

SUCCESSION PLANNING IN FAMILY FIRMS IN THAILAND: A GENDER-BASED ANALYSIS

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Abstract: *This research examined succession planning in family firms in Thailand, with an objective of determining whether predecessor (firm leader) gender made a difference in the comprehensiveness or perceived success of the succession process. A questionnaire was distributed to Bangkok-area business owners of family firms that had gone through a leadership transition (n = 254), including 168 male-led firms and 86 female-led firms. Analysis was conducted using structural equation modeling (SEM). Results showed that the firm owner's age, firm size and organizational formality influenced the comprehensiveness of the succession planning process, but reliance on either family funding or external capital access did not. The comprehensiveness of the succession planning process had a significant effect on perceived success of the succession planning process. These results are exploratory due to the relatively small and non-representative sample, but they do indicate that more consideration is needed to relate gender of the firm's owner and the succession planning process.*

Keywords: *family firms, leadership succession, gender, female business owners, Thailand*

Introduction

Like many countries around the world, family firms are one of the main organizational structures for businesses of all sizes. A study of family firms in Thailand following the 1997 Asian currency crisis showed that about 58% of the 1,000 largest firms in Thailand at the time had a significant controlling interest by the firm's founding family (Suehiro & Wailerdasak, 2004). A more recent study indicated that family firms were responsible for about 70% of Thailand's GDP, while 50.4% of firms listed on the Stock Exchange of Thailand (SET) were family controlled (Apisakkul, 2015).

Furthermore, Apisakkul's (2015) estimate of growth rate in family firms compared to non-family firms showed that family firms had an average higher growth rate than non-family firms from 2009 to 2014. Thus,

family firms are highly important in managing economic growth in Thailand.

Although they are very important, family firms do have a number of operational and management challenges that threaten their long-term growth. This research focuses on the problem of succession planning, or selection and preparation of potential future leaders in order to make sure the company has leadership continuity over time (Rothwell, 2015). Successful succession planning can make the difference between success and failure in a family firm, particularly in a transitional period when the firm may lose focus or become a point of contention between warring family members (Ismali & Mahfodz, 2009). Effective succession planning will mean that the family firm will have professionally prepared operational managers and leaders to guide it into the next generation (Fahed-Sreih & Djoundourian, 2006). However,