



SUCCESSION PLANNING AND KNOWLEDGE MANAGEMENT WITH KNOWLEDGE SHARING PERSPECTIVE IN BUSINESS FAMILIES

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Abstract

The goal is to avoid the devastating effects of employee turnover caused by the loss of institutional knowledge. Knowledge management and succession planning are two areas that are tackled in this study. Succession planning must account for the possibility of a key member being lost suddenly or unexpectedly, as well as for other factors such as death or family strife. Knowledge management is touched on briefly, and there is a deep dive into the topic of succession planning for family businesses in particular. In today's economy, the most valuable commodity is skilled upper-level management that can respond effectively to any crisis. As research methods, we have used Structural Equation Modeling and the Theory of Planned Behavior for this study. Based on our findings, managers should focus on increasing the compliance and knowledge-sharing motivation of key members by creating positive normative views.

Key words: Family owned business, Succession Planning, knowledge management, knowledge sharing.

INTRODUCTION

Gaining an advantage over the competition via knowledge is possible. To this end, we place a premium on "knowledge management" from a strategic perspective. Simply said, knowledge management is the process through which an organization acquires, applies, disseminates, and expands its store of information. The employment of people, machines, and procedures are all part of the process. Succession planning is one technique that may be used to improve the learning process. Succession planning is "the act of ensuring that suitable personnel are available to assume important executive positions once they are empty," according to one definition.

Management succession planning is a deliberate strategy for filling critical positions at all levels of a business. Organizations engage in succession planning to make sure they have the right people in place for the right roles in the future. A company's ability to find and hire talented new workers, train and educate that workforce to meet the demands of future promotions, and prepare them for those jobs is greatly enhanced by a well-developed succession plan.

One thing that all of these companies have in common is that they are managed by families: Reliance, Godrej, Bajaj, and Birla. One definition of a family firm is one in which the founder retains ultimate decision-making authority, where leadership is passed down through the generations, and where the founder is free to nominate members of his own family to any position in the company. "organizations where two or more extended family members influence the directions of the company by exercising kinship links,

managerial responsibilities, or ownership rights" is the definition of a family-owned business. The three defining features of the family company are:

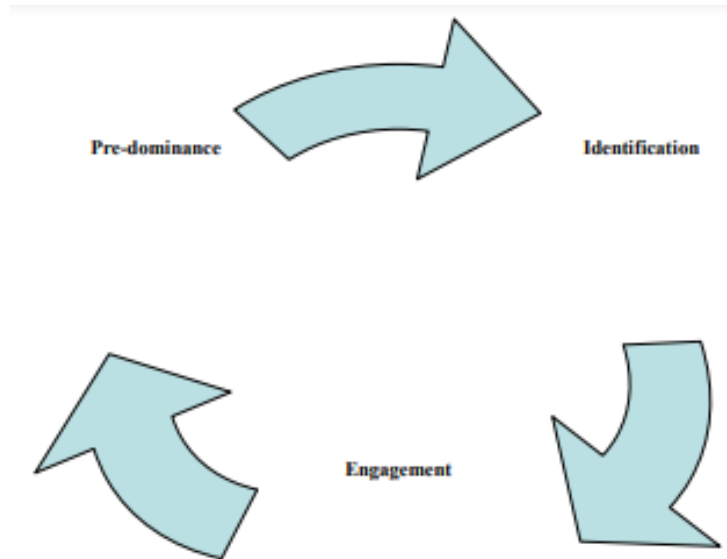


Fig 1: Characteristics of Family Businessg

- (a) Pre-eminence refers to the degree to which one family holds sway over the company in terms of ownership, management, and governance;
- (b) Engagement refers to the degree to which one family is heavily invested in the company, measured by the number of family members actively involved, the percentage of family members involved, the nature of their involvement, and the length of time they have been involved; and
- (c) Identification refers to the degree to which one family can be easily identified through their loyalty, commitment, and pride in the company

The foregoing characteristics are indicative of a family business, which serves as the repository of a family's wealth and property, is maintained over multiple generations with the predominant engagement of family members, and has an organizational identity shaped and controlled by the family members who run it.

Some experts studied the family business from three angles, i.e.

- (a) A family owned business;
- (b) A family owned and managed business; and
- (c) A family owned and led business

Periodic family assemblies, family council meetings, and a written family constitution are the usual foundations for family business governance. As with the birth of commerce in India, the Indian family business may be traced back to the second part of the nineteenth century. It comes as no surprise that 95% of all Indian businesses are owned and operated by families. Given that one-third of the Fortune 500 are classified as such, it's clear that this sector is quite important. Small and medium sized family-run businesses in India are thriving thanks to the country's present period of fast economic growth. Family enterprises in India had its start in the 1890s when the country was still struggling to gain economic independence from the British. In recognition of their significant role in the independence fight in India, the government of India provided special assistance and subsidies to these companies as part of the Swedeshi movement.

KNOWLEDGE MANAGEMENT

The contemporary economic reality, in which knowledge is a distinguishing competitive element for people, organizations, and countries, has elevated the necessity of systematic knowledge management. The realization of this fact is the impetus for widespread implementation. Definition of Knowledge Management

for Practical Purposes Knowledge management's (KM) goals, in the author's view, may be summed up as follows: "(1) Motivate the company to take the most astute actions feasible to ensure its long-term survival and overall success; and (2) Maximize the value of the organization's knowledge assets in all other respects." M. KARL WIIG (1997)

THE RELATIONSHIP BETWEEN SUCCESSION PLANNING AND KNOWLEDGE MANAGEMENT

Family businesses in a bind without a succession plan, as shown by Eddleston and Kellermanns. When the current generation seeks to cultivate and advance the next generation, succession planning is essential. Therefore, it is essential in a family-owned firm for the present generation to teach the next. In contrast to Morris et al. and Tirsadari and Dhewanto (2012). Succession planning makes use of both implicit and explicit information, the former of which can be readily documented as an Excel database, and the latter of which focuses on more intangible qualities like leadership, entrepreneurship, and risk taking. There are five factors that have a direct impact on the succession process: (1) the propensity of the holder to leave, (2) the readiness of the successor to take over, (3) an agreement among family members to maintain family involvement in the business, (4) the social acceptability of the individual roles, and (5) succession planning.

Developing one's management skills in anticipation of a possible future leadership transition is one such motivation. It's possible that the family's founder or head of business plans to retire soon, but thinks that the rest of the family needs more time in the trenches before they can take over. Alternatively, the founder may believe that no one in the family is up to the task of leading the company after he or she passes away. The next step is to look for dependable managers who can take over as the firm's top brass in the not-too-distant future. No matter the field, a well-thought-out strategy for the company's future is essential before passing the reins to the next generation. Coleman (2013) argues that in this case, it's important to recognize the leadership qualities of the team's founder since he's laid the groundwork for future generations to develop upon. One method in which knowledge sharing plays a role is in the transition from one team leader to the next when the current leader departs. In order to choose someone who is ready to take over the leadership role, succession planning is essential.

LITERATURE REVIEW

Chua et al., 2012; Lichtenthaler & Muethel, 2012, Because of the correlation between commercial performance, company survival, human resources, and governance procedures, many family firms have built their competitive edge on the backs of their employees. Still, FBs have a reputation for being protective of their personal space, shying away from socializing with those who aren't immediate relatives or trusted advisers, and displaying a preference for long-term connections.

V. Ramadani; E. Memili; R. Palali; and E.P.C. Chang (2020), As a result of the family's impact on the business's culture, functioning, and conduct in order to realize the family's vision for the firm, it is believed that the "essence" of a family firm is shaped. Therefore, a family business's long-term strategic actions are often geared around ensuring the firm's continued financial and emotional well-being for the family. Sheetz, the profiled family business in this chapter, uses employee care and empowerment, community participation, and social responsibility as pillars of its development strategy. Staff and family ownership has allowed the convenience store business to expand rapidly while yet being expertly managed. The family's dedication to family unity, harmony, and continuity is reflected in their initiatives for caring for employees, engaging the community, and being socially responsible.

In Collins, L. (2012), Many of the most recognizable brands in the world were founded by families, including BMW, Samsung, and Wal-Mart. Thirty-one percent of all firms in the S&P 500 index and forty percent of the 250 biggest companies in France and Germany are classified as family businesses, indicating that a family holds a major portion and may influence crucial decisions, including the election of the chairman and CEO.

We also have the works of Haynes, Marshall, Lee, and others (2021), This report looks back at JFEI papers from 2010 to 2019 and forward to potential avenues for further study. The papers published in the JFEI draw on ideas and conceptual frameworks from a variety of social science disciplines to assist readers see the need to address both the family and the company when discussing family companies. The topics covered in this literature review on family businesses include (1) home and business economics, (2) company

continuity and succession, (3) management and adoption techniques, and (4) values and aims. These articles from the Journal of Family Enterprise and Intergenerational Enterprises (JFEI) have explored what sets family businesses apart from others, how the family interacts with the business, and what factors are necessary for the business to thrive in the long term (such as demographics, adjustment strategies, continuity, capitals, values, and goals).

Umar Abbas IBRAHIM, Anamege Anthonia OBIANUJU (2021), For this research, we combed through the literature on succession planning (SP) published in the previous ten years. The number of SP articles that were found was 174. This number was found using the Systematic Quantitative Assessment Method. Five main topics were examined in the review: Time, location, article kind, data gathering techniques, topics covered, and so on. The research demonstrated that enthusiasm for SP has ebbed and flowed over the last decade, and that experts from South America and Oceania are the least well-represented geographical regions in the field. When comparing conceptual and empirical SP articles, the former were more common while the latter were less common; surveys were the most common mode of data gathering. The most striking of the five themes is that management must make concerted efforts to formalize the SP process with the clear understanding that it is a continuous, transparent, and participatory process, and thus a crucial management imperative, if organizations are to achieve the 'going concern' principle.

RESEARCH MODEL

The Theory of Planned Behaviour Model

To further develop the TRA model, Ajzen (1992) introduced the TPB model. In other words, one's attitude is the reason for one's actions, good or bad. The societal pressure to engage in the conduct is referred to as "subjective norms." How simple or complex a given behavior seems to be in terms of perceived behavioral control.

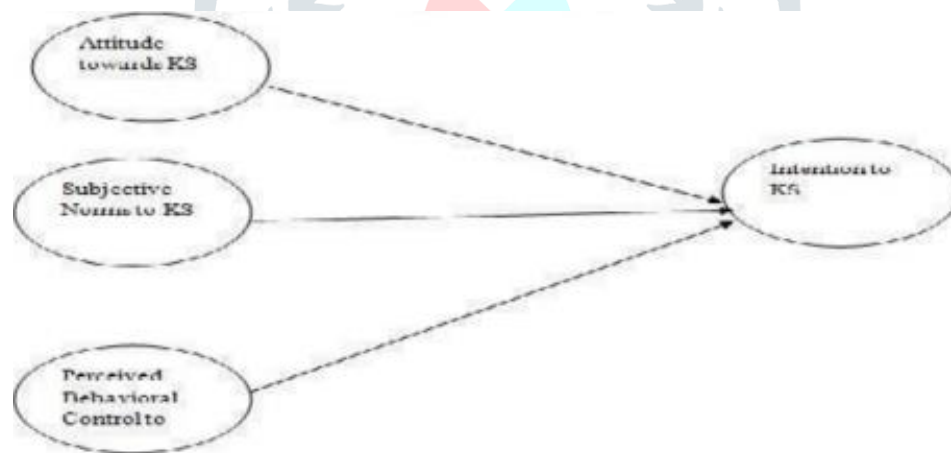


Figure 2 The Theory of Planned Behaviour Model

Succession Planning and Knowledge Management with Knowledge Sharing Perspective in Business Families

Hypothesis

The proposed hypothesis are :

H1 Family members attitude has a positive effect on the intention to share knowledge

H2 Family members subjective norms has a positive effect on the intention to share knowledge.

H3 Family members perceived behavioral control has a positive effect on the intention to share knowledge.

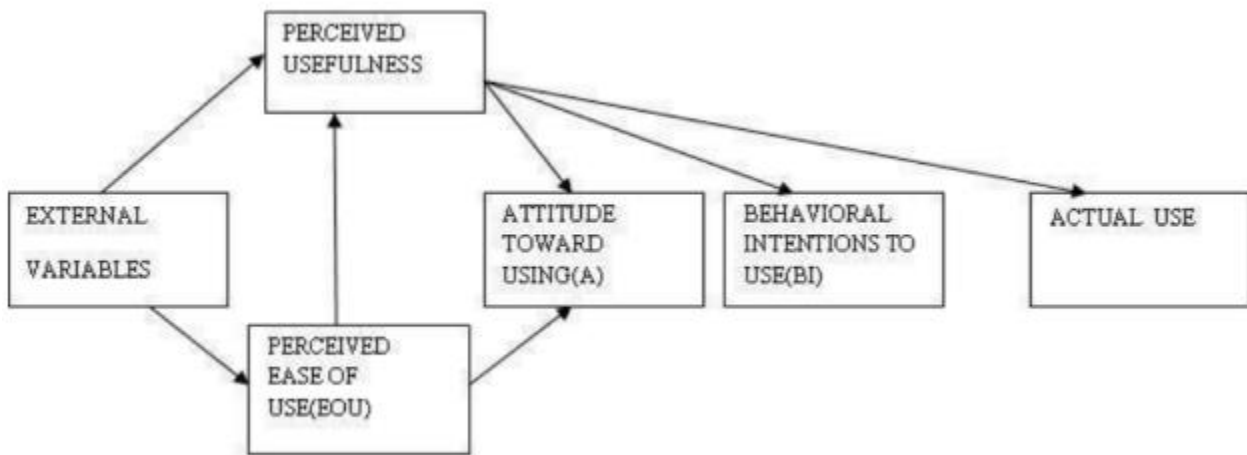


Figure 3: Technology Acceptance Model

Individuals' PBC describes how simple or complicated they believe it will be to carry out the behavior in question.

According to Fred Davis, "perceived ease of use" (PU) is "the extent to which an individual feels that using a certain technology will improve his or her work performance."

There are two facets to a person's sense of competence in carrying out the behavior. One's outlook affects the results they achieve. Whether or whether a person can influence their own behavior and outlook is known as their "personal behavioral control," or Pbc. Personal Behavioural Confidence (Pbc) is an individual's level of assurance that they can successfully complete the behavior.

Table 1 Measurement Model Fit

Latent Constructs	Item	Factor Loading
Attitude toward knowledge sharing (AT)	AT1	0.70
	AT2	0.65
	AT3	0.72
	AT4	0.75
	AT5	0.83
Subjective Norm(SN)	SN1	0.66
	SN2	0.79
	SN3	0.78
	SN4	0.71
	SN5	0.76
Perceived Behavioral Control(PBC)	PBC1	0.47
	PBC2	0.73
	PBC3	0.63

	PBC4	0.58
Intention to share knowledge (INT)	INT1	0.79
	INT2	0.59
	INT3	0.73
	INT4	0.62

Table 2 Item Statistics

	Mean	Std. Deviation	N
AT1	3.3396	1.01078	533
AT2	3.3246	.96640	533
AT3	3.5704	.89549	533
AT4	3.3977	.96720	533
AT5	3.4053	.97571	533
SN1	3.3114	.96001	533
SN2	3.2889	.96314	533
SN3	3.3677	.94384	533
SN4	3.3058	1.01784	533
SN5	3.3508	.99566	533
PBC1	3.6173	.86050	533
PBC2	3.4784	.89799	533
PBC3	3.5610	.83763	533
PBC4	3.3752	.93687	533
INT1	3.3677	.99993	533
INT2	3.2045	.99690	533
INT3	3.2702	.98970	533
INT4	3.4578	.95608	533

Table 3 Reliability Statistics

	Cronbach's Alpha	
Cronbach's Alpha	Standardized Items	N of Items
.897	.897	18

Discriminant validity was found by evaluating the square construct correlation values. The construct correlation values of AVE values.

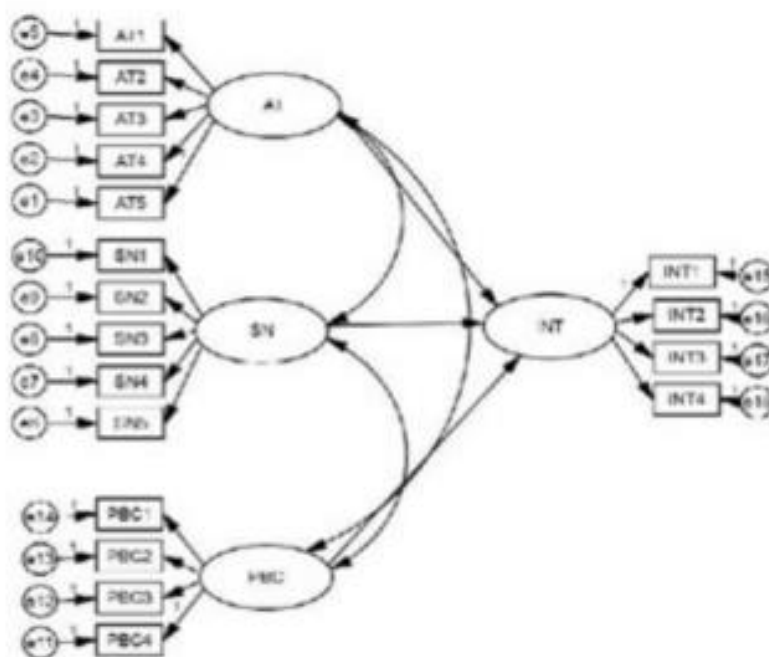


Figure 4 Confirmatory Factor Analysis (CFA) Model

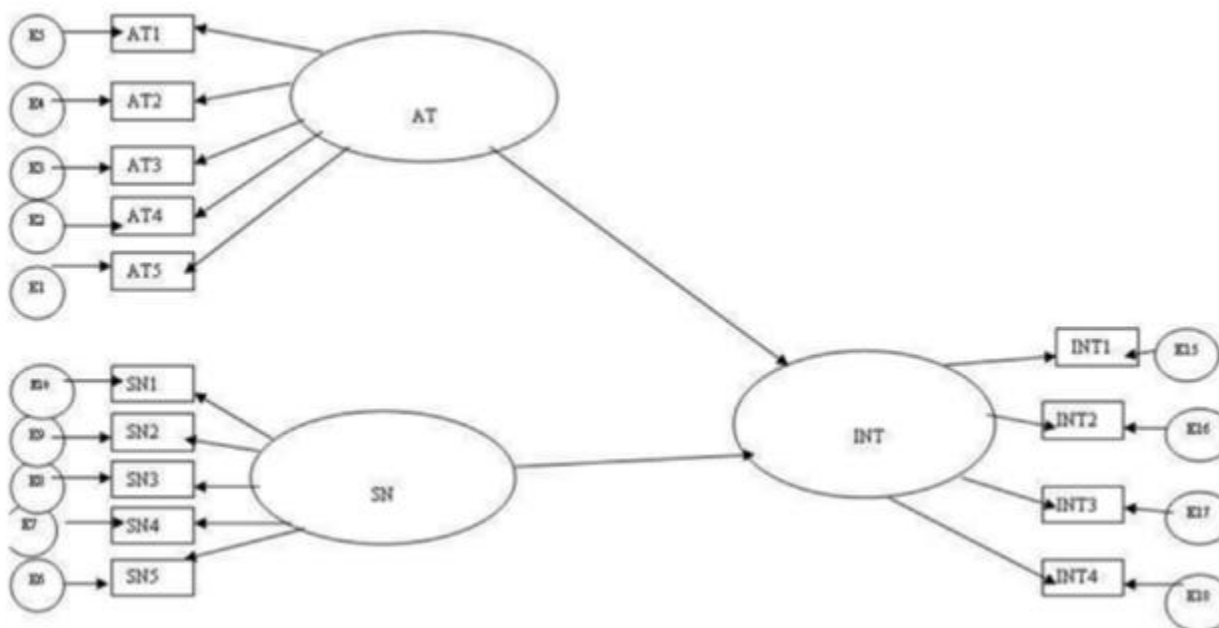


Figure 5: The Theory of Reasoned Action

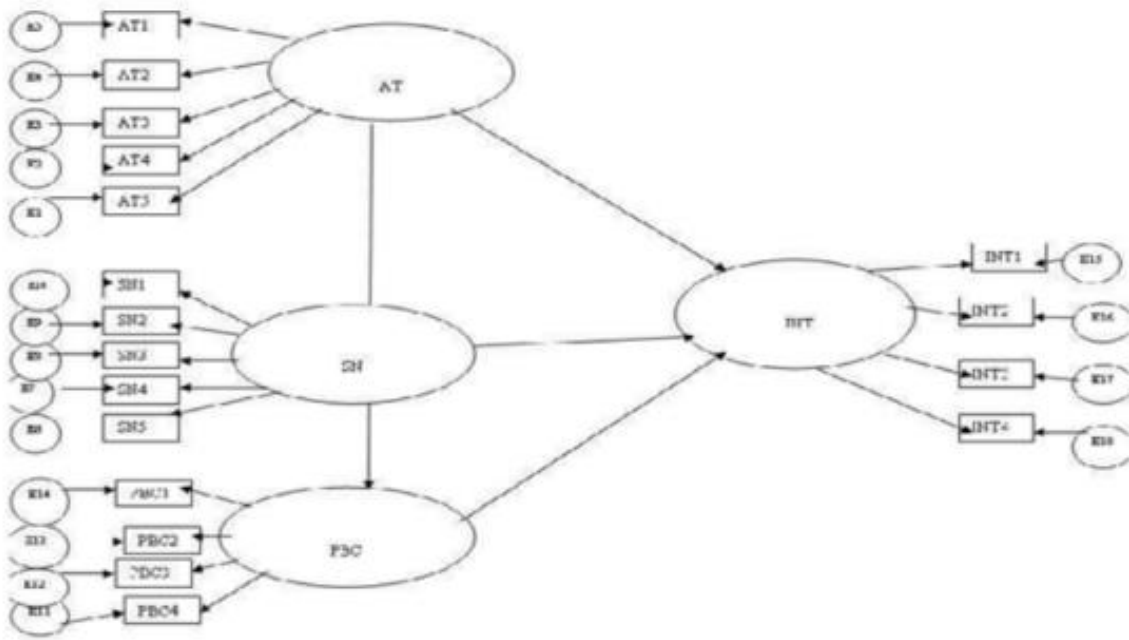


Figure 6 Extended TPB Model with Causal Path from Attitude to PBC

Table 4 Overall fit indices of the Investigated Model

Fit Index	Reasoned Action(TRA)	planned behavior(TPB)	Extended Model Causal Path from Attitude to PBC	Recommend cut-off value
Measures of Absolute Fit				
χ^2	498.688	1062.51	998.375	Near to Degree of freedom
d.f	75	132	131	The greater, the better
$\chi^2/d.f$	6.649	8.049	7.641	3 TO 6
RFI	0.838	0.744	0.758	≥ 0.8
RMSEA				
A	0.103	0.115	0.112	≤ 0.08
Incremental Fit Measures				
NFI	0.867	0.780	0.793	≥ 0.90
CFI	0.884	0.801	0.814	≥ 0.90
Parsimonious Fit Measures				
PCFI	0.729	0.691	0.697	The higher, the better
PNFI	0.714	0.673	0.679	The higher the better

The purpose of this study was to extract the usefulness of two social psychological theories in predicting family members' knowledge sharing during succession planning (the Theory of Reasoned Action and the Theory of Planned Behaviour) and to extend the predictability of the original TPB model by including the

causal path from attitude to perceived behavioral control. Consistent with earlier research in other areas, the findings indicate that attitude and subjective norm are not as independent as previously thought.

CONCLUSION

Using popular psychological and social psychology theories in business families, this research analyzed how family members share information throughout the succession planning process. In this investigation, we examined the expanded model by including a causal chain from attitude to perceived behavioral control, and we found that the Theory of Reasoned Action and the Theory of Planned Behaviour are applicable to this context. The study's findings have many important implications for succession planning, particularly in how family members share information.

The study's findings have several ramifications for how doctors share their expertise with their colleagues. To begin with, the investigation confirms the feasibility of using the TPB model. Second, the modified TPB model demonstrates the importance of indirect effects through a causal pathway from attitude to perceived behavioral control. Third, the study's value lies in the fact that it offers a glimpse into how family members collaborate in the corporate sector. Our findings have managerial implications by suggesting that managers should work to increase the compliance motivation and knowledge-sharing attitude of key members by creating positive normative views.

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