen family businesses: nine family businesses in manufacturing sector, and five family businesses in retail/ service sector. The information obtained from these businesses will be analyzed and categorized by themes, mood and tones of the interviewees, and also the stories and anecdotes that each interviewee is willing to share.

The criterion for the samples is the family businesses that have gone through or in the process of succession, with potential successors having key management roles in the business. These businesses should have at least one successful implementation of innovation: product, service, business model, or reinterpretation of the old knowledge and turning them into something novel and useful as described as Innovation Through Tradition model De Massis et al. (2016) while carrying the same values and business cultures. The term “innovative” is defined as something novel, useful, and commercialized or accepted by most users (Amabile, 1988). The innovative products and/or services can be from the incumbents, or changed by the successors but keeping the same values from the incumbents. Thai Small and Medium Enterprises (SMEs): According to Ministerial Regulation of Thailand passed on January 7, 2020, as for the manufacturing sector, the total income for small enterprise should not exceed 100 million Baht with not more than fifty employees, and for the medium enterprise the total income should not exceed 500 million Baht, with not more than 200 employees. As for retail/service/wholesale sector, the total income for small enterprise should not exceed 50 million Baht with not more than 30 employees, and for the medium enterprise the total income should not exceed 300 million Baht, with not more than 100 employees. The data will be averaged from the past three years accessible via the

database of the Department of Business Development, Ministry of Commerce of Thailand.

Table 1. demonstrates the fourteen family businesses participating in the qualitative in-depth individual interviews. Their basic information is also provided in the table. As Table 1 shows, the fourteen companies either have innovative outputs, or have been pioneers of new products in the market. According to the company size and income, all companies fit the term small or medium enterprises according to the Ministerial regulation, with two small enterprises and seven medium enterprises. The years since establishment range from 21 to 91, and all the businesses have at least the second-generation successors in key managerial positions or in full control of the business. Two out of fourteen family businesses have established family governance. Lastly, only three business has professional managers.

**Table 1** Overview of businesses participating in the research.

Business (Type*) M= manufacturing RS= retail and service	Main Product (Notable innovation)	Experience (years)	Latest Working Generation	Family Shareholders (% Total Shareholders)	Average Income 2018-2020 (Million THB)	Average Profit 2018-2020 (Million THB)	Employees	Family Council and Governance (Yes/No)	In-House R&D (Yes/No)	More Than One Family Involved in Business (Yes/No)	Professional Managers
<b>F.1 (M)</b>	Herbal lozenges, with further development into oral spray (Cough relieve oral spray)	1		5 (100%)	365	102	180	Y	Y	Y	N
<b>F.2 (M)</b>	Pioneer for built-in stairs for real estate	5		4 (100%)	177	9	100	Y	Y	Y	N

Business (Type*) M= manufacturing RS= retail and service	Main Product (Notable innovation)	Latest Working Generation Experience (years)	Family Shareholders (% Total Shareholders)	Average Income 2018-2020 (Million THB)	Average Profit 2018-2020 (Million THB)	Employees	Family Council and Governance (Yes/No)	In-House R&D (Yes/No)	More Than One Family Involved in Business (Yes/No)	Professional Managers
	housing (Ready-to-use stairs for real estate projects)									
<b>F.3 (M)</b>	Plant extracts, and original innovation manufacturing (Standardized extracts)	2	2 (100%)	209	36.8	130	N	Y	N	Y
<b>F.4 (M)</b>	Small DIY furnitures (DIY pedestal shelves)	1	2 (100%)	57.6	-5	45	N	Y	N	Y
<b>F.5 (M)</b>	Processed tea leaves (Online consultation with instruction manual)	8	1 (100%)	85	3.6	60	N	N	N	N
<b>F.6 (M)</b>	Illuminated advertising banners and structures (Latest durable materials)	5	3 (100%)	161	2.8	100	N	Y	N	N

Business (Type*) M= manufacturing RS= retail and service	Main Product (Notable innovation)	Latest Working Generation Experience (years)	Family Shareholders (% Total Shareholders)	Average Income 2018-2020 (Million THB)	Average Profit 2018-2020 (Million THB)	Employees	Family Council and Governance (Yes/No)	In-House R&D (Yes/No)	More Than One Family Involved in Business (Yes/No)	Professional Managers
<b>F.7 (M)</b>	Original equipment manufacturing of cosmetics (Anti-aging cream)	5	2 (100%)	28.3	-1.85	40	N	Y	N	N
<b>F.8 (M)</b>	Functional, and fashionable furnishable brooms (Brightly dyed brooms)	4	3 (100%)	23	0.5	120	N	Y	N	N
<b>F.9 (M)</b>	Functional, and redesigned mortar and pestle (Mortar with pestle holder)	5	1 (100%)	4.03	0.4	12	N	N	N	N
<b>F.10 (RS)</b>	Coffee shop chains and franchises (POS and CRM systems)	3	5 (100%)	291	-28	150	N	Y	N	Y
<b>F.11 (RS)</b>	Barbershop chains (Personal one-customer cubicle)	9	2 (100%)	0.82	-0.86	30	N	N	N	N

Business (Type*) M= manufacturing RS= retail and service	Main Product (Notable innovation)	Latest Working Generation Experience (years)	Family Shareholders (% Total Shareholders)	Average Income 2018-2020 (Million THB)	Average Profit 2018-2020 (Million THB)	Employees	Family Council and Governance (Yes/No)	In-House R&D (Yes/No)	More Than One Family Involved in Business (Yes/No)	Professional Managers
<b>F.12 (RS)</b>	Watches and jewelry importer and retailer (Jewelry personalization, emphasis on in-house technology)	2 9	2 (100%)	66	0.18	15	N	Y	N	N
<b>F.13 (RS)</b>	Pharmacy chains (From offline to online CRM)	2 8	2 (100%)	194	8.4	100	N	N	N	N
<b>F.14 (RS)</b>	Automobile tire and services (All day, full-service waiting lounge)	3 5	3 (100%)	56	10.5	30	N	N	N	N

Table 2. lists the participants from the fourteen family businesses. fourteen incumbents, fourteen potential successors, and fourteen non-family working members of the businesses, are interviewed individually. The interviews ranged from 30 minutes to three hours. The longest interviews are usually conducted with the incumbents since all of them are very open to sharing experiences and stories contributing to the research.

**Table 2** Overview of the interviewed participants.

Participant	Business	Position	Expertise/ key competencies	Generation	Education	Experience (years)	Management experience before current job
<b>F.1.1</b>	F.1	Chief executive officer (CEO)	Problem solving	2	Bachelor's	61	Yes
<b>F.1.2</b>	F.1	Plant manager	Operations	3	Master's	20	Yes
<b>F.1.3</b>	F.1	Senior secretary	Administration	NONE	Bachelor's	7	No
<b>F.2.1</b>	F.2	CEO	Staff management	2	Bachelor's	40	No
<b>F.2.2</b>	F.2	Managing director	Lean processing	3	Bachelor's	15	Yes
<b>F.2.3</b>	F.2	Senior sales executive	Sales	NONE	Bachelor's	25	No
<b>F.3.1</b>	F.3	CEO	Scientific knowledge, problem solving	1	Ph.D.	22	Yes
<b>F.3.2</b>	F.3	Managing director	Scientific knowledge	2	Ph.D.	12	No
<b>F.3.3</b>	F.3	R&D executive	Formulation	NONE	Bachelor's	6	No
<b>F.4.1</b>	F.4	CEO	Problem solving	1	Master's	21	No
<b>F.4.2</b>	F.4	Managing director	Staff management	2	Bachelor's	8	No
<b>F.4.3</b>	F.4	Accountant	Accounting	NONE	Bachelor's	7	No
<b>F.5.1</b>	F.5	Managing director	Discipline	3	Diploma	30	No
<b>F.5.2</b>	F.5	Operations manager	Staff management	3	Master's	28	No
<b>F.5.3</b>	F.5	Head of delivery	Directions/ delivery management	NONE	Primary	17	No

Participant	Business	Position	Expertise/ key competencies	Generation	Education	Experience (years)	Management experience before current job
<b>F.6.1</b>	F.6	CEO	Negotiation with customers	1	Master's	25	No
<b>F.6.2</b>	F.6	Managing director	Scientific knowledge	2	Master's	10	Yes
<b>F.6.3</b>	F.6	Senior sales coordinator	Sales	NONE	Bachelor's	12	No
<b>F.7.1</b>	F.7	Emeritus director	Staff management	1	Elementary	35	No
<b>F.7.2</b>	F.7	CEO	Cosmetic science	2	Ph.D.	10	No
<b>F.7.3</b>	F.7	Inventory manager	Inventory management	NONE	Secondary	11	No
<b>F.8.1</b>	F.8	CEO	Problem solving	1	Bachelor's	34	No
<b>F.8.2</b>	F.8	Operations manager	Logistics	2	Master's	12	Yes
<b>F.8.3</b>	F.8	CEO's assistant	Staff management	NONE	Secondary	34	No
<b>F.9.1</b>	F.9	Shop manager	Staff management	2	Bachelor's	45	No
<b>F.9.2</b>	F.9	CEO	All-around business skill	3	Bachelor's	15	No
<b>F.9.3</b>	F.9	Handicraft personnel	Technical skill	NONE	Secondary	45	No
<b>F.10.1</b>	F.10	CEO	Staff management	1	Master's	23	Yes
<b>F.10.2</b>	F.10	Chief operational officer (COO)	Staff management	2	Master's	8	Yes
<b>F.10.3</b>	F.10	Sales manager	Sales	NONE	Secondary	15	No
<b>F.11.1</b>	F.11	CEO	Staff management	1	Secondary	39	No
<b>F.11.2</b>	F.11	Brand	Brand	2	Bachelor's	8	Yes

Participant	Business	Position	Expertise/ key competencies	Generation	Education	Experience (years)	Management experience before current job
		manager	management				
<b>F.11.3</b>	F.11	Senior hairstylist	Hairstyling	NONE	Secondary	39	No
<b>F.12.1</b>	F.12	CEO	International business	1	Bachelor's	29	Yes
<b>F.12.2</b>	F.12	General manager	Watchmaking, jewelry making	2	Goldsmith diploma	9	Yes
<b>F.12.3</b>	F.12	Senior sales executive	Sales	NONE	Bachelor's	15	No
<b>F.13.1</b>	F.13	CEO	Staff management, customer relations	1	Bachelor's	38	Yes
<b>F.13.2</b>	F.13	General manager	Pharmacology	2	Bachelor's	12	No
<b>F.13.3</b>	F.13	Chain manager	Sales	NONE	Secondary	10	No
<b>F.14.1</b>	F.14	CEO	Staff management, customer relations	1	Secondary	35	No
<b>F.14.2</b>	F.14	General manager	Logistics	2	Master's	10	Yes
<b>F.14.3</b>	F.14	Store manager	Customer relations	NONE	Secondary	15	No

The questions for the interview are set up according to the theme discussed in the theoretical background including: an individual's understanding of the business' history, his/her roles, involvement; key changes and crisis management; professional managers; innovation management; core competitiveness of the business; the core values of both the family and the business; relationships between family members as family and colleagues; relationships between family and non-family members; what is the key intrinsic message for the customer when he/she purchases a product from your



company; and the presence or establishment of family governance if any. As the interview progresses, the questions are adjusted according to the flow of the conversation in which the interviewees are not interrupted and encouraged to speak honestly with no time limit.

### **3.3.4 Data analysis**

The qualitative data analysis is not only conducted at the final stages of the research; however, it is an activity that continues throughout the project. Although the data analysis is not formally conducted during the initial stages of the research, the author has planned to make sense of the process, what to code, how to code, and put them in categories and themes. The objective of the data analysis is how to best portray the phenomena experienced by the participants by interviewing them. The data for the study is collected at 14 innovative family SMEs, by individually interviewing in-depth of a total 14 business incumbents, 14 business successors, and 14 non-family employees who has worked for both the incumbents and the successors.

Content analysis is used to determine the presence of themes and concepts within the data. The strategy used to analyze the data are to report results in terms of themes identified in the literature review, and suitable and selective quotations are presented to the readers. Not all quotations are necessarily presented to avoid repetitiveness in the research paper. The themes and concepts are pre-defined, as in the literature review, as follows: organizational innovation, social capital, ability to innovate through tradition, succession process, business sustainability, and communication with emphasis on communication barriers between the three groups. Relevant phrases, sentences, and themes are also carefully examined with the theories and themes discussed in the literature review. The analysis strategy for this research allows flexibility to observe and add more themes through the coding process, and not just to focus on the themes identified in the literature review. The following analyses are carried out: listening to the 42 recorded interviews, transcribing the 42 interviews, summarizing the transcripts, choosing, and linking the themes, select suitable

quotations to best represent the themes, and generating a theory or a model. Table 3 summarizes the themes and sub-themes for the data analysis, with the key observations to be made by the researcher during the data analysis.

**Table 3** Themes and sub-themes developed from literature review for coding analysis.

Theme	Sub-theme	Sample keywords/ observations for coding
Organizational innovation	Resource management	Deep knowledge of their own business. Understanding of their own human, financial, technological resources, and willingness to implement.
	Innovation management	Ability to identify problems, bottlenecks, and areas to be improved. Knowing their own capacity. Allocation of resources. Implementing new ideas. Introduction of new processes.
	Motivation	Employees' attitude towards new product launch. Employees' attitude towards new process implementation. Staff involvement. Meeting styles. Rewards. Encouragement. Praises. Attitude to work beyond the scope.
Social capital	Internal network	Relationships between the incumbents and successors. Relationships between the management and the non-family employees. Collaboration within the business.
	External network	Relationships between the business, both management and non-family employees, and customers, suppliers, other external organizations such as educational institution, research institution, marketing agency etc.
	Shared stories	Stories of founders. Stories of incumbents.

Theme	Sub-theme	Sample keywords/ observations for coding
		Told from older generation to the younger ones. Impact of the stories on attitude, work ethics, and perception of the business.
Ability to innovate through tradition	Deep understanding of history	Knowing their products well from the raw materials, processing, marketing, and components of the products. Knowing the territorial knowledge, or business-specific knowledge.
	Applying modern knowledge and/or technology	Ability for the business to apply new knowledge and/ or technology. Linking the individuals' education and experience with what they apply to the products. Ability for the business to give the products new meaning for both old and new customers.
Succession process	Psychological ownership	How the incumbents groom the successors into leaders. Look out for intrinsic motivation for the successors to succeed the business.
	Leadership grooming through formal and informal education	Existence of family governance. Family business structure. How the family business influences the successors' education and work experience.
Business sustainability	Adapting through necessity	Shortage of supply. Sudden change in trends and regulations.
	Adapting through time	Change in consumer's behavior. Technology outdated. Change in consumer's perception.
	Adapting through crisis	Economic crisis. Raw material crisis.

Theme	Sub-theme	Sample keywords/ observations for coding
	Adapting through internal and external factors	Internal: Death of family members. Conflict between family members. External: (Necessity, time, and crisis)
Communication barriers	Between working family members	What is not communicated between or within generations. Observe the difference in the content of the same topic, and the reasons for the difference.
	Between management and non-family employees	What is not communicated between the management and non-family employees. Factors for the lack of communication, both deductively and inductively.

### 3.3.5 Ethical issues

In this research, there are ethical issues to be considered. Participant confidentiality and businesses' sensitive information such as trade secrets, internal disagreements and conflicts, and past failings, are of special concern especially in the qualitative interview. There is a possibility of accidental disclosure of confidential or sensitive information. The interviewees are informed that sensitive information can be omitted from the research at their will, they are not obliged to discuss all the interview questions, and that the names of the businesses will be changed if the interviewee's request so. A confidential agreement would also be signed between the researcher and the participants, if requested by the participants formally. The study in this research is voluntary, and the author receives permission and consent from all the participants to share the data publicly. A representative of each business, altogether with the author, sign a consent form to participate in this research.

# CHAPTER 4

## Results and Discussions

In this chapter, the findings from the in-depth interviews are separated into five main concepts that should be communicated during succession: organizational innovation, social capital, innovation through tradition, succession, and sustainability. Another important concept that should be discussed is the communication barriers, which can hinder the business’s innovation output and may delay a succession transition from the incumbent to the successor.

### 4.1 Results

From the transcribed interviews, quotations that are identified to represent the themes are analyzed. Table 4 is an example of a selected quotation of participant F.9.2. The unedited quotation is summarized and broken down into “condensed or summarized quote” which are categorized into different codes. As explained in Table 3, the codes are pre-identified in the “sample keywords/ observations for coding” under a sub-theme. Once the coding process for all transcribed interviews are completed, a content analysis of each theme is summarized with the percentage of participants as shown in Table 5, which is an example for the theme “organizational innovation”.

**Table 4** An example of transcribed interview in the content analysis process: sample quote from the transcribed interview of F.9.2 regarding his product.

Unedited quote	Condensed or summarized quote	Code	Sub-theme	Theme
Mortar and pestle have always been an important part of Thailand. People make “Nam Prik” or traditional	It is a traditional product, with functions familiar to everyone.	Know history of product	Deep understanding of history	Innovation Through Tradition

Unedited quote	Condensed or summarized quote	Code	Sub-theme	Theme
chili pastes made in every household using mortar and pestle. However, people do not know it is quite difficult to make a set. A set of mortar and pestle is hand-made from a high-quality and area-specific stone. Not everyone can make a set, and no proper machinery has been known to make this kitchen item. Since I have seen my family business making them since I was a boy, I bought a machine that people use for underground drilling, using trial and error method and we finally are semi-automatic and that helps with our capacity, reduce waste by more than half and using the excess stones to make other kitchen utensils such as plates as cups. I also made the product design much more appealing to the eye while also being practical. Now a mortar comes with a handle, and it has an opening to pour out				
	Nobody knows the manufacturing process, and the place of raw-material origin.	Understanding the process	Deep understanding of history	Innovation Through Tradition
	No direct technology to manufacture mortar and pestle apart from manual labor with simple tools.	Understanding the process	Deep understanding of history	Innovation Through Tradition
	Through trials and errors, with application from other industry, the business can increase manufacturing capacity and reduce waste.	Applying knowledge and technology	Applying modern technology	Innovation Through Tradition
	The waste is used to manufacture new products.	Applying knowledge and technology	Applying modern technology	Innovation Through Tradition
	Ability to create new user-friendly design.	Reinterpretation of product	Applying modern technology	Innovation Through Tradition
	The new designs are value-added process.	Reinterpretation of product	Applying modern technology	Innovation Through Tradition

Unedited quote	Condensed or summarized quote	Code	Sub-theme	Theme
liquid. A couple of designs have won local design-awards and people are willing to pay more for a set compared to five to ten years ago.	Customers are willing to pay more.			

**Table 5** Content analysis of a sample theme: organizational innovation.

Criteria	Theme (Sub-theme)	Qualitative notes	Participants	Frequency	Percentage (%)
Businesses have the products launched in the previous generations as current product champions.	Organizational Innovation (Resource management)	N/A because it is a direct question	9 manufacturing businesses	7/9	77.8
Successors focusing on process improvement	Organizational Innovation (Innovation management)	Keyword: new cultures, new habits, lean system, process improvement	14 successors	14/14	100
Successors understanding the product history and being able to explain in detail.	Organizational Innovation (Resource management)	Look out for the participants' ability to explain their products in detail. Cross-check their education background to observe if the explanations go	14 successors	14/14	100

Criteria	Theme (Sub-theme)	Qualitative notes	Participa nts	Freque ncy	Percen tage (%)
		beyond their background knowledge.			
Ability for the management to identify the problems and focus on the problems to start innovation.	Organizati onal Innovation (Innovation management)	Keywords: Bottlenecks, shortage of staff, imbalance between two departments, no automation, too much manual work, overload in one department.	28 incumbents and successors	26/28	92.9
Ability of the management to provide intrinsic motivation to the employees to innovate.	Organizati onal Innovation (Motivation)	Keywords: We are noticed, our inputs are important, our needs are met, they encourage us, not just money and rewards.	14 employees	11/14	78.6

#### 4.1.1 Organizational innovation

Most businesses participating in the interview have breakthrough products and/or services coming from the first or second generation that still exist and excel in the market in the present, with seven out of nine manufacturing businesses still have the products launched since the first generation as their product champion. Five out of five retail and/or service businesses also have not changed the types of goods they sell or services that they provide. It is notable that none of the incumbents mention that the founders or the family members in charge of the successful products or services has any innovation plan. However, the success comes from trial and error, hard work, or adaptation for the business to survive. Once the products or services start to gain



more customers, the businesses then focus on maintaining the quality with slight adjustments based on the feedback from the customers.

The successors are highly focused on having the whole organization on board, with all fourteen successors mentioning that they focus on making the process as lean and efficient by involving the whole organization or creating positive habits. All fourteen successors can explain the products and/or the services they provide: from the history of the products, the concepts, minor and major modifications, and the science behind the products even some of them do not have scientific backgrounds. For example, F.1.2, whom his late grandfather and father have been very successful selling just one product, has a goal of lowering the cost of the human process by having a lean workflow, a more practical documentation system to minimize inconsistencies, and puts a heavy emphasis on his staff: “My experience from a multinational company before returning to the family business allows me to have more empathy, that what an employee needs is not just about compensation. The happiness indicator for me is the involvement level in the company. I encourage meetings for all levels. Of course, I understand that they are from different backgrounds, so the supervisor of each level must know the purpose and what to expect at each level of the meeting.”

Innovation management, according to F.10.1, a first-generation coffee and bakery franchise business owner, involves the whole organization from bottom to the top, “Every time there are changes, be it technological innovation, changes in structures, it always comes from a problem at work. Management must be able to identify these problems, and the staff also must be willing to bring the problems up to the meetings. That way it is the most efficient to manage the people, technology, and the mindset of the business.”

It is important for the firm to identify the resource for innovation, or the lack of it. 26 out of 28 business incumbents and successors mention either the lack of technological tools, or lack of human resource in both quantity and quality as the main driving force for change. F.2 was a firm with five background staff members,

handling 100-150 million Baht of income annually, until F.2.2 enters the family business: “I saw this as a bottleneck. There were 100 skillful production staff, however the administration team was seriously understaffed. I tried bringing in more people, and better technology to help. It was difficult, but once the main problems were identified, the right software and proper training were essential to drive the company in the right direction.”

Eleven out of fourteen non-family employees from the participating businesses identify that motivation from the management, either intrinsic or extrinsic, plays a key role in their productivity or creative output. Creative staff of family business, such as F.3.3, a R&D executive, explains how the resources and motivation from the business help: “Since both generation of owners have strong academic backgrounds, they make sure that knowledge is accessible, such as the latest textbooks in herbal extraction technology. It makes my job easier to make the right formulation. The company also sends us overseas for the conference and expo that we request, which helps our job. We also get bonuses if our formulations get into the market.”

#### **4.1.2 Social capital**

Twelve out of fourteen businesses have the first known generation immigrated from China during the Chinese Communist Revolution. From the twelve incumbents’ accounts, their first-generation ancestors suffered through severe hardship during illegal immigration, getting multiple small jobs to survive their days, persevering for savings, and finding opportunities to start their own businesses. Four out of fourteen businesses have the first-generation immigrant as founders of the business (all deceased). All participating incumbents feel indebted, and appreciative of their parents’ hard work: since all of them started off poor so they always saw their parents working right after getting off from bed. This forms the core value of “hard work”, “honestly”, and “perseverance”, in all twelve Thai Chinese family businesses. The social capital for Thai businesses with Chinese background stems from these three values. Two out of fourteen businesses do not have their first-generation members

immigrated from China. F.11.1, a Thai founder of the gentlemen's barbershop chains, and F.12.1, a Swiss expatriate who owns a watch and jewelry shop, have experienced hardships prior to them owning the businesses. Both F.11.1, and F.12.1 explain that their children have lived through their hardships and understand how their businesses come about as well. It is worth mentioning that both F.11.1 and F.12.1 do not quote "honesty" as one of the core values, but "sincerity to customers" are the core values their businesses hold dear to. Therefore, all participating businesses have the core values of "hard work", "honesty" or "sincerity to customers", and "perseverance".

Shared stories of the business founder's hardships can motivate the successors psychologically. Nine out of fourteen successors have directly experienced the hardship of their successors, and all the participating successors have heard stories about how their parents, and founders have managed to keep the businesses during difficult phases. F.1.1's father, and F.1.2's grandfather, the founder of the business, experienced a heartbreaking situation when he did not have enough money to take refuge to Thailand with his wife during the Chinese Communist Revolution, while a friend offered to buy his first-born son for a sum of money. It was heartbreaking for both the husband and wife, but they had no choice but to accept the offer to start a new, and safer life as told by F.1.2: "This, to me personally, is an act of the sacrifice from my grandfather to the whole family. Without doing that, I would not be living comfortably today. It is why I am so deep into the family business." F.12.2, a general manager in a luxury watches and jewelry boutique, recalls the most dramatic story told by his father, F.12.1, "This is what my father jokingly boasts to my sister and I all the time. During the economic recession 'Tom Yum Goong' in 1996, the shop was not doing very well, and he barely had enough to pay for our tuition fees. One day during the watch exhibition at the mall, he was trying to sell a tourbillion watch to a customer, but the customer was not interested in that piece. The customer then pointed at the watch that was on my father's wrist and set up a number. That piece was special and dear to him since it was custom made by the Swiss watchmaker. Basically, it was numbered 001/001. My father said that it was a tough choice for him but thought that amount would be enough for our school fees at the international school for a couple of terms. In the end, he sold his most beloved watch. He still

complains about it to this day. Although it became the family's most famous joke, my sister and I know that the children and the family always come first for our parents. That means a lot to us."

The difference in the stories that the successors hear from the incumbents are not the hardships their incumbents face, but some incumbents do not explain in details why certain things are done a certain way, the emotional reasoning behind their actions, and the emotional state or dilemma that they must face. F.2.1, the first-born son of his business, is an introvert who develops a quiet and calm leadership. Loved by all his staff for his approachable and kind approach: "I used to go to China with my father, F.2.2's grandfather, to visit his old families. It is a duty for all Chinese immigrant to go back home when you become successful and give back to the soil you are born. You take care of the town and the family you left. My father-built school, renovated his relatives' homes wholeheartedly." When asked if this has been communicated to his son, he said that his son never asked and assumed that he would know by himself. F.2.2 develops a different style of managing his employees: "My father, F.2.1, takes every matter personally. I love the business, but I do not wish to pay attention to small personal details. Therefore, I make the incentive system very clear cut, and manage the people more professionally." When the staff is asked about the difference between the approach between the two generations, F.2.3, a senior sales executive with 25 years' experience mirrors F.2.2's answer: "F.2.1 pays a lot attention to details. He would know your father is sick, even you have not told him and that is why he is more like a father to all of us. F.2.2 improves a lot of the system, however many of us miss the intimacy when F.2.1 was in charge."

Shared stories can also be applied to a working spouse in the family. For F.11.2, a son-in-law who works as a brand manager for the chain barbershop, shared stories from his mother-in-law, the founder and owner, turns out to be the difference maker: "In 2012, when we face the problems of large competition and increase in the rent, my mother-in-law wanted to cut the private chambers to offer the barbershop more areas. I sit and discuss with her for many days about the direction of the barbershop. There were many tales about the private chamber for each individual

customer. She thought the private space was too space-consuming and outdated and would not generate good income in relation to the area. However, I thought it could turn into the selling point of our barbershop. It was a turning point for our business, and I asked her to tell me all the details about how customers enjoyed the private space in the past and we concentrated our strategy on it.”

The external network is also an important part of social capital. Customers, suppliers, and educational institutions are such examples. All fourteen incumbents mention that their relationships with their customers and suppliers have been important to their growth. Six out of nine successors in the manufacturing sector start to expand the businesses’ social capital to educational and research institutions to gather more innovative ideas. Four out of five successors in the retail and/or service sector collaborates very closely with their suppliers for new ideas. It is also interesting to see that one incumbent particularly values her relationship with educational institution. F.3.1 used to be a dean of Cosmetic Science in a university in Chiang Mai, therefore she maintains a close relationship with the faculty, where she gets a good supply of her workforce. F6.2 emphasizes on building trust with customers: “In the advertising board market, the most important thing is the material used. My customers would ask me which brand of aluminum composite is the best. What I did was to buy all seven brands of the composite available in the local market and conducted various tests and made a report of which is suitable for various conditions. The customers always give excellent ideas, what we need to do is to listen to them.”

#### **4.1.3 Innovation Through Tradition**

Based on the interviews, the Innovation Through Tradition model applies only in the family businesses in the manufacturing sector, since the family businesses in the retail and/or service sector do not have an original tangible product to innovate based on the territorial knowledge.

All nine businesses in the manufacturing sector do not just have the ability to innovate through tradition, but all of them have successfully completed the process

either by giving their product champions new meanings to customers, or totally create new markets and usages for the existing products. F.8 and F.9 are very good examples of businesses that naturally innovates through tradition. F.8, whose manufacturing base is in Chiang Rai, exports hand-made broom made from sorghum flowers and local bamboo. The sorghum flower has exceptional durability. F.8.1 who discovers the business by accident, sees an opportunity: “In Taiwan and Japan, the brooms they use are very durable. What they want is not just a cleaning utensil to just hide behind the house or in the storage, but they want to display it inside the house and make it a part of their homes. I saw the difference in treatment of a household utensil, so when my daughter (F.8.2) came back to help me, I wanted to make her get this concept through to the domestic market which was only 1-2% of my business.” F.8 then reinterprets the broom totally different for the domestic market. F.8.2 works very closely with the farmers, production personnel, and her dad, to understand and be able to send the message to the domestic market: “Since nobody pays US\$20 for a broom in Thailand, I started out by making the brooms as fashionable as possible. They come in colorful themes such as Halloween and ‘Pinktober’. They also come in different sizes for different functions, like a Samurai dust-broom that customers can just fashionably put on the table. People like them, and from there we can start telling them that these are functional and are better functioning than the one they are using to clean their houses.”

F.9.3 is a third-generation mortar and pestle maker. Based in Tak, a Northeastern province in Thailand, he redefines both the production process and the meaning of a mortar and pestle: “Mortar and pestle have always been an important part of Thailand. People make “Nam Prik” or traditional chili pastes made in every household using mortar and pestle. However, people do not know it is quite difficult to make a set. A set of mortar and pestle is hand-made from a high-quality and area-specific stone. Not everyone can make a set, and no proper machinery has been known to make this kitchen item. Since I have seen my family business making them since I was a boy, I bought a machine that people use for underground drilling, using trial and error method and we finally are semi-automatic and that helps with our capacity, reduce waste by more than half and using the excess stones to make other

kitchen utensils such as plates as cups. I also made the product design much more appealing to the eye while also being practical. Now a mortar comes with a handle, and it has an opening to pour out liquid. A couple of designs have won local design-awards and people are willing to pay more for a set compared to five to ten years ago.”

#### **4.1.4 Business sustainability**

Business sustainability is about maintaining the business existence, and continuity. For family business, to be sustainable is to survive and grow, through various crisis such as incumbent’s death, economic crisis, natural disasters, pandemics, and family conflicts. All nine businesses, given the length of their operation since founded, have gone through at least one major crisis in their business lifetime.

The ability to adapt to external factors, such as the market and customer trends are very important. Five out of five businesses in the retail and/or service sector has somewhat modified their service model according to the change in market and customer trends, while still maintaining the core identity of the businesses. F.13.2, a successor of the chain pharmacies, explains the change in the way pharmacies operate: “I do not see our pharmacies as just superstores, but personally I think that the pharmacies are where personal relationships matter throughout the lifetime of a customer. People come to us at all stages of their lives. New parents come to buy supplements for the pregnant mothers, and diapers for the babies. They come to get medication when their kids get sick. We interact and prescribe medications for the adults. Then when the customers get old their children will come to get their wheelchair and special dietary supplements. Even at this digital age, the customers still need personal relationships. People tend to think that everything shifts to online, but our online system still needs to provide the human touch that the customers need from the local pharmacy. Their needs are the same, but the way we deliver their needs have to change.” Another service business who adapts to the customers’ needs is F.14. F.14.2, a second-generation general manager for the tires and service gives a new

definition for the service center: “I do not want our service center just to be like a place people come to fix tires. My dad knows all our customers and has always been very engaging and friendly to them. It was my idea to turn our business into a lounge, where people can wait here all day, have some coffee, read magazines, play some board games, and mingle with one another. We also display all our inventories nicely just in case they want to have their tire rims change the next time. We have to adapt. It has to be more than just a tire service because in the end you have to be different.”

To achieve business sustainability, not only family businesses have to adapt to the external factors such as economic crisis and pandemic diseases, but also internal factors. Three out of fourteen businesses have gone through sudden loss of the family members in charge of running the business. For example, F.5.1 and F.5.2 are the brothers co-owning an almost decade old tea-leaf company. Their father unexpectedly died before the grandfather, and then their grandfather died unexpectedly of cancer six years after their father’s death. According to F.5.1, they were challenged by the suppliers: “We did not know the scope of work in details. This was a first job for both of us. Our suppliers challenged us after our grandfather’s death by sending us lower quality tea leaves and mixing them up between the good ones not expecting we would catch them. We took a long time before developing the inspection system, which is the most critical system for our company now. It was very tough, but that made us stronger.” The unexpected loss of family members also occurs to F.4, and F.7, which according to F.4.2, “made them very tough mentally”.

Eleven out of fourteen businesses have been in business long enough to have experienced at least one economic recession, most notably the 1998-1999 major recession in South East Asian countries. F.1, F.2, and F.8 started to look for more local raw materials to stabilize their costs, while F.5 and F.9 started to lean up their processes as their strategies to adapt to the crisis.

F.8 and F.9 adapt their territorial knowledge to the modern market, turning common household items fashionable without losing their functionality. F.8 increases



their domestic sales by more than 100%, while F.9 increases their export sales at the same margin, exceeding their targets and expectations.

#### **4.1.5 Succession process**

Two out of fourteen businesses have successfully set up a proper family governance with an assistance of external institution (F.1, and F.2), with an official succession plan and wealth management. It is not out of no reason the two companies decide to get external help: F.1 has many non-working family members who get the financial benefits of the company unfairly, and F.2 has its first-generation passing away before dividing his assets, both personal and corporate wealth.

Although twelve out of fourteen businesses have not successfully set up a formal family governance with formal succession planning, the seven successors have successfully taken over the businesses with psychological ownership and leadership with at least one working family member acting as their informal mentor. Five out of nine successors graduated from universities overseas. The succession process includes a transfer of leadership and ownership to the successor. Ownership is very psychological. A successor needs to see the intrinsic value of the company and it can only be groomed from the older generation. Leadership is something a successor must earn from the incumbent and the business. F.7.2 learns it a hard way, with his father passing away with lung cancer: “My cosmetic manufacturing company has always been my parents’ dream, especially my father. He passed away during the final phases of the factory building. We used to run a large local store with other factory manufacturing for our brand. So, it was tough to have the factory running without my father’s help. I remember how he manages everyone, how he leads his people. I miss him dearly.” F.7.1, F.7.2’s mother, groomed her sons by formal education with one being a medical practitioner (F.7.2) and one a chemist, so they could continue the cosmetic business: “My late husband and I thought it was best to give our children the best and suitable education. They would come back to work eventually, since they have seen us waking up to open our store and interacting with customers. They go to

school to learn what we cannot teach, and what school cannot teach, they learn about values, honesty, and hard work at home.”

Most families have two parents to groom the successors. F.4 is a small DIY furniture business, founded and started by a single mother (F.4.1) who owed 127 million Baht debt to the local banks. Her husband left both the old business and the family of three children to F.4.1. She took almost fifteen years to pay off her debt and what is so unique about the firm is her decision to pass on her business to her youngest daughter (F.4.2): “I have two sons and a daughter. When I just started, I asked my kids to help me work in the factory to get extra pocket money, or they get nothing. Only my daughter volunteered. Since then, I always bring her everywhere: classes, business meetings, and work. I finished my master’s degree at 47 years old, and you know what, my friends all know her. I believe she stays with me long enough to absorb the scope of my work and the type of leadership she needs to have to carry on the business. I just know she will succeed.”

The process of succession needs to be decided early, especially for the psychological ownership. F.12.1, a Swiss expatriate who is the founder of the luxury watches and jewelry boutique, recalls his conversation with his business partner: “My partner, who is also my close advisor in Germany, asked what I would do with my children. I said it was up to them to decide their future. He was very upset and told me I was wrong. I was told that I should not follow the teenagers’ wishes and desires since they sometimes do not know what they want especially with external influences. He told me to groom them to be ready, even if they fail at it but later, they will learn a lesson in life. So, one day I gathered everyone in a nice restaurant, and asked my children what they saw. I explained that this restaurant was like a gold mine, full of potential customers and if you keep working hard, your customers will bring you gold. Just like our business, everything was already set up and all my children needed to do was to learn and become leaders, they need to be emotionally invested in the business.” His son, F.12.2, took this message to his heart. He was in an elite international school with International Baccalaureate (IB) program. His education planning did not follow the usual path, but still his educational pathway was discussed

and approved by his father: “I went to an IB school where they did not tell me I have to excel at mathematics, sciences etc. So, I chose to learn about jewelry making. It is what my family business is about, and I really see myself in it. I seriously went into being a professional goldsmith instead of pursuing a bachelor’s degree in university. Now, I am a licensed goldsmith. I did not regret any decision.”

#### **4.1.6 Communication barriers**

The ability and willingness of successors can act as communication barriers for innovation and sustainability during succession. The ability does not always refer to the successor’s personal capability, academic achievement, career achievement, or his ability to manage the family business. The ability can also refer to his capability to capture the hearts of his staff, especially those who have worked for his incumbent. All fourteen non-family employees express positive attitude towards both the incumbents’ and the successors’ treatment towards employees, their leadership style, and their abilities. However, ten out of fourteen non-family employees say that the difference between the treatment towards employees, and leadership styles between two generations are very distinct. F.2.3, a senior executive with 25 years’ experience, expresses the differences between the two generations: “During the old days, there were employees lining up in front of the CEO’s office during the break just to discuss with him their personal problems and hope that he can solve them. There are none of that now, but we get more clear-cut benefits. A lot of us miss the old days where we know the boss was the person we go to war for. It is good now, I do not say it is bad, but it is different.”

The incumbent’s conflicting intention and action can be a psychological barrier for the successor. Twelve out of fourteen successors mention that at some point in their professional life in the family business, there has been conflicts between them and their incumbent. However, all nine of the incumbents are full of praise of their children. F.6.1 is full of praise of his son, F.6.2: “I could never be prouder of him as a successor. I can say if I retire now, the business is in good hands.” However, F.6.2 does not feel this way at many points in his days in family business: “My father

never praises me. I have never done things right. There are always criticisms. He never does that to the staff, but only me, and I do not understand why.”

The employees of the business, if not open to new ideas, or being passive aggressive to the new generation, can also leave a huge communication gap during succession. All fourteen of the non-family employees agree that the successors bring new methods, ways to communicate, and ideas that are more up to date but need some time to adjust to. F.1.3, a secretary to both F.1.1 and F.1.2, emphasizes that there are a lot of differences between the two generations and a staff is the one who should adapt to both: “F.1.1 is very result oriented. When he orders a task, he just gets every around and tells them what to do, which gets things done very fast. F.1.2 lets us have more input, we must be ready to give ideas in meetings. He looks for alternative solutions to all the problems. I cannot say which one is better, but as an employee, you must be able to work for all your superiors.”

#### **4.1.7 Output of good communication during succession**

With successful communication during the succession process, businesses will have positive outputs. Fourteen out of all fourteen businesses have successful tangible innovation outputs, regardless of the sector they are in. Fourteen out of fourteen businesses have applied innovation to their processing, administrative systems, and customer relation platforms. In the manufacturing sector, six out of nine businesses have reached new target customers with their already successful product champions and seven out of nine businesses have released new innovative products with the latest generation in charge of the business. In the service sector, all five businesses have adapted to new channels, and/or business models.

Successful communication also leads to staff loyalty. Although all participating non-family employees notice the change in management styles of the successors compared to the incumbents, none of them mention that the change is detrimental to the business. The successors tend to look at the employees’ welfare in terms of general well-being and how they should be rewarded, while the incumbents

are more attentive to the employees' personal lives. Successors' efforts to communicate are also appreciated by the non-family employees, as told by F.10.3: "I remember when the new generation came into management, they kept telling us to speak up in meetings which we were not used to. There were a lot of meetings! Things were different, and we were all not used to it. Suddenly one day, the successors brought us all to a movie theatre, they rented the whole theatre just for a few hundred of us to watch "The Martian". It was a movie about how a team of people communicating, working with one another to bring a member home. At the end of the movie, they explained about how speaking up and communicating is very important in the organization. It was something that moved most of us. I feel now I understand more, be able to teach more, and I absolutely love my job."

The maintenance of core identity is also the result of good communication during the succession. All fourteen successors, when asked about the core values of the business, were able to mention the same things their incumbents did though they did not mention the same words and order. The terms "honesty", "hard work", and "perseverance" are the most common values in all businesses. It is also worth mentioning that when asked the question "What do you think the customer is getting when the customer buys a piece of your product?", all the incumbents and successors did not mention about the quality of their products, but the answers were more intrinsic:

"This broom represents the tradition of the northern people," F.8.2 mentioned.

"The advertising banner represents longevity and guidance. The customer will be happy with it for a long time, and we as the manufacturer know that its purpose is not just for decoration," proudly stated by F.6.1.

"The stairs are the most underrated part of the house. We know that when our customers do not have to fix or change them, we are doing our job well," mentioned by F.2.2.

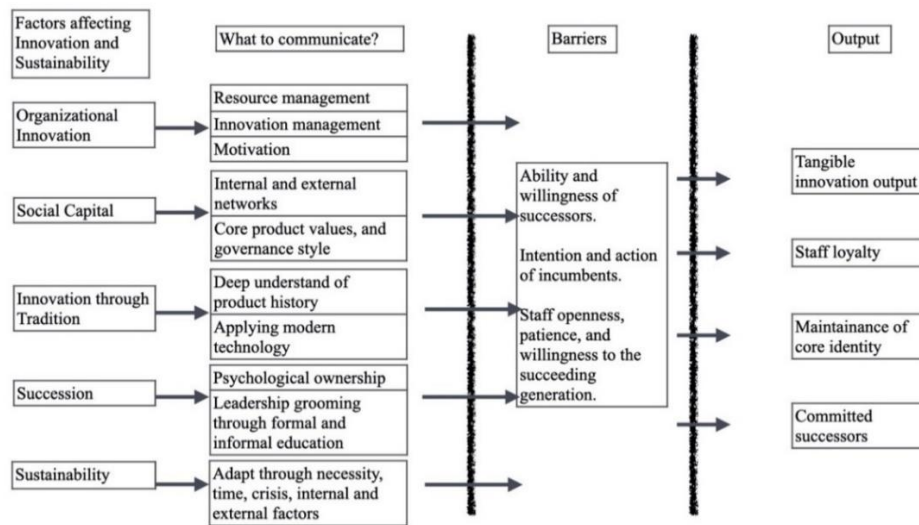
Good communication brings the highest commitment of the successors. Nine out of fourteen successors know that they would be returning to manage the businesses since they were born, while the other three return with the request of the incumbent when they were working outside the family business. All successors mention that being the leader is an extra responsibility that they must work harder for.

## **4.2 Discussion**

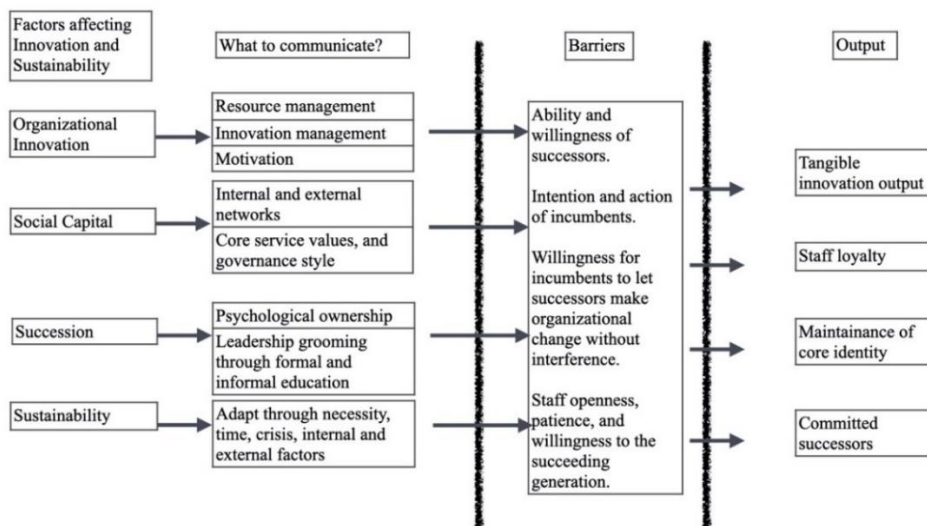
### **4.2.1 A Model of Communication During Succession**

Drawing from the themes discussed and developed from the literature review, the results portray similar findings. The model of communication (Figure 5 and Figure 6) during succession is developed from comparing the results of the assembled multiple case study with data triangulation, with the themes developed from the literature review (Table 3). From the results, Figure 5 and Figure 6 summarizes the factors that should be communicated during succession, what are the communication barriers, and the output that successful communication achieves. Organizational innovation, the social capital of the family business, ability to innovate using the business's tradition and territorial knowledge, succession plan and intentions, and business sustainability, are the key factors that determine the new management direction for the successors to start or maintain innovative output and business sustainability. What separates family businesses in the manufacturing sector and the family businesses in the service sector is the tangible products that are the results of the family traditional and territorial knowledge. Apart from the knowledge and expertise required for the product innovation, the pattern of communication to achieve innovation and business sustainability is identical. Successors' ability and willingness, conflicting intentions and actions of incumbents, and staff's openness to the succeeding generation, are three key personal communication barriers during succession. Successful communication during succession leads to tangible innovative output, employees' loyalty, business's ability to maintain its core identity, and committed and willing successors. Previous studies call for family business not being treated homogeneously with non-family business with clear distinction of which stage

of succession the business is in; how succession impacts the sustainability and longevity of the business (Beck et al., 2009; Ungerer & Mienie, 2018). This study treats family business as a specific group of business and investigates how it survives through the next generations via communication.



**Figure 5** Model of communication during succession for family business in the manufacturing sector derived from the multiple-case study in-depth interviews with triangulation method.



**Figure 6** Model of communication during succession for family business in the service sector derived from the multiple-case study in-depth interviews with triangulation method.

The results provide answers to the three research questions:

*RQ1: What should be communicated from the incumbents to the successors during succession for family business to achieve or maintain innovation?*

*RQ2: What should be communicated from the incumbents to the successors during succession for family business to achieve business sustainability?*

*RQ3: How should the incumbents, successors, and employees communicate during the succession process to achieve innovation and business sustainability?*

Organizational innovation occurs when these three factors are clear and well-balanced by the business's directors and managers: resources to innovate, motivation, and innovation management skills (Amabile, 1988). A systematic review by (De Massis et al., 2012) indicates that the involvement of the working family members has a positive correlation on the family business's innovation input, activities, and output in the form of technological innovation. The continuous improvements from the participating family businesses, whether the innovation is an incremental process improvement or a radical product formulation, the working family members are heavily involved. Through formal education and work experience, the participating successors in the study bring in modern ideas with heavy emphasis on organizational structure leading to process innovation, and less labor-intensive administrative work. This is similar to the study of Ho and Chalam (2017) which the new generation of family business leaders in Hong Kong are sent to top international universities and gain experience at international management firms. The working family members are the one initiating ideas, being curious about the existing problems, coming out with the possible solutions, and testing out the solutions with the employees at various levels. The participating successors bring in an innovative work behavior into their businesses. Janssen (2000) defines innovative work behavior as the deliberate introduction and stimulation of new ideas at professional setting within groups, departments, or organization to increase performance. Organizational innovation is influenced heavily by the participating successors' ability and willingness to lead. In



the study of 404 family businesses in Indonesia, the impact of creative self-efficacy on innovative work behavior is increased directly with entrepreneurial leadership (Kurniawan & Tambunan, 2022). Communication about organizational innovation must also come from the employers, especially to request resources for innovation, or informing the working family members about the problems. Grytsaieva and Strandberg (2016) identify the topics most likely not to be shared from the employees are: minor job-related problems, employees' mistakes, and complaints about superiors. The communication model focuses on a two-way communication regarding organizational innovation between the working and non-working family members. The employees' openness to the new ideas from the succeeding generations can hinder the communication regarding innovation matters. Organizational innovation can be communicated during succession from the incumbents to the successors, and also between the successors and the employees. This answers the research questions RQ1. During succession, incumbents should communicate their experiences regarding innovation management skills to the successors. F.3.1 has a close relationship with her daughter, F.3.2. During school holidays in her secondary school and university days, F.3.2 recalled that her mother brought her to the R&D center at the headquarters where F.3.1 conducted her research with the team, and to meetings with customers to discuss formulation planning for the herbal products. F.3.2 said that those experiences were helpful in her future works both directly and indirectly. The successors should also keep in close communication with the employees to constantly assess: 1) the physical, financial, and human resources; and 2) what motivates their employees intrinsically and extrinsically at departmental and personal level.

The succession of social capital is crucial for the family business to maintain its core identity and value through generations. Only when the successor totally understands the business and family history, then he can use the right technology, recruit the right employees that fit the business visions and missions, and manage the business for innovation output. As the results summarize, the participating successors have positive relationships with their incumbents, understand the past personal and corporate hardship, and able to maintain or in some cases, add to, the existing external social networks to build on their existing products. This answers RQ1 and RQ2 that

social capital, both internal and external, should be communicated to achieve innovation and business sustainability. This is supported by finding of Carrasco-Hernández and Jiminez-Jiminez (2013) that positive social relationships within the business tend to generate a common innovation objective, and that successors need to adjust to the business's social capital to maintain the incumbent's visions. A more innovative-oriented culture is usually achieved when the later generation is involved in management of the business (Zahra, 2005), supporting the finding of Carrasco-Hernández and Jiminez-Jiminez (2013) that positive social capital between generations will lead to an innovation-oriented family business. The studies of social capital of family businesses suggest that positive relationships of the working family members, non-family members, altogether with a clear vision to innovate, and a business's intention and action of the incumbents on the succession to their next generations, directly impacts innovation. The studies of social capital suggest that positive relationships of the working family members, non-family members, altogether with a clear vision to innovate, and a harmonious intention and action of the incumbents for the next generation to succeed, directly impacts innovation. The study of Gomez-Mejia et al. (2001) finds that if the family business can adapt to using external social capital, the business can incubate and develop competitive advantage and positive reputation, strong relationships with partners, stakeholders, and within the family themselves, enhancing open innovation, which strongly supports the results in this research. Incumbents are encouraged to share stories with the successors, especially business-related history, hardships, and turning points. Kammerlander, Dessì, Bird, Floris, and Murru (2015) find that stories should be family-focused, building a base on how the business originates, and why things are done a certain way in the family business. It is also notable that shared stories are the means of communication from the incumbents to the successors during succession to achieve both innovation and business sustainability (RQ1 and RQ2). Family business are encouraged to have co-creation type of communication, regardless of being open or closed co-creation, instead of a power-game type (Haag et al., 2006). Co-creation communication has harmony as the main objective, and it creates a shared understanding, bond, and history between members (Haag et al., 2006). The family members participating in this research, both incumbents and successors, use shared

stories of their parents' hardship and struggles as motivation for them to lead their businesses, and all the incumbents are exemplary figures of hard work and perseverance.

A family business that can innovate through tradition must be capable of reinterpreting its product or service to have new functionality or meaning (De Massis et al., 2016). For the later generations, to have an ability to reinterpret the existing product, the successors need to have a solid background knowledge of the existing product. They need to understand the thought process behind the innovation: how did my grandfather think of this, and why did my dad make a slight change here for it to be so popular among users? The incumbent needs to communicate this through setting up a business culture, derived from the long-lasting family values which will last from one generation to the next (Koeberle-Schmid et al., 2014). Aboca Co., Ltd, founded in 1978 in Italy, blended the past knowledge of the European medicinal herbs with up-to-date biotechnology to create a well-received product line that provides alternatives to pharmaceutical products, with same efficiency but without side effects as the selling points (De Massis et al., 2016). In this study, F.1 and F.3 go through identical path with Aboca: F.1 innovates from their best-selling lozenges into oral spray using similar formulations, while F.3 standardizes herbal extracts for both medicinal and food purposes. All nine successors can explain the history, and even the science or configuration, of the products clearly to minor details. This strongly indicates their ability to understand the products, their ability to learn from both their incumbents and related key employees, and willingness to learn from the people who make the products successful in the first place. In being able to give the products new meanings, new target groups of customers, and new functions, the successors can both understand the products, and able to apply new knowledge and skills to give the products incremental or radical changes. This strongly supports that to innovate through tradition, incumbents and employees play an important role in communicating and providing in-depth information with the successors for the successors to understand the territorial knowledge and their own businesses very well, which answers to RQ1.

The participating family business's ability to adapt to different internal and external situation through difficult times, are crucial to them being sustainable. In most cases during the major turning points, the successors in the study have the first-hand experience altogether with the incumbents. This experience acts as a development of the successors' entrepreneurial mindset to innovate and adapt to different situations. Without the entrepreneurial mindset and ability to innovate, it is difficult for family business to grow and survive till the next generation (Ungerer & Mienie, 2018). Chua et al. (2003) finds that to achieve sustainability, family business must be adaptable to new situations, contributing to "trans-generational succession across generations". Some family businesses adapt to new business models, or business model innovations to encourage sustainability (Schaltegger et al., 2012). Bansal and Desjardine (2014) suggest that business sustainability requires the consideration of the time factor, since it needs to meet the current short-term need without compromising and sacrificing the ability of the future generations to meet their own needs and should not be confused with the word responsibility. The participating businesses in this research are able to balance their needs to fix the short-term crisis in order for the business to be successful in maintaining welfare and economic excellence. In this study, some successors are able to find new target group of customers through different channels of communication. A change in business model not only can act as a facilitator of organizational and technological innovation but is also able to evolve to a strategic innovation for knowledge sharing, managerial and entrepreneurship platform, and restructuring of the value chains in a business (Chesbrough, 2007). An integrated model proposed by Schaltegger et al. (2012) to increase contribution to business sustainability consists of three strategies: 1) defensive strategy as in adaptation of the business model to current situation, 2) accommodative strategy as in improvement of the business model such as increasing the business visibility, branding, and attractiveness to existing and potential employees, and 3) proactive strategy as in redefining the business model by radically changing the core business logic and principles which is directly linked with the business reputation, branding, and product values. This provides an answer to RQ2, which asks what should be communicated from the incumbents to the successors during successors during succession for family business to achieve business

sustainability. The incumbents should provide their experiences of adapting through different internal and external situations that provide not just direct solutions to the past problems but also the mindset and reasoning behind their actions during those situations. For example, F.8 experienced an increase in demand which resulted in F.8.1 deciding to expand his manufacturing capacity by hiring a new tribal village in Chiang Rai. In acquiring a new tribal village as his workforce, not only F.8.1 had to educate the new village labor about the processes, but he also had to consider other factors such as cultural differences between the new and old tribal villages, fairness, and equality of the corporate benefits between the two villages, and also the difference in skill sets as well. The experiences and the relevant factors leading to important decisions are what the incumbents should communicate with the successors.

Results indicate that the most important aspect of succession are the transfer and/or the incubation of leadership and ownership, which will in turn lead to the successor's ability and willingness to lead the business in the next generation. Succession of leadership and ownership start with grooming the successors. It a lengthy communication process, which gives a clear distinction between a family business and a non-family business, where a CEO can be identified and approached. The grooming of successor into a business leader can be through formal education, and informal education such as work experience and family conversation. Incumbents need to have a clear plan early for the successors' education, both formal and informal. Five out of nine successors went to universities overseas, following the trend noticed by Ho and Chalam (2017) that new generation leaders are now receiving international education and work experience. A lack of communication or grooming of successor can lead to a successor having no plan and no job description leading to boredom and frustration or, being put in a position too high too quickly leading to them losing credibility (Koeberle-Schmid et al., 2014). There is evidence that correlates the lack of innovation output beyond the third generation with the failures of family businesses, and this can be explained by the failure of successors to take psychological ownership or the entrepreneurship spirits that are the key success factors in the first two generations (Rau et al., 2019). Psychological ownership and

entrepreneurial legacy are nurtured since the early years of the successors through formal education, experience, shared stories, and upbringing, and these contribute to high innovation output, less investment in stabilizing the firms during succession, and more investments in innovation activities such as risk taking after succession (Duran et al., 2016; Rau et al., 2019). Leadership ability, psychological ownership, ability, and willingness of successors are also explained by the theory of competency. Tucker and Cofsky (1994) refers to competency as the state, or quality of being able and fit to do a specific job, consisting of five major components: 1) knowledge within the person, 2) skill or ability to perform a specific job, 3) attitudes and values of the person, 4) job specific traits such as ability to remain calm under pressure, and 5) motives or the self-motivation of the person performing the job. It is important for a successor to be a professional, wanting to be treated like a professional by the incumbent and the employees, and being recognized as professionals by the incumbents. The incumbent and successor must manage communicating trust-related issues, time-related issues, and beliefs and attitudes, both within the family members and with the non-family working members, delicately during succession (Grytsaieva & Strandberg, 2016). A quantitative correlational research of family businesses in the United States by Nunnemacher and Aguilar (2019) finds that family businesses do not last through the third generation due to a lack of succession planning, and a lack of trust between family members especially when family grows in numbers. The needs of the company, and the family must be well balanced, with trust and family firm's identity being the most critical factors for succession planning to be successful (Nunnemacher & Aguilar, 2019). As the family grows in terms of numbers, it has no effect on succession. In this research, the chosen successors are the ones that show the most willingness and psychological ownership, while their abilities are supported through both formal and informal education. If there are a lot of families involved in a family business, disputes tend to emerge for shared equity and resources. When that occurs, external parties can be brought in to settle the family governance, and family council. This is supported by Carlock and Ward (2001), stating that as the family grows larger, it is more advisable to have a family council for the purpose of peace and harmony. Grooming successors into owners and leaders require not only communication from the incumbents, but also education and career planning.

Ownership and leadership also depend heavily on and the successors' ability and willingness. Therefore, it can be said that leadership and ownership should be communicated from the incumbents to the successors. This provides an answer to RQ1 and RQ2, though not as strongly as other factors.

The two models of communication, for both manufacturing, and retail/ service sectors, answer to RQ1 and RQ2 that ask what should be communicated during succession to achieve innovation and sustainability during succession. To answer RQ3, which asks how innovation and sustainability should be communicated during succession, the topic of organizational innovation should be explored. The key distinctions for the organizational communication include levels of communication, and the formality of communication. During the succession process, the communication between the incumbents and successors are mostly informal, especially the topics of social capital, succession of leadership and ownership, and business sustainability. Informal communication should be on-going, continuous, and dynamic to ensure the effective day-to-day operations in modern organizations (Baker, 2002). Between the incumbent and the successor, the informal communication occurs since childhood for the transfer of family social capital, family and business leadership, psychological ownership. Once the successor enters his professional career, the communication of the topic of organizational innovation and innovation through tradition can occur via both formal and informal communication between the successor and the staff, and the incumbent. For the family business to achieve innovation and sustainability, the staff also needs to be involved in the communication, especially the topic of organizational innovation, social capital, and the succession process in terms of the acceptance of new leadership. The communication from the management to the staff can be top-down and formal, such as formal meetings (oral), newsletter (written), and e-mails or formal chat rooms (electronic), and also horizontal and informal in which management interacts with the staff on a day-to-day operation (Baker, 2002).

It is notable to mention about the comparative relevance of the themes in the model. It is a challenge to make a statement that a specific theme is more relevant

than another, since in all nine business cases, the themes of organizational innovation, social capital, ability innovate through tradition, succession process, and business sustainability, have causal and effect relationships. Each business has its own story, family background, faces different crisis, and are structurally different in terms. The relevance of theme is also difficult to analyze due to time-related issue, for example if a family business has a successful innovation since the first generation it will have more resources to expand its innovation capacity compared to a business with the innovations coming in the later generations.





## CHAPTER 5

### Application Development and Commercialization

In this chapter, the web-based self-assessment application for business succession readiness is introduced. Then, the possibilities of commercialization will be discussed.

Small and medium sized family businesses may face difficulties in assessing their own abilities and readiness for business succession. Although there are many guidelines and services from external institutions offering consultancy to family businesses, many family businesses are unaware and unprepared. The two models of communication during succession will be applied to facilitate small and medium sized family businesses to self-assess for business succession readiness.

The researcher intends to create a tool for small and medium sized family businesses, both the incumbents and the successors, to understand their businesses' positions in term of their readiness for the successors to take over the business smoothly. The self-assessment application will allow the business to evaluate and re-evaluate their readiness for the next generation's ownership and leadership.

#### 5.1 Application Design

The self-assessment application is designed in the form of a website accessible on desktop and smartphones. The application is named "Family Business Succession Readiness Assessment." The design of the application is divided into either five or six modes depending on the type/ industry of the family business. The questions in each mode are in dichotomous scale. A participant will answer either 38 or 43 questions in the questionnaire, depending on the industry sector of the family business. Once the assessment is complete, the result will display a spider/ radar chart demonstrating a business's strengths and areas to work on, with recommendations on how a business should focus on in each mode to be ready for the succession process.

The six modes are,

1. Organizational ability to innovate mode.
2. Social capital mode.
3. Business sustainability mode.
4. Succession planning mode.
5. Ability to innovate through tradition mode.
6. Communication mode.

### 5.1.1 Application pages

The following figures (Figure 6 to Figure 29) demonstrate the user experience from the entry page to the results/ recommendations for the family business. The website is programmed in the way that when the participant enters that his/her business is from the manufacturing sector, the participant will automatically be introduced that he/she will be answering 6 modes of the questions stated in the previous section; and when a participant enters that his/her business is from the retail/ service sector, the participant will be introduced that he/she will be answering 5 modes of the questions with the exclusion of the ability to innovate through tradition mode which is consistent with the theory shown in Figure 5 and Figure 6.

Each question from each mode carries the same weight, therefore each “NO” response will have an equal percentage deducted in the results displayed in the radar charts (Figure 25 and Figure 27). As shown in Figure 17 to Figure 24, the website is programmed in the way that when a participant answers “NO” to a certain question, a specific recommendation for his/ her business will appear when the “recommendations are displayed (Figure 26 and Figure 28). All the recommendations are displayed in Table 6.

**Table 6** Recommendations for the family business in each mode

<b>Mode</b>	<b>Recommendations</b>
Organizational Ability to Innovate	<p data-bbox="566 443 1401 584">Have a setup for proper organization structure with departments involving innovation and/or creativity such as R&amp;D, along with hiring of suitable personnel.</p> <p data-bbox="566 663 1401 748">Set up budgets for innovation activities such as R&amp;D, product development, process development.</p> <p data-bbox="566 826 1401 967">Create an innovation friendly environment physically, such as providing resources like books, research documents, access to premium applications.</p> <p data-bbox="566 1046 1401 1187">Create an innovation friendly environment intrinsically, such as mistake-friendly creative meetings, rewards for innovative outputs or efforts.</p> <p data-bbox="566 1265 1401 1350">Empower employees of all levels to bring up work problems, and suggestions to improve their work.</p>
Social Capital	<p data-bbox="566 1379 1401 1464">Have proper board meetings consisting of both working family members and non-family members.</p> <p data-bbox="566 1543 1401 1628">Encourage more family meetings to discuss work-related issues at least once a month.</p> <p data-bbox="566 1706 1401 1792">Have a clear core value for both family and the business, such as honesty, integrity, hard work, and punctuality.</p> <p data-bbox="566 1870 1401 2011">Implement the core values set up for both family and the business into every department. Reward employees for practicing the core values.</p>

Mode	Recommendations
	<p>Introduce important partners to the successors, such as key suppliers, important customers.</p> <p>Integrate the innovation plans into collaborating with external parties.</p> <p>Older generations are encouraged to share stories with the younger generation about the history, and the work-related hardships, their sacrifice.</p> <p>Encourage the younger generations to have a good working relationship with all levels of the staff.</p>
Business Sustainability	<p>Have both short- and long-term goals, missions, and visions for the business.</p> <p>Have a contingency plan of replacing key management members.</p> <p>Older generations are encouraged to share stories about the time the business went into crisis, and how they survived and excelled through difficult times.</p>
Succession Plan	<p>Have a clear succession plan for the business, with details of both the expectations and job description for the successors and the younger generations.</p> <p>Start early, discuss about the younger generations' education and how they can be helpful to the business.</p> <p>Instil the spirit of psychological ownership. Bring the</p>

Mode	Recommendations
	<p>potential successors to important functions. Recommend them how they should conduct themselves at these events.</p> <p>Get professional help regarding the legal issue regarding succession. Know the tax system, and wealth management after the passing of the older generations.</p> <p>Have a plan B for the future leaders in case it does not work out.</p>
<p>Ability to Innovate through Tradition</p>	<p>One should study the product and process of manufacturing in details: the history, the science and art of each component. Basically, you should know your business and the core products better than everyone.</p> <p>Study the technology and the trends of the core products extensively.</p> <p>Get to know important connections! Research institute, marketing agencies, and universities are very helpful, but only when you know your core products well enough to decide who are good to help you.</p>
<p>Communication</p>	<p>Different generations should talk, a lot, regarding the work routine, respectfully.</p> <p>Before every decision is made, make sure all the working family members are in consensus or at least informed.</p> <p>Encourage employees to request the change for the better. You do not necessarily need to follow all their requests, but at least you know their problems, and that way you can suggest</p>

Mode	Recommendations
	<p>new changes accordingly.</p> <p>Since it is a family business, treat employees respectfully so they are comfortable telling you their problems and be more open to you.</p>

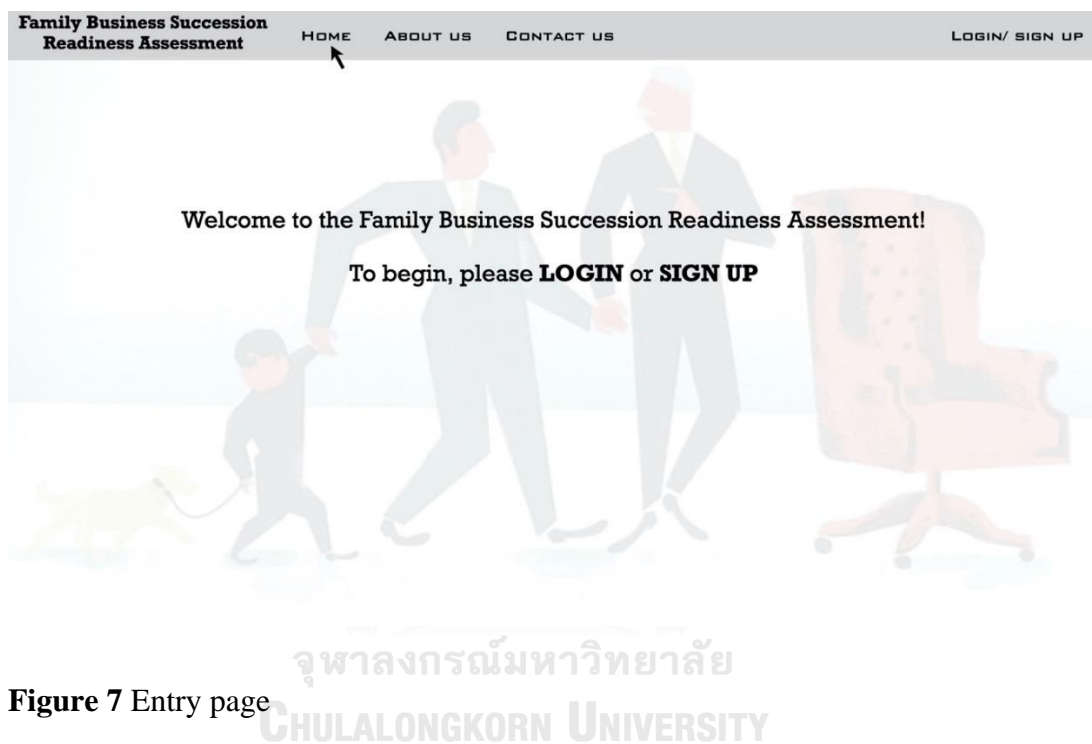


Figure 7 Entry page



Figure 8 About us page

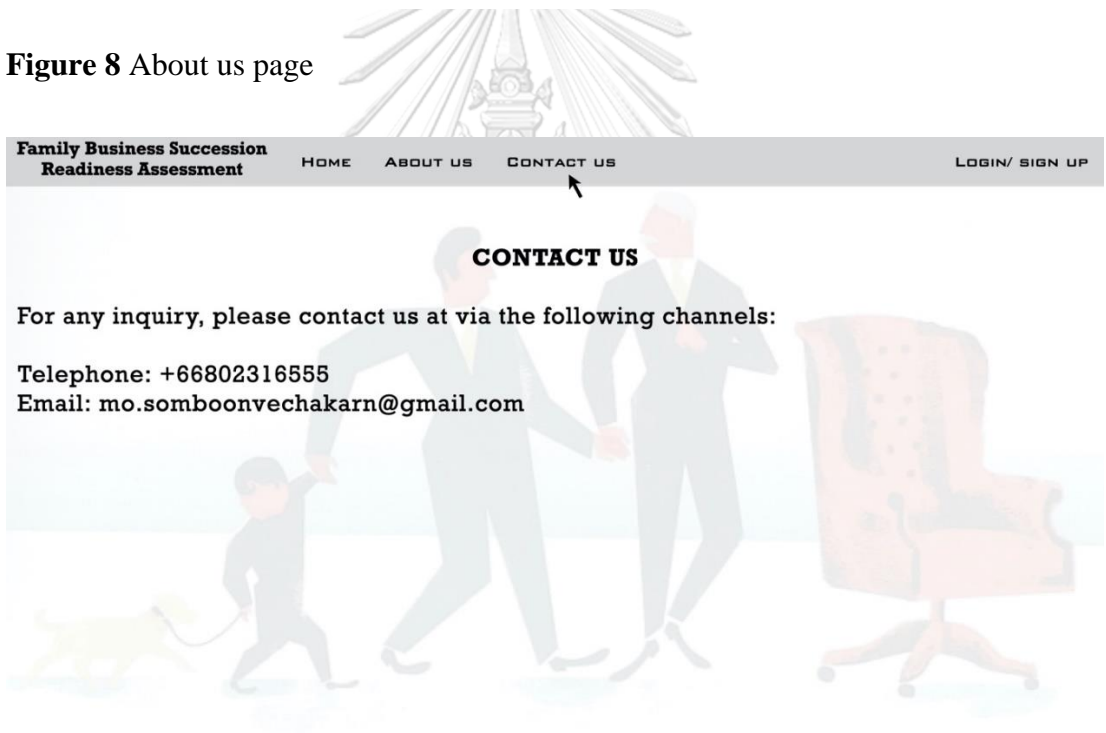


Figure 9 Contact us page

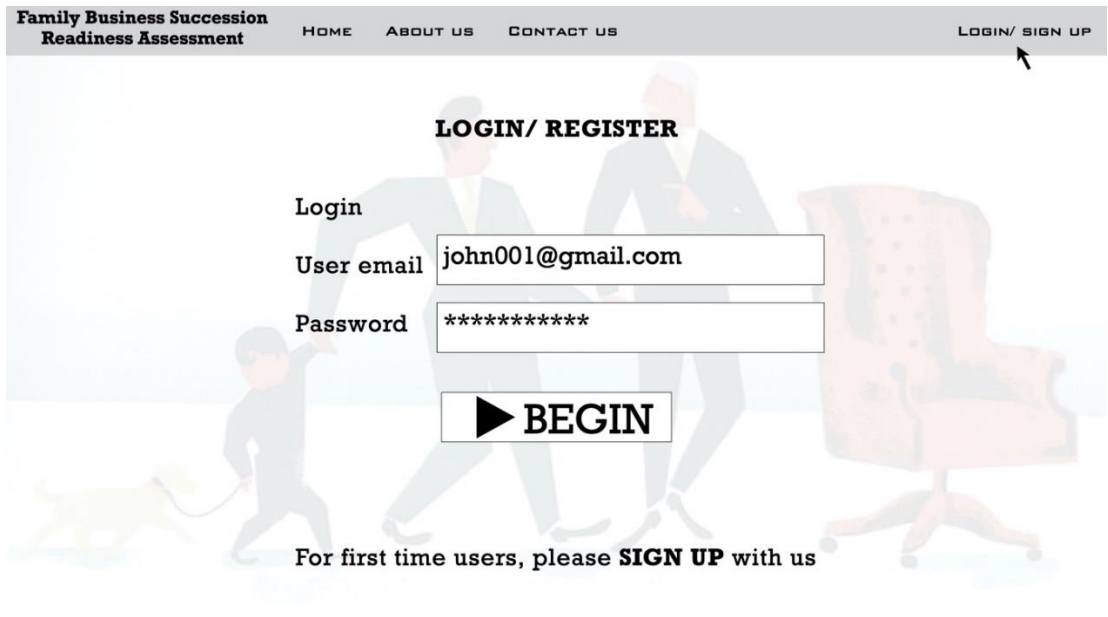


Figure 10 Login page

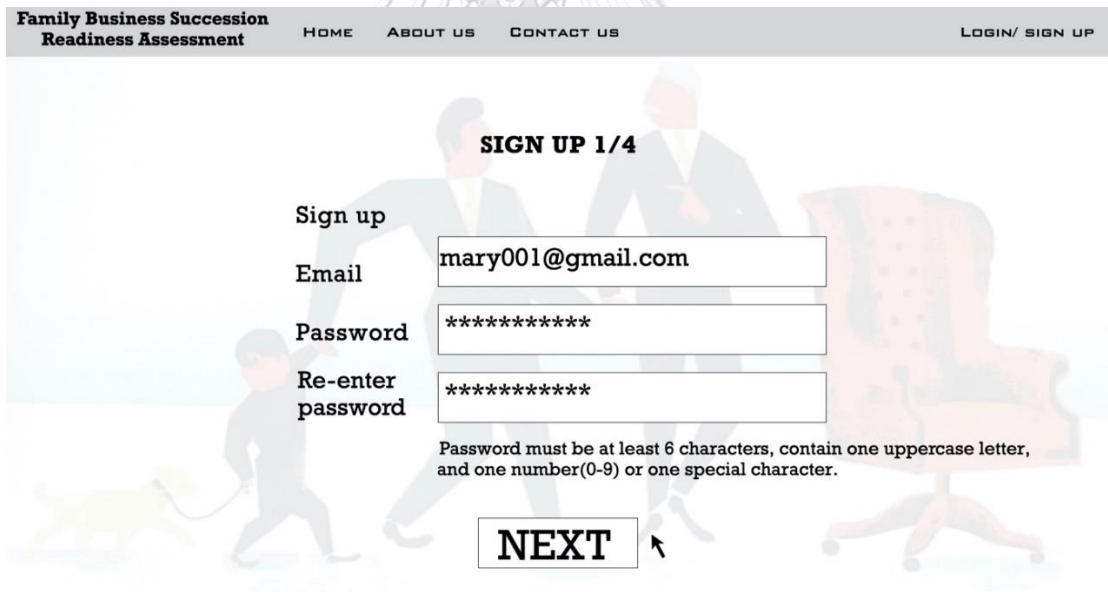


Figure 11 Sign up page



Family Business Succession Readiness Assessment    HOME    ABOUT US    CONTACT US    LOGIN/ SIGN UP

**SIGN UP: ENTER BUSINESS INFORMATION 2/4**

Type of business:  Manufacturing     Retail     Service

Annual income:  less than 10 MB     10-30 MB     30-50 MB     50-100 MB  
 100-200 MB     200-300 MB     300-500 MB     more than 500MB

**NEXT** ↗

Figure 12 Sign up page for participant to enter business information

Family Business Succession Readiness Assessment    HOME    ABOUT US    CONTACT US    LOGIN/ SIGN UP

**SIGN UP: ENTER BUSINESS INFORMATION 3/4**

Number of employees:  10 or less     10-30     31-50     51-100     101-200  
 201-300     more than 300

Years since establishment:  10 or less     11-20     21-30     31-50     over 50

Latest working generation:  2nd     3rd     4th

**NEXT** ↗

Figure 13 Sign up page for participant to enter business information

Family Business Succession Readiness Assessment    HOME    ABOUT US    CONTACT US    LOGIN/ SIGN UP

**SIGN UP: PERSONAL INFORMATION 4/4**

Sex:  Male  Female

Age:  20-29  30-39  40-49  50 and above

Education:  Bachelor's  Master's  Ph.D.  Diploma  N/A

Business generation:  1st  2nd  3rd  4th

Family business position:  Business owner handing over to next generation  
 Business successor  Working family member  
 Non-family employee

**NEXT** ↗

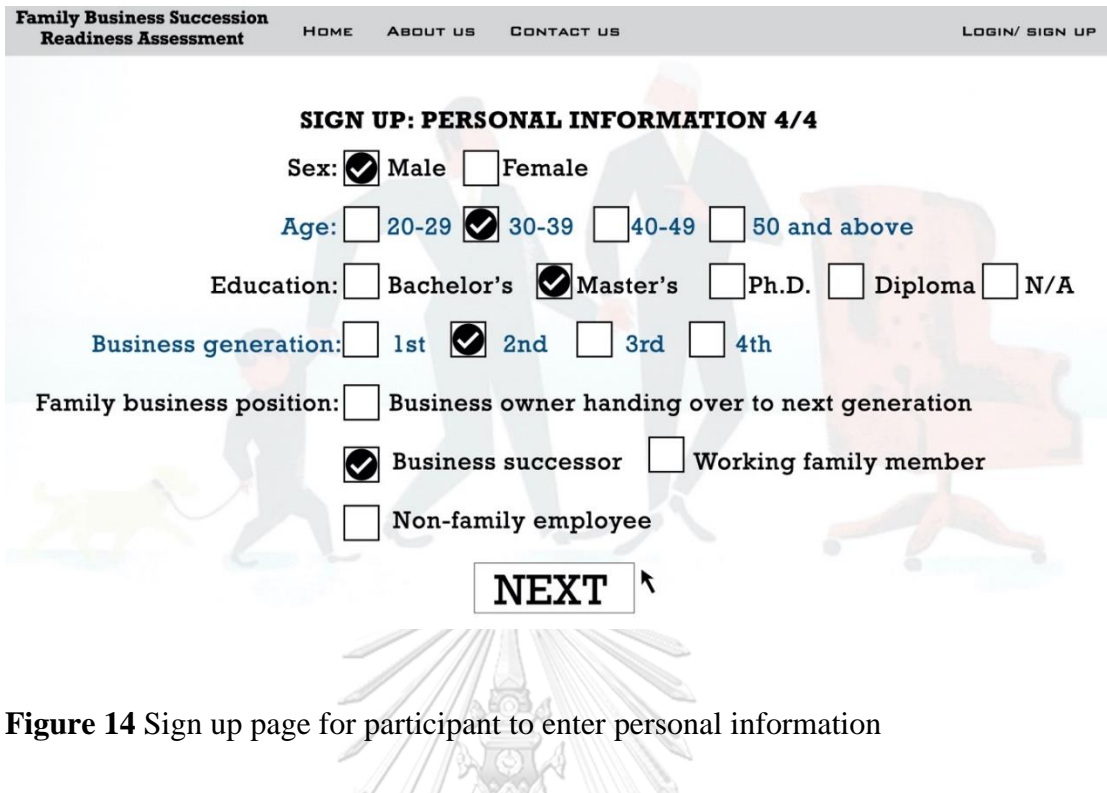


Figure 14 Sign up page for participant to enter personal information

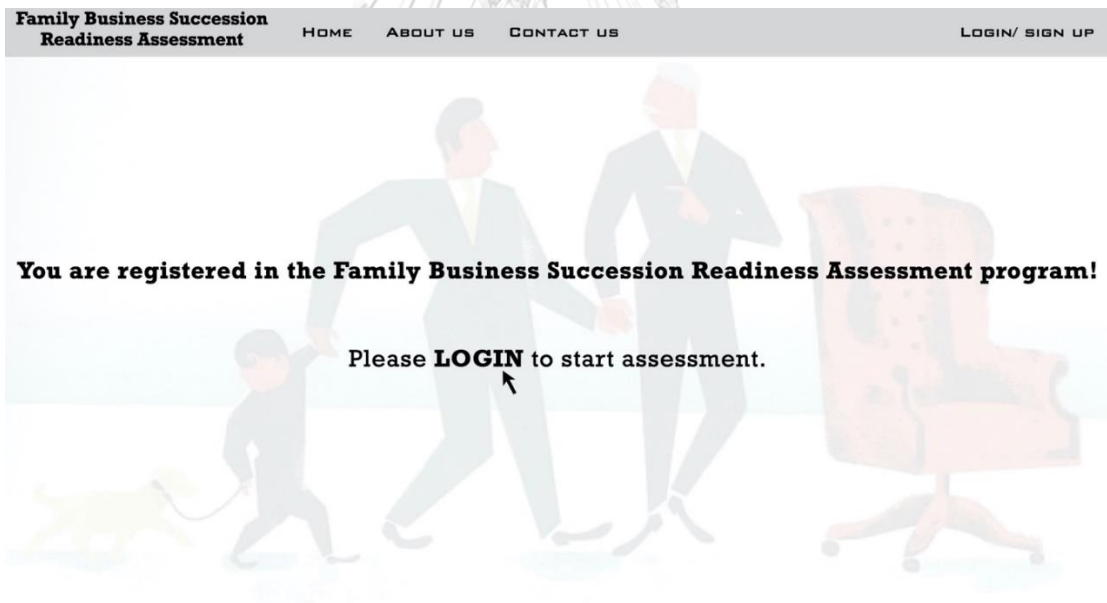


Figure 15 Registration complete page

Family Business Succession Readiness Assessment    HOME    ABOUT US    CONTACT US    LOGIN/ SIGN UP

## LET'S START THE ASSESSMENT

Greetings,

Before you begin the assessment, let us give you a brief introduction. The assessment consists of total 38 questions in five modes. They are:

1. Organizational ability to innovate mode (10 questions)
2. Social capital mode (10 questions)
3. Business sustainability mode (7 questions)
4. Succession planning mode (6 questions)
5. Communication module (5 questions)

The questions in each module are in dichotomous scale, meaning you answer either a **YES** or **NO** response. Please take some time to think about each question and answer them as honestly and truthfully as you can. Your information and results will be confidential and will not be revealed to any other parties.

**BEGIN** ↖

**Figure 16** Introduction to the assessment page for participant in retail or service sector

Family Business Succession Readiness Assessment    HOME    ABOUT US    CONTACT US    LOGIN/ SIGN UP

## LET'S START THE ASSESSMENT

Greetings,

Before you begin the assessment, let us give you a brief introduction. The assessment consists of total 46 questions in five modes. They are:

1. Organizational ability to innovate mode (10 questions)
2. Social capital mode (10 questions)
3. Business sustainability mode (7 questions)
4. Succession planning mode (6 questions)
5. Ability to innovate through tradition mode (8 questions)
6. Communication module (5 questions)

The questions in each module are in dichotomous scale, meaning you answer either a **YES** or **NO** response. Please take some time to think about each question and answer them as honestly and truthfully as you can. Your information and results will be confidential and will not be revealed to any other parties.

**BEGIN** ↖

**Figure 17** Introduction to the assessment page for participant in manufacturing sector

Family Business Succession Readiness Assessment			HOME	ABOUT US	CONTACT US	LOGIN/ SIGN UP
<b>ORGANIZATIONAL ABILITY TO INNOVATE MODE 1/2</b>						
Do you have management personnel with creative thinking skills?	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Do you have at least one product, or process, that you consider an innovation in your current generation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Does your business have budget separated exclusively for innovation activities such as research and development, co-creation, and product development?	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Does your business have personnels, staffs, or human resource policy that encourage innovation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Does your business have environment, or organization climate, suitable for innovation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
<b>NEXT</b> ↗						

**Figure 18** Organizational ability to innovate mode questions 1 out of 2

Family Business Succession Readiness Assessment			HOME	ABOUT US	CONTACT US	LOGIN/ SIGN UP
<b>ORGANIZATIONAL ABILITY TO INNOVATE MODE 2/2</b>						
Does your business have the organizational structure that encourage innovation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Do you reward employees who contribute to innovation output?	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Apart from rewarding employees who contribute to innovation output with financial and/or positional reward, do you reward these employees intrinsically such as providing them a sense of pride, the joy of work, or regular encouragement?	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Are your non-family staff empowered to make decisions or provide solutions to the problems?	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Do you have management personnel with creative thinking skills?	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
<b>NEXT</b> ↗ <b>BACK</b> ↖						

**Figure 19** Organizational ability to innovate mode questions 2 out of 2

Family Business Succession Readiness Assessment			HOME	ABOUT US	CONTACT US	LOGIN/ SIGN UP
<b>SOCIAL CAPITAL MODE 1/2</b>						
Do you consider the relationship between the working family members positive?	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Do you consider the relationship between the working family members and non-family members positive?	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Do the working family members know the details of the day-to-day job of all the non-family members well?	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Are there clear non-financial values that are specific and identify the business, such as honesty, integrity etc?	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Are the values specific to the firm carried out by both the family and non-family members?	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
<input type="button" value="NEXT"/> <input type="button" value="BACK"/>						

Figure 20 Social capital mode questions 1 out of 2

Family Business Succession Readiness Assessment			HOME	ABOUT US	CONTACT US	LOGIN/ SIGN UP
<b>SOCIAL CAPITAL MODE 2/2</b>						
Do the incumbents (the owners who are handing the business over) usually introduce important business partners to the successors?	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Do the non-family employers, such as purchasing managers, introduce important external partners, such as suppliers, to the successors?	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Does your firm collaborate with external institution, such as university, research institute, or marketing agency, for new product or process ideas?	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Do the incumbents share stories about the business's history with the successors?	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Do the incumbents share personal stories about their experience, such as how they come about solving a problem during a crisis, with the successors?	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
<input type="button" value="NEXT"/> <input type="button" value="BACK"/>						

Figure 21 Social capital mode questions 2 out of 2

Family Business Succession Readiness Assessment		HOME	ABOUT US	CONTACT US	LOGIN/ SIGN UP
<b>BUSINESS SUSTAINABILITY MODE</b>					
Has your business survived a crisis, and excelled afterwards?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Has your business been through and adapted to a short term crisis, such as natural disaster and sudden shortage in supply, successfully?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Has your business been through and adapted to a long term crisis, such as economic recession and permanent loss of supplier, successfully?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Do you have short term goals for the business?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Do you have long term goals for the business?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Has there been a major change in the organizational structure in the business?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Has the business been able to successfully replace a key non-family member in managerial or a leader successfully during the succession process?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
<input type="button" value="NEXT"/> <input type="button" value="BACK"/>					

**Figure 22** Business sustainability mode questions

Family Business Succession Readiness Assessment		HOME	ABOUT US	CONTACT US	LOGIN/ SIGN UP
<b>SUCCESSION PLANNING MODE</b>					
Does the business plan for the successors' education?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Does the family business have formal and informal plan to groom successors into business leaders?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Does the business educate its family members about the legal aspect of succession?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Does the business have alternative choices for future leaders?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
During the succession, is the new owner acknowledged throughout the firm by all members and employees?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
During succession, do you think the elder generation has passed down psychological ownership, for example the eagerness and willingness to be the owner of the family business, to the successors?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
<input type="button" value="NEXT"/> <input type="button" value="BACK"/>					

**Figure 23** Succession planning mode questions

Family Business Succession Readiness Assessment		HOME	ABOUT US	CONTACT US	LOGIN/ SIGN UP
<b>ABILITY TO INNOVATE THROUGH TRADITION MODE</b>					
Are you able to explain the core concepts, strengths and weaknesses, of your main products?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Do you know the history of your main products to the small details, for example the changes made to the products since the company is established?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Are you able to explain the scientific concept, and how individual parts function in your main product?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Are you able to modify individual parts of your main products and explain what changes it will make to the them?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Do you and your business follow the technological trends involving your current products or the process of making your products?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Do you keep external social connections close, for example research institutions or suppliers?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Have you been able to identify potential new target consumer groups?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Are you able to give new functions and meaning to the main products?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
<b>NEXT</b>		<b>BACK</b>			

**Figure 24** Ability to innovate through tradition mode questions for participant in manufacturing sector only

Family Business Succession Readiness Assessment		HOME	ABOUT US	CONTACT US	LOGIN/ SIGN UP
<b>COMMUNICATION MODE</b>					
When the incumbent and successor are working together during succession, do they communicate regularly discussing the work routine and day-to-day operations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Are decisions made after consulting with other management personnels (answer yes), or only made by the CEO (answer no)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Are employees of any level able to suggest changes regarding work issues such as minor improvements, mechanical errors, or implementation of new machines?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Are working family members trying to reach out to non-family members of all levels?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Are staff open to the family managers' ideas or recommendations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
<b>RESULTS</b>		<b>BACK</b>			

**Figure 25** Communication mode questions

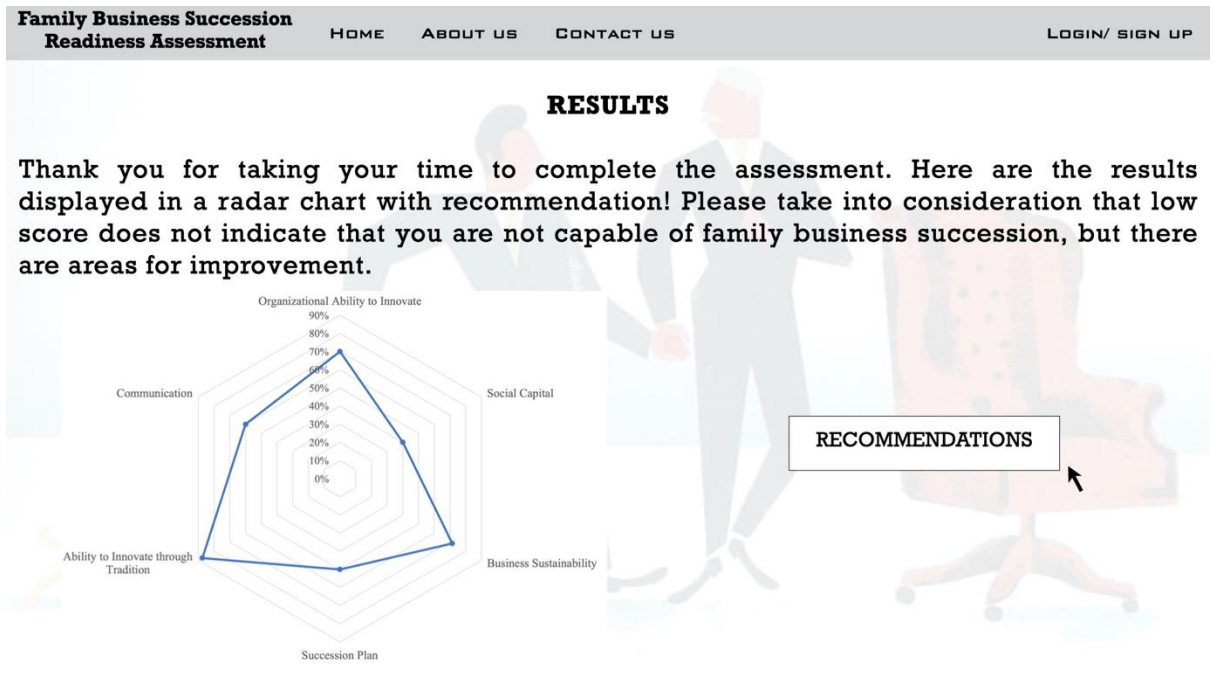


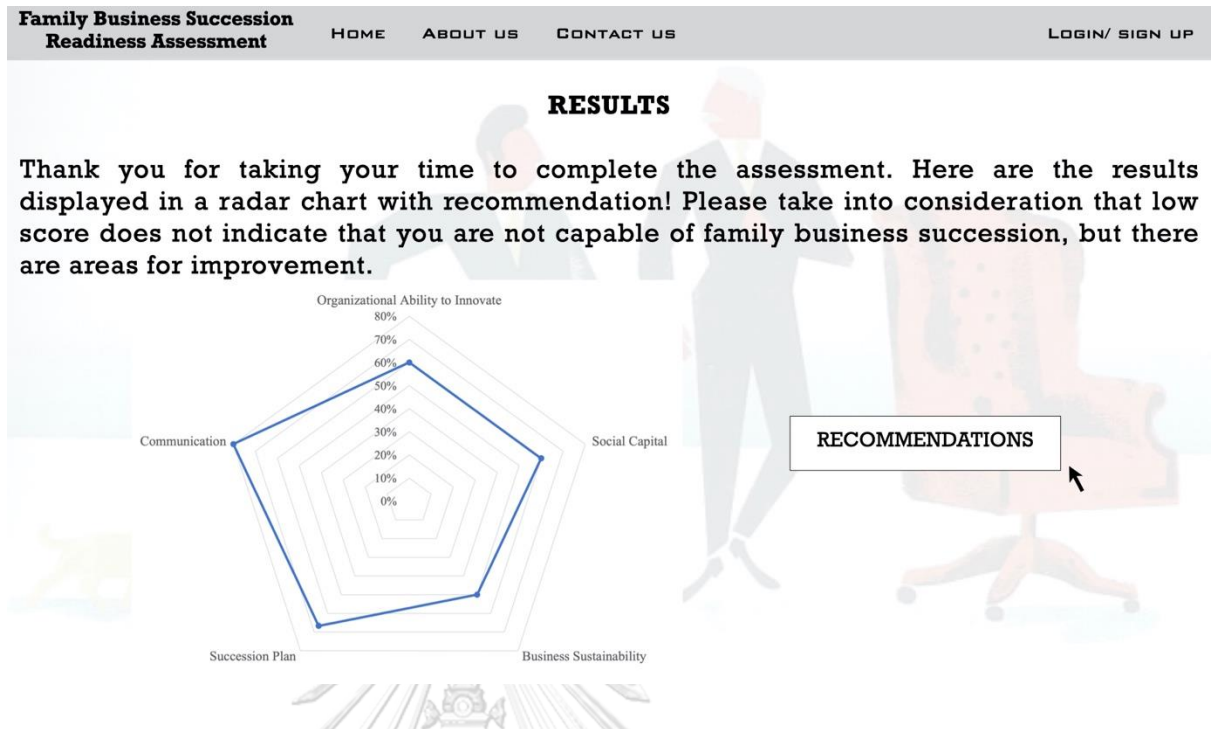
Figure 26 Results displayed in radar chart for participant in manufacturing sector

Family Business Succession Readiness Assessment	
MODE	RECOMMENDATIONS
Organizational Ability to Innovate	Have a setup for proper organization structure with departments involving innovation and/or creativity such as R&D, along with hiring of suitable personnels. Set up budgets for innovation activities such as R&D, product development, process development. Create an innovation friendenvironment physically, such as providing resources like books, docum research ents, access to
Social Capital	Have proper board meetings consisting of both working family members and non-family members. Encourage more family meetings to discuss work-related issues at least once a month. Have a clear core values for both family and the business, such as honesty, integrity, hard work, and punctuality. Implement the core values set up for both family and the business into every department. Reward employees for practicing the core values.
Business Sustainability	Have both short and long term goals, missions, and visions for the business. Have a contingency plan of replacing key management members.
Succession Plan	Have a clear succession plan for the business, with details of both the expectations and job description for the successors and the younger generations. Start early, discuss about the younger generations' education and how they can be helpful to the business. Instil the spirit of psychological ownership. Bring the potential successors to important functions. Recommend them how they should conduct themselves at these events.
Ability to Innovate through Tradition	Study the technology and the trends of the core products extensively.
Communication	Different generations should talk, a lot, regarding the work routine, respectfully. Since it is a family business, treat employees respectfully so they are comfortable telling you their problems and be more open to you.

**NEXT**

Figure 27 Recommendations for participant in manufacturing sector



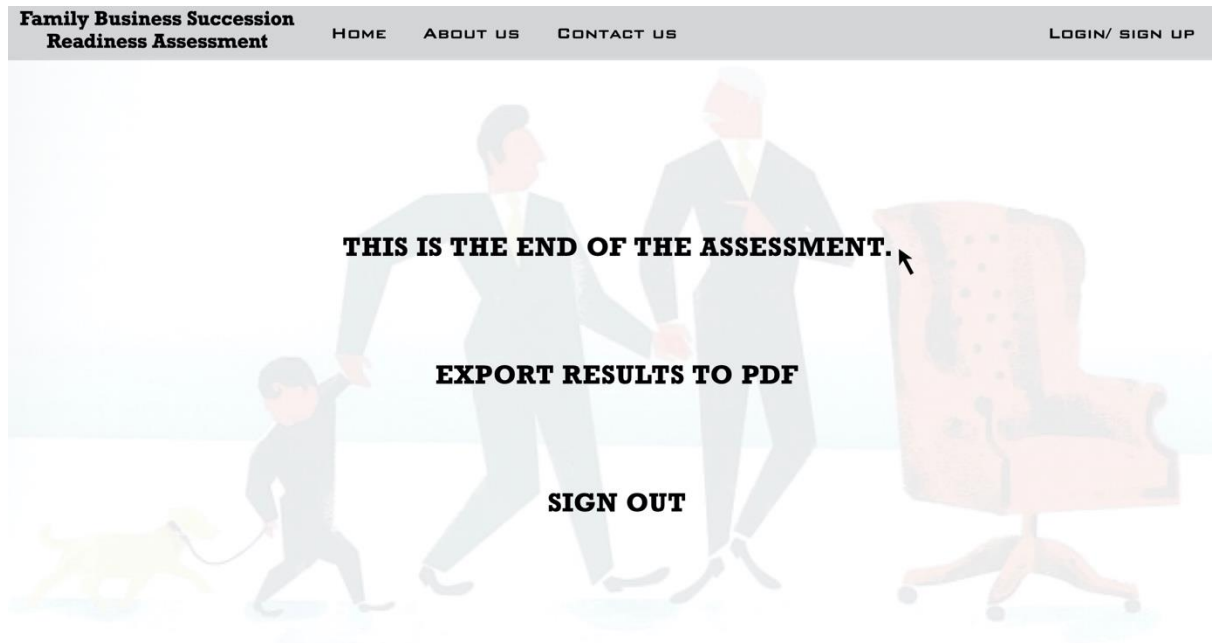


**Figure 28** Results displayed in radar chart for participant in retail or service sector

Family Business Succession Readiness Assessment		HOME    ABOUT US    CONTACT US	LOGIN/ SIGN UP
MODE	RECOMMENDATIONS		
Organizational Ability to Innovate	Set up budgets for innovation activities such as R&D, product development, process development. Create an innovation friendly environment physically, such as providing resources like books, research documents, access to premium applications.		
Social Capital	Have proper board meetings consisting of both working family members and non-family members. <a href="#">Encourage more family meetings to discuss work-related issues at least once a month.</a> Introduce important partners to the successors, such as key suppliers, important customers. <a href="#">Integrate the innovation plans into collaborating with external parties.</a> Older generations are encouraged to share stories with the younger generation about the history, and the work-related hardships, their sacrifice.		
Business Sustainability	Have both short and long term goals, missions, and visions for the business. <a href="#">Have a contingency plan of replacing key management members.</a> Older generations are encouraged to share stories about the time the business went into crisis, and how they survived and excelled through difficult times.		
Succession Plan	Have a clear succession plan for the business, with details of both the expectations and job description for the successors and the younger generations.		
Communication	Different generations should talk, a lot, regarding the work routine, respectfully.		

**NEXT**

**Figure 29** Recommendations for participant in retail or service sector



**Figure 30** Sign out page

### 5.1.2 Commercialization

The application is designed to be free for all family businesses. Small and medium sized family businesses are free to use the application to assess themselves to have a clear picture on how ready they are for the next generation to succeed. The goal of the application is not to generate profits from the product itself, however the goal is for the family businesses to be able to flourish in the next generations. Research consistently shows that less than 10 percent of family businesses survive until the third generation (Singapore Management University, 2015). Therefore, this application will help the family members in the management to identify the businesses' weakness in terms of the organizational innovation, social capital, business sustainability, succession planning, innovation through tradition, and communication. Once the business can identify the missing factor that hinders its succession process with innovation and business sustainability, it will be able to achieve innovation and sustainability which will help the business to commercialize its products and/or services in the future regardless of which generation is in charge.

## **5.2 Business Plan**

The application is designed to be used by small and medium sized family businesses for free. It is the first step for the family SMEs to self-assess their readiness. Since the findings of the research are knowledge-based, the sole objective of the application is for the family SMEs to commercialize from the findings, specifically from the model of communication during succession process. Apart from the free-of-use self-assessment application, the author can also progressively offer different products to the web-users in the form of consulting service to the family SMEs.

### **5.2.1 Business Description**

Consulting service can generate income for the business. Since the free application does not go in-depth for specific business, a more complexed family business may find the need to use the consulting service to better identify the problems regarding communication within the business. The consultation allows the researcher to get the specific details of the business, such as the existing problems within the family, problems between the family management and the staff, and to assess the potential successors. The consulting service will act as a bridge between the incumbent and the successor(s) and obtain confidential communication barriers between all parties.

### **5.2.2 Business Strategy**

Businesses that finish the self-assessment readiness questionnaire may need to learn more about how they should further build on their business in detail. They might have questions and want to further explore the possibilities of their family businesses. It would be opportunistic for the researcher to offer the consulting service to the businesses that are interested after completing the questionnaire.

The target market segment for the consulting service is very clear: family businesses, with intention to succeed in the next generations with innovation, who do not have a clear idea on how the process should be done throughout the organization. The best promotion comes from satisfied customers. The consulting service will encourage its clients to refer other businesses by providing economic or financial incentives.

### **5.2.3 Business Operation**

After agreeing to the consulting service, clients will make appointments for advisory sessions, interview sessions to gather information for proposals, and further meetings throughout client engagements. These will often occur at the client's operation location in order for the researcher to gather as much in-depth data, and maybe addition observations. In-process meetings may occur on-site at the client's business in order to increase the strength of the client relationship. If necessary, appointments can be conducted over the telephone. After enough information is gathered, a report will be generated for the clients, which every point will be discussed thoroughly with the researcher. Specific recommendations will be made.

### **5.2.4 Financial Feasibility**

Table 7 shows the financial feasibility of the consulting business project. In a three years period, there is a positive cash flow at the end of every year. At the discount rate of 10%, the Net Present Value (NPV) of this project is 1,057,518.78 THB. The Internal Rate of Return (IRR), a good determinant of profitability of the potential investment is 1066%. The consulting business is considered good for investment.

**Table 7** Financial Feasibility

<b>Income Statement</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Total</b>
<b>Revenue</b>				
Talks	50,000.00	35,000.00	35,000.00	120,000.00
Referrals to partners	20,000.00	50,000.00	60,000.00	130,000.00
Self-assessment application fees	15,000.00	25,000.00	30,000.00	70,000.00
Consulting service	850,000.00	1,000,000.00	1,250,000.00	3,100,000.00
<b>Gross revenue</b>	<b>935,000.00</b>	<b>1,110,000.00</b>	<b>1,375,000.00</b>	<b>3,420,000.00</b>
<b>Expenses</b>				
Initial investment	30,000.00	-	-	30,000.00
Organizing talks	15,000.00	12,000.00	12,000.00	39,000.00
Traveling fees	25,000.00	30,000.00	35,000.00	90,000.00
Commissions to partners	30,000.00	40,000.00	50,000.00	120,000.00
Administration fees	50,000.00	25,000.00	25,000.00	100,000.00
Website maintenance	20,000.00	20,000.00	20,000.00	60,000.00
Salary of staff	400,000.00	500,000.00	550,000.00	1,450,000.00
<b>Gross expense</b>	<b>570,000.00</b>	<b>627,000.00</b>	<b>692,000.00</b>	<b>1,889,000.00</b>
Profit/ Loss	365,000.00	483,000.00	683,000.00	1,531,000.00
Taxes	54,750.00	72,450.00	102,450.00	229,650.00
<b>Net Profit</b>	<b>310,250.00</b>	<b>410,550.00</b>	<b>580,550.00</b>	<b>1,301,350.00</b>

## CHAPTER 6

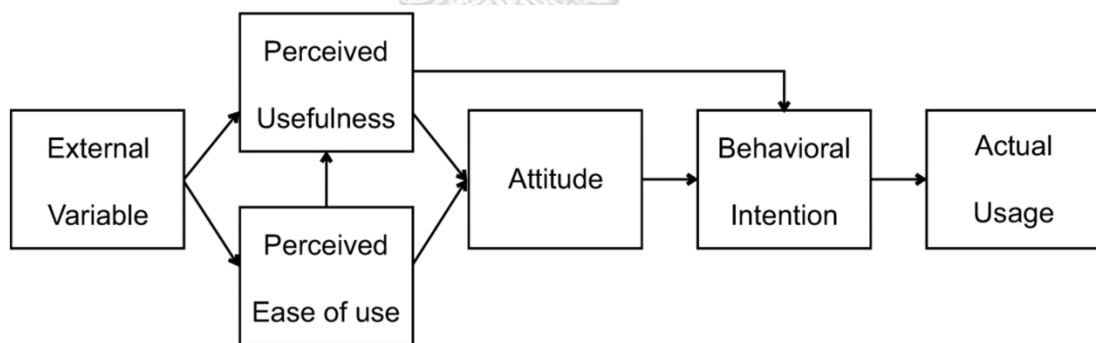
### TAM Analysis

In this chapter, the results from the questionnaire based on the Technology Acceptance Model (TAM) are demonstrated. Two determinants are important for people to accept or reject the technology: perceived usefulness and perceived ease of use.

The website application “Family Business Succession Readiness Assessment” is designed such that the family business members of the small and medium sized businesses can self-evaluate to assess their readiness for the succession, in which the transfer of leadership and ownership occurs from the older generation to the younger generation. The application consists of six modes: organization ability to innovate, social capital, business sustainability, succession plan, ability to innovate through tradition (only for businesses in manufacturing sector and not in retail and/or service sector), and communication, totaling 38 or 43 questions depending on the business sector. The web application concept demonstrated in section 5 can be further developed into official websites by either free online web platforms such as [www.wix.com](http://www.wix.com) or programs such as the Microsoft Azure Cloud platform and Microsoft Visual Studio or many other software and programs available. F. D. Davis (1989) reiterates that perceived usefulness and perceived ease of use are two determinants important to people accepting or rejecting technology. Perceived usefulness is the “degree to which a person believes that using a particular system would enhance his job performance”, and perceived ease of use is “the degree to which a person believes that using a particular system would be free of effort” (F. D. Davis, 1989). Barriers between the technology and the user occur when the technology is complicated, too advanced, and sophisticated (F. D. Davis, 1989).

Technology acceptance or adoption has been widely considered, and many theoretical models have been proposed to elaborate the users’ behavior towards

acceptance. One of the most widely applied and tested models is the technology acceptance model (TAM) proposed by F. D. Davis (1989). F. D. Davis, Bagozzi, and Warshaw (1989) first developed the TAM as shown in Figure 30, explaining that actual technology use is directly determined by one's intentions to use the technology and as the individual's intentions to use the technology increase, they are more likely to use the technology. These intentions are determined directly by perceived usefulness, and indirectly by the perceived ease of use (F. D. Davis et al., 1989). Through numerous experiments to validate TAM by using perceived ease of use and perceived usefulness as two independent variables, Davis (1989) finds that perceived usefulness and perceived ease of use is significantly correlated with both current and self-predicted future usage, with perceived usefulness having a greater correlation with usage than perceived ease of use. With further regression analysis, F. D. Davis (1989) finds that perceived ease of use might be an antecedent of perceived usefulness rather than a direct determinant of usage. Figure 31 shows the validated TAM, with perceived ease of use affecting the technology acceptance indirectly through perceived usefulness.



**Figure 31** The early Technology Acceptance Model (F. D. Davis et al., 1989)



**Figure 32** A validated Technology Acceptance Model  
Source: F. D. Davis (1989)

As the application “Family Business Succession Readiness Assessment” is programmed to provide both numerical results in percentage, and recommendations for the businesses, questionnaire developed from the validated TAM model as shown in Figure 30 is applied to examine the acceptance among the potential users. Two modes of questions: perceived ease of use, and perceived usefulness, are designed for participants to answer in the numerical scale of 1 to 7. The scale representation is as followed: 1 represents extremely unlikely, 2 represents quite unlikely, 3 represents slightly unlikely, 4 represents neither unlikely nor likely, 5 represents slightly likely, 6 represents quite likely, and 7 represents extremely likely.

The following statements that the participants are required to complete in the questionnaires for the perceived ease of use are:

- 1) My interaction with the application “Family Business Succession Readiness Assessment” would be clear and understandable.
- 2) Using the application “Family Business Succession Readiness Assessment” will be easy for me to interact with.
- 3) Using the application “Family Business Succession Readiness Assessment” allows me to understand the concept of family business succession.
- 4) Using the application “Family Business Succession Readiness Assessment” would be easy for me.

The statements that the participants are required to complete in the questionnaires for the perceived usefulness are:

- 1) Using the application “Family Business Succession Readiness Assessment” would enable my firm to accomplish the business succession process more quickly.

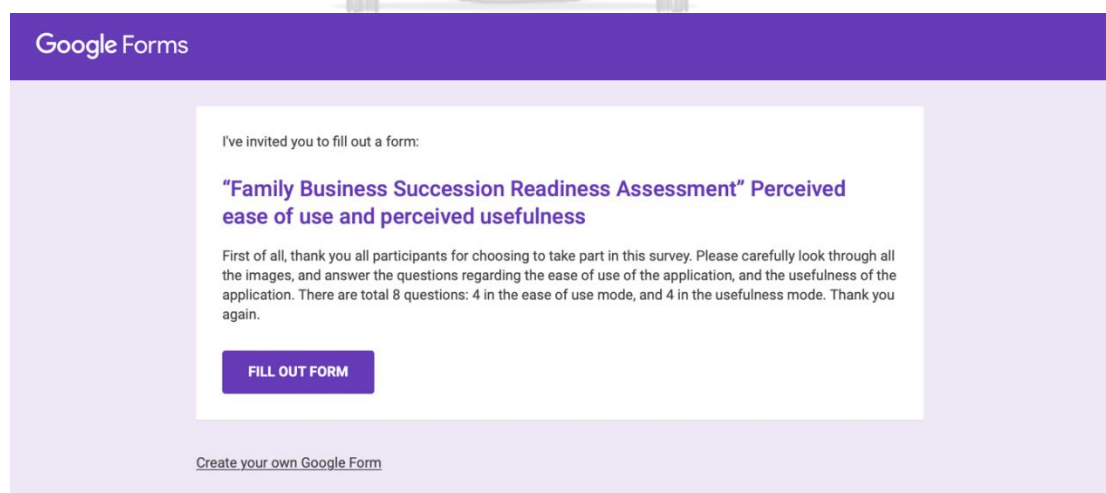


2) Using the application “Family Business Succession Readiness Assessment” would improve my business performance in the future.

3) Using the application “Family Business Succession Readiness Assessment” would improve the effectiveness of the business succession process.

4) Using the application “Family Business Succession Readiness Assessment” would be useful for my business.

For TAM data collection, step-by-step guidance of the application are shown to the participants via images (Figure 6 to Figure 29). The questionnaires are generated via Google Forms. Questionnaire are distributed through emails, and LINE application. To have a meaningful data, the questionnaires are distributed to only either family business incumbents or potential family business successors. All respondents are voluntary to reply. In total there are 33 total samples collected, in which 30 questionnaires are valid for statistical analysis. Figure 31 to Figure 38 demonstrate the steps the participants must experience in the questionnaire via Google Forms.



**Figure 33** Introduction page

**"Family Business Succession Readiness Assessment" Perceived ease of use and perceived usefulness**

First of all, thank you all participants for choosing to take part in this survey. Please carefully look through all the images, and answer the questions regarding the ease of use of the application, and the usefulness of the application. There are total 8 questions: 4 in the ease of use mode, and 4 in the usefulness mode. Thank you again.

mo.somboonvechakarn@gmail.com (not shared)  
[Switch account](#)

Please provide your email

Your answer

Your sex

Male  
 Female  
 others

Your age

Below 20  
 20-29  
 30-39  
 40-49  
 50-59  
 60 and above

**Figure 34** Basic information page

Business type

Manufacturing  
 Retail  
 Service

Position in the business

Business owner with offsprings in the process of taking over/ already taken over  
 Business successors  
 Non-family employee

Years since business establishment

0-9  
 10-19  
 20-29  
 30-39  
 40-49  
 50 or more

[Next](#) [Clear form](#)

**Figure 35** Basic information page (continued)

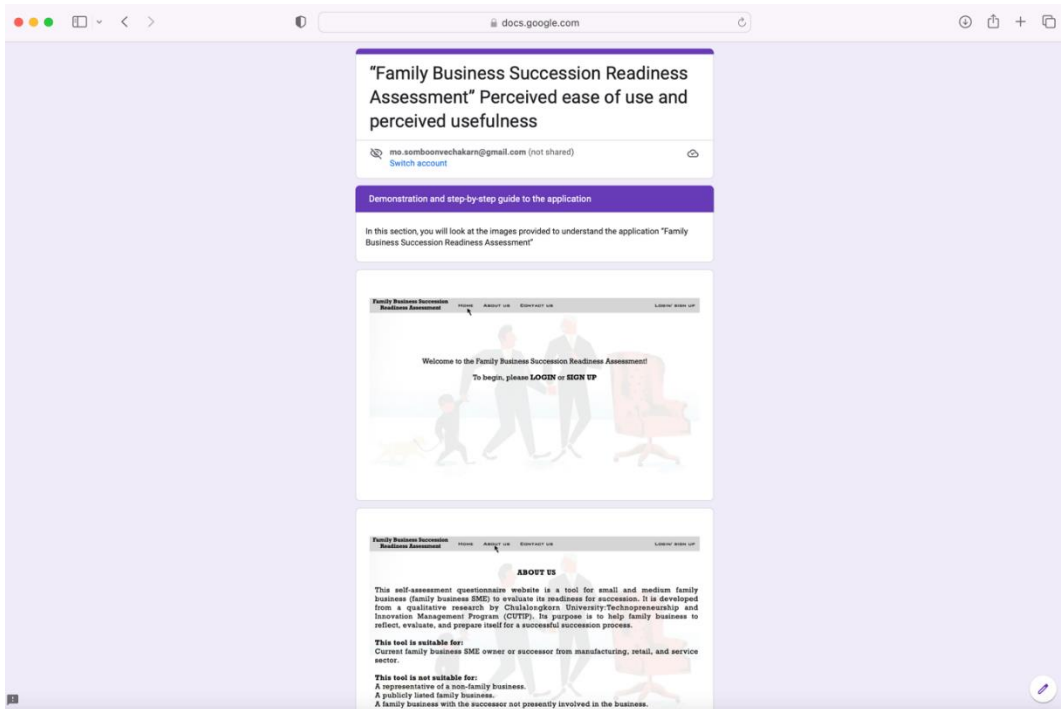


Figure 36 Step-by-step images for the participants to understand page

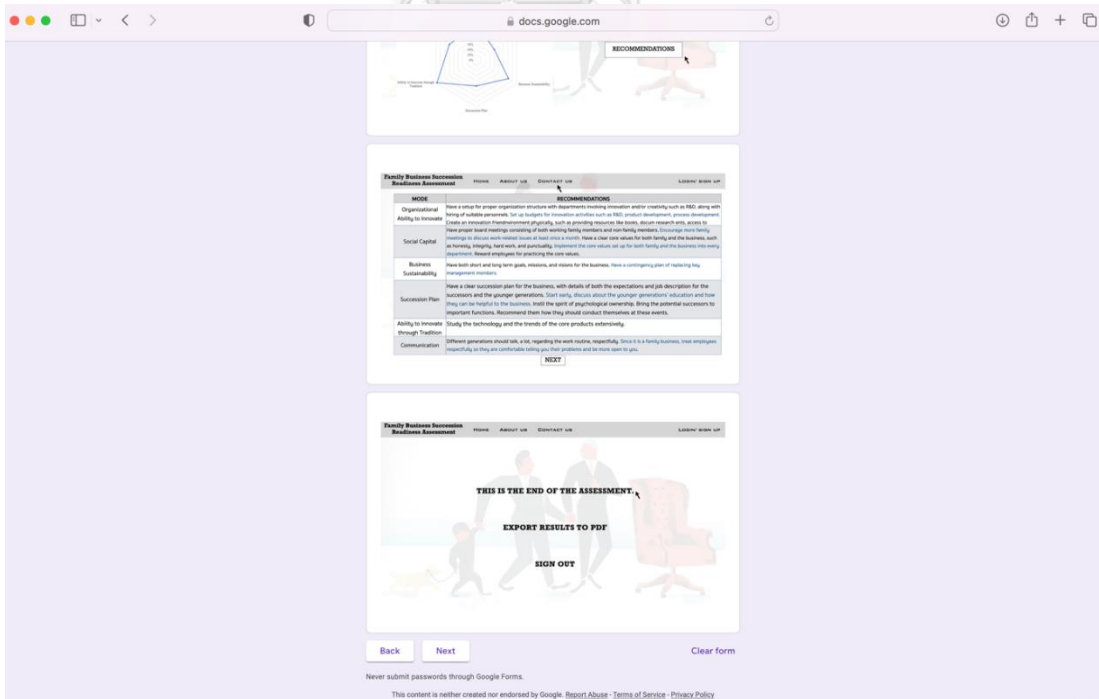


Figure 37 Step-by-step images for the participants to understand page (Continued)

**"Family Business Succession Readiness Assessment" Perceived ease of use and perceived usefulness**

mo.somboonvechakarn@gmail.com (not shared)  
Switch account

**Questions on ease of use, and usefulness of the application**

In this section, please answer the questions on the ease of use of the application, and the usefulness of the application

My interaction with the application "Family Business Succession Readiness Assessment" would be clear and understandable

1 2 3 4 5 6 7  
Extremely unlikely        Extremely likely

Using the application "Family Business Succession Readiness Assessment" will be easy for me to interact with

1 2 3 4 5 6 7  
Extremely unlikely        Extremely unlikely

Using the application "Family Business Succession Readiness Assessment" allows me to understand the concept of family business succession

1 2 3 4 5 6 7  
Extremely unlikely        Extremely likely

**Figure 38** Questionnaire for perceived ease of use and perceive usefulness page

Using the application "Family Business Succession Readiness Assessment" would be easy for me

1 2 3 4 5 6 7  
Extremely unlikely        Extremely likely

Using the application "Family Business Succession Readiness Assessment" would enable my firm to accomplish the business succession process more quickly

1 2 3 4 5 6 7  
Extremely unlikely        Extremely likely

Using the application "Family Business Succession Readiness Assessment" would improve my business performance in the future

1 2 3 4 5 6 7  
Extremely unlikely        Extremely likely

Using the application "Family Business Succession Readiness Assessment" would improve the effectiveness of the business succession process

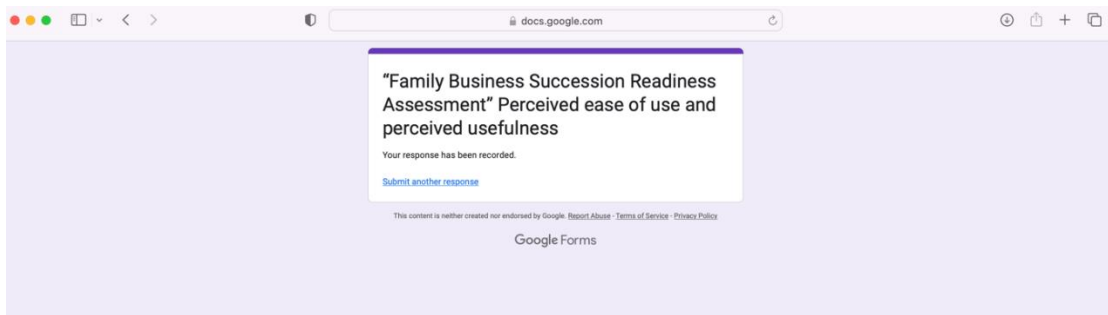
1 2 3 4 5 6 7  
Extremely unlikely        Extremely likely

Using the application "Family Business Succession Readiness Assessment" would be useful for my business

1 2 3 4 5 6 7  
Extremely unlikely        Extremely likely

Back Submit Clear form

**Figure 39** Questionnaire for perceived ease of use and perceive usefulness page (Continued)



**Figure 40** Questionnaire completion page

## 6.1 Demographics of the participants

From the 30 valid questionnaires obtained, the demographics of the participants are shown in Table 7. All the participants are over 20 years of age, are either the incumbent or successor in the family business with at least 20 years since establishment of the business.

**Table 8** Demographics of the 30 participants of the TAM questionnaire

<b>Sex of participants</b>	<b>Frequency</b>	<b>Percentage</b>
Male	15	50.0%
Female	15	50.0%
<b>Age of participants</b>	<b>Frequency</b>	<b>Percentage</b>
20-29	1	3.3%
30-39	11	36.7%
40-49	5	16.7%
50-59	6	20.0%
60 and above	7	23.3%
<b>Sector of business</b>	<b>Frequency</b>	<b>Percentage</b>
Manufacturing	16	53.3%
Retail	7	23.3%
Service	7	23.3%

<b>Position in the business</b>	<b>Frequency</b>	<b>Percentage</b>
Incumbent	11	36.7%
Successor	19	63.3%
<b>Years since business establishment</b>	<b>Frequency</b>	<b>Percentage</b>
20-29	12	40.0%
30-39	5	16.7%
40-49	4	13.3%
More than 50	9	30.0%

## 6.2 Technology acceptance

**Table 9** Perceived ease of use

<b>Statements</b>	<b>Mean</b>	<b>Standard deviation</b>	<b>Meaning</b>
My interaction with the application “Family Business Succession Readiness Assessment” would be clear and understandable	6.50	0.57	Quite likely
Using the application “Family Business Succession Readiness Assessment” will be easy for me to interact with	6.57	0.50	Quite likely
Using the application “Family Business Succession Readiness Assessment” allows me to understand the concept of family business succession	6.40	0.62	Quite likely
Using the application “Family Business Succession Readiness Assessment” would be easy for me	6.47	0.51	Quite likely
<b>perceived ease of use</b>	<b>6.48</b>	<b>0.55</b>	<b>Quite likely</b>

The overall perceived ease of use score is all the average scores of the four statements: clear and understandable interaction, ease of interaction, understanding of the concept, and ease of use (Table 8). The overall perceived ease of use score of 6.48 out of 7 with standard deviation of 0.55 falls into the “quite likely” category. The scores imply that the participants and future users of the application will find it easy to operate, interact with, and understand the concept.

**Table 10** Perceived usefulness

Statements	Mean	Standard deviation	Meaning
Using the application “Family Business Succession Readiness Assessment” would enable my firm to accomplish the business succession process more quickly	6.40	0.62	Quite likely
Using the application “Family Business Succession Readiness Assessment” would improve my business performance in the future	6.30	0.60	Quite likely
Using the application “Family Business Succession Readiness Assessment” would improve the effectiveness of the business succession process	6.17	0.65	Quite likely
Using the application “Family Business Succession Readiness Assessment” would be useful for my business	6.47	0.51	Quite likely
<b>Overall usefulness</b>	<b>6.33</b>	<b>0.60</b>	<b>Quite likely</b>

The overall perceived usefulness is all the average scores of the four statements: quicker task completion, increased business performance, increased effectiveness, and usefulness to the business (Table 9). The overall perceived ease of use score of 6.33 out of 7 with standard deviation of 0.60 falls into the “quite likely”

category. The scores imply that the participants and future users of the application will find it useful for the business in the process of business succession.

Both perceived ease of use and perceived usefulness scores indicate that the technology will be accepted by the target users.





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## Appendix A: Consent forms signed by 14 business directors to take part in the research

### Consent to take part in research

- My organization voluntarily agrees to participate in this research study. Conducted by Mr. Chanun Somboonvechakarn, student ID: 6087764920, from Technopreneurship and Innovation Management Program, Graduate School, Chulalongkorn University.
- I understand that the researcher is conducting data triangulation, in which three members from my organization will be interviewed independently.
- I understand that even if I agree to participate now, I can withdraw at any time or refuse to answer any question without any consequences of any kind.
- I understand that I can withdraw permission to use data from my interview within two weeks after the interview, in which case the material will be deleted.
- I have had the purpose and nature of the study explained to me and I have had the opportunity to ask questions about the study.
- I understand that participation involves giving information about my family business, the nature of my business, and some personal information in which I agree and give consent to be published publicly, but anonymously.
- I understand that I will not benefit directly from participating in this research.
- I agree to my interview being audio-recorded.
- I understand that all information I provide for this study will be treated confidentially.
- I understand that in any report on the results of this research my identity will remain anonymous. This will be done by changing my name and disguising any details of my interview which may reveal my identity or the identity of people I speak about.
- I understand that disguised extracts from my interview may be quoted in: dissertation, conference presentation, and published papers.
- I understand that I am free to contact any of the people involved in the research to seek further clarification and information.

Researcher Signature



(Chanun Somboonvechakarn)

Organization Stamp



Participant Signature



(Tevin Baechtold, Director, Baechtold Co., Ltd)

### Consent to take part in research

- My organization voluntarily agrees to participate in this research study. Conducted by Mr. Chanun Somboonvechakarn, student ID: 6087764920, from Technopreneurship and Innovation Management Program, Graduate School, Chulalongkorn University.
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- I understand that disguised extracts from my interview may be quoted in: dissertation, conference presentation, and published papers.
- I understand that I am free to contact any of the people involved in the research to seek further clarification and information.

Researcher Signature



(Chanun Somboonvechakarn)

Organization Stamp



(Panicha M., Managing Director, Fastechno Co., Ltd)

Participant Signature



### Consent to take part in research

- My organization voluntarily agrees to participate in this research study. Conducted by Mr. Chanun Somboonvechakarn, student ID: 6087764920, from Technopreneurship and Innovation Management Program, Graduate School, Chulalongkorn University.
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- I understand that I will not benefit directly from participating in this research.
- I agree to my interview being audio-recorded.
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- I understand that disguised extracts from my interview may be quoted in: dissertation, conference presentation, and published papers.
- I understand that I am free to contact any of the people involved in the research to seek further clarification and information.

Researcher Signature

  
(Chanun Somboonvechakarn)

Organization Stamp

  
(Attapol A., Managing Director, Golden Cosmetic Co., Ltd)

Participant Signature



### Consent to take part in research

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Researcher Signature



(Chanun Somboonvechakarn)

Organization Stamp

Participant Signature



(Teeraya K., Managing Director, Specialty Innovation Co., Ltd)



SPECIALTY INNOVATION CO., LTD.



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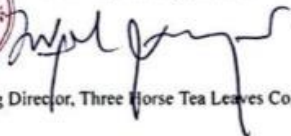


(Chanun Somboonvechakarn)



(Issaret U., Managing Director, Three Horse Tea Leaves Co., Ltd)

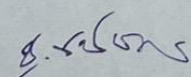
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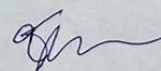
(Chanun Somboonvechakarn)

Organization Stamp

THE VERY BEST TASTE CO.,LTD.

(Chumpon S., Director, The Very Best Taste Co., Ltd)

Participant Signature



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Researcher Signature



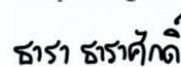
(Chanun Somboonvechakarn)

Organization Stamp



(Thara Tharasak, President, Community Enterprise: Stone Products)  
 วิศวกรชุมชนกลุ่มผลิตภัณฑ์จากหิน

Participant Signature



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(Chanun Somboonvechakarn)

Organization Stamp



(Boonnita Wiwattanankul, Director, Somboonphol Craft Co., Ltd)

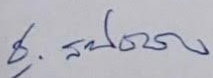
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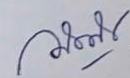
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(Chanun Somboonvechakarn)



Participant Signature



(Warapanit K., Managing Director, Sirivej Pharma Co., Ltd)

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Organization Stamp

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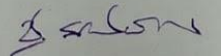


(Participant), Managing Director, Roj Advertising Co., Ltd)

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Organization Stamp



LAIVIJIT CO., LTD.  
บริษัท ลายวิจิตร จำกัด

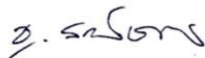
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(Peerasin T., Managing Director, Laivijit Co., Ltd)

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(Chanun Somboonvechakarn)

Organization Stamp



(Nuttapol K., Managing Director, Kasemyon Tire and Service Co., Ltd)

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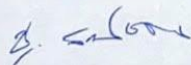




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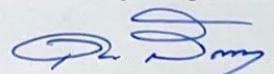


(Chanun Somboonvechakarn)



Organization Stamp

Participant Signature



Weetha Simavara, Plant Manager, Hatakabb Co., Ltd)  
5/5/2018

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Researcher Signature



(Chanun Somboonvechakarn)

Organization Stamp



Participant Signature



Pahanon Somboonvechakarn, Managing Director, Golden Cream Co., Ltd)

## VITA

**NAME** Chanun Somboonvechakarn

**DATE OF BIRTH** 9 January 1984

**PLACE OF BIRTH** Bangkok, Thailand

**INSTITUTIONS ATTENDED** The Ohio State University,  
Chulalongkorn University

**HOME ADDRESS** 19 Petchkasem Road Soi 76/1, Bangkae Nua  
Bangkae, Bangkok 10160 Thailand

**PUBLICATION**

- 1) Communicating innovation and sustainability in family businesses through successions. 2022. Heliyon. 10.1016/j.heliyon.2022.e11760
- 2) Framework for communication model encouraging innovation in Thai small and medium family businesses. 2020. International Journal of Interdisciplinary Organizational Studies. 10.18848/2324-7649/CGP/V15I02/19-38.
- 3) Effect of particle density and composition on mixtures during nonelectrostatic and electrostatic powder coating. 2012. Journal of Food Process Engineering. 10.1111/j.1745-4530.2010.00585.x
- 4) Effects of particle size on mixtures during nonelectrostatic and electrostatic powder coating. 2011. Journal of Food Process Engineering. 10.1111/j.1745-4530.2009.00538.x

**AWARD RECEIVED** Young Professional Achievement Award (College of Food, Agricultural, and Environmental Sciences). The Ohio State University. 2017.