Decision-making challenges of women entrepreneurs in the family business succession process

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Abstract:

The decision-making process concerning succession issues for family businesses is crucial as it affects long term performance and sustainability. However, while succession issues in family business has been extensively studied, the decision-making process for women-owned family businesses is sparse, particularly in transition economies. This is despite the growth of women-owned businesses worldwide. This study explores the succession decision-making process in women-owned small family businesses in Kosovo using a qualitative approach. The findings suggest that group decision making is important in family businesses and plays a role in determining how gender influences succession planning. Managerial and policy implications are discussed.

Keywords: Decision processes | family businesses | Kosovo | sense making | succession | transition economy | women-owned businesses

Article:

INTRODUCTION

Family businesses are among the oldest type of commercial activity and continue to ignite the curiosity of researchers. Family businesses play an important role in global society due to their impact on economic and social activity. A comprehensive examination of the family business literature conducted by Bird et al. (2002) shows that the most researched areas are management practice and strategy (Carlock and Ward, 2001; Chrisman et al., 2005; Harris et al., 1994; Mustakallio et al., 2002; Poza et al., 1997; Sharma et al., 1997; Tan and Fock, 2016; Welsh et al., 2013), followed by succession (Brockhaus, 2004; Handler and Kram, 1988; Handler, 1994; Miller, Steier and Le Breton-Miller, 2003), distinctiveness (Chrisman et al., 2004; Miller et al., 2008), conflict (Davis and Harveston, 1999; Harvey and Evans, 1994; Thompson et al., 1999) and women (Brush, 1992; Brush and Hisrich, 1999; Ramadani et al., 2015; Salganicoff, 1990; Welsh, 2016). While succession issues rank high on the most researched list, succession has primarily looked at family firms owned and managed by men (Davis and Tagiuri, 1989; Dumas,
1990; Tagiuri and Davis, 1996); with lesser studies on those family businesses owned by women (Cadieux et al., 2002; Cesaroni and Sentuti, 2016; Harveston et al., 1997; Kaslow, 1998).

However, there is limited research about women-owned business succession planning, particularly in transition economies like Kosovo. Kosovo is a country with an area of 10,908 km² located in Southeast Europe, bordering Albania, Macedonia, Montenegro and Serbia. The country has 1.78 million inhabitants, with 65% of the total population between 15–64 years-of-age, a relatively young population that is gender balanced (Kosovo Agency of Statistics, 2017). Ramadani et al. (2015) reported that the official numbers of women entrepreneurs in Kosovo are slightly lower compared to other countries in the region. The total number of active companies is 37,518, with 3,804 (10.1%) female-owned companies, 31,371 (83.6%) male-owned companies, 271 (5.8%) jointly owned male and female companies, and 171 (0.5%) unreported (Kosovo Agency of Statistics, 2017). According to Hoxha and Krasniqi (2008), women in Kosovo are registering new businesses at a higher rate than men, especially after the war of 1998–1999, when local and international organizations increased support for women entrepreneurs (Ramadani et al., 2015; Welsh et al., 2014).

Entrepreneurship involves making decisions, which impacts the ongoing management and sustainability of a business. The way an entrepreneur makes decisions is based on contextual factors that involve understanding behaviors and making sense of what is happening in the surrounding environment. The objective of this study is to examine succession in women-owned family businesses in the transitioning economy of Kosovo. Do women business owners in small family companies plan the succession of their business into the next family generation using distinct decision-making styles? What are the main challenges during the succession process based on sensemaking? What steps do women business owners follow during the succession process? How do women business owners choose a successor if they have more than one child? Are women business owners’ decisions affected by the stage of the succession plan?

This paper is structured as follows. After the introduction, the literature review includes sensemaking, decision making, innovation, succession processes and planning in relation to women-owned family businesses. Next, the methodology section describes the data collection and methods. This section is followed by a case presentation, results, and discussion. The article ends with conclusions, recommendations for future research, and implications for policy.

**LITERATURE REVIEW**

**Family-Owned Businesses**

Family-owned businesses are different from other businesses regarding ownership, social philosophies, management, leadership, and relationships (Collins and O'Regan, 2011; Miller and Le Breton-Miller, 2005). Many authors agree that it is difficult to define a family-owned business (Steiger et al., 2015). Handler (1989) broadly defines a family business as where all the plans and decision for management and succession are influenced by the members of the family. A family business has ownership and management controlled by one or more family members (Ramadani and Hoy, 2015). An even broader definition is by Ward (1987): family businesses pass the management and control from one generation to the next family generation.
Furthermore, Gallo and Point (1994) confirmed that family-owned businesses generally are similar all over the world since they deal with the same issues, problems, and interests.

**Succession**

Succession in family-owned businesses is one of the most researched areas of business (Bird et al., 2002; De Massis et al., 2008; Zahra and Sharma, 2004) and one of the most important issues that family businesses face (Handler, 1994; Chua et al., 2003). However, succession decisions are often problematic (Handler, 1994) and take time (Ramadani and Hoy, 2015). Therefore, the complexity of the succession process is obvious, since research shows that most family-owned businesses have trouble surviving beyond the first few years (Handler and Kram, 1988). In addition, only one-third of family businesses make it beyond the first generation, and fewer continue to the third generation or beyond (Davis and Harvaston, 1998; Lambrecht and Donckels, 2008; Mazzola et al., 2006; Miller et al., 2003; Ward, 1997).

Succession is described as the process by which ownership of the family business is passed from one family generation to the next to continue the family business tradition (Dana and Ramadani, 2015). Succession is a decision-making process that takes considerable time (Cadieux et al., 2002; Handler and Kram, 1988; Kansikas and Kuhmonen, 2008; Stavrout, 1999; Ward, 1987). Thus, succession decisions involve sensemaking and processes. Longenecker and Schoen (1979)'s model divides succession into seven decision stages, three of which happen before the successor enters in the family business full-time. This model includes the following stages: the pre-business stage—the successor starts being aware of the existence of the family business; the introductory stage—the successor starts to get in contact with the organization members; the introductory-functional stage—the successor enters the organization part-time; the functional stage—the successor becomes full-time; the advanced functional stage—the successor takes a managerial position; the early succession stage—the successor becomes a general manager; and the mature succession—the successor becomes a leader.

Churchill and Hatten (1987) developed a four stages life cycle decision succession approach that consists of: owner management, training and development, partnership, and power transfer. The first stage is the owner management stage where the owner of the firm is the only member of the family who is directly involved in the family business. The second stage is known as training and development stage where the successor starts to learn the family business. The third stage is where the predecessor and successor develop a strong relationship. The last stage is where the power is finally transferred from the predecessor to the successor.

Handler (1990) has also developed a succession decision model known as the “Role Adjustment Model” (see Figure 1). In this multistage process, the predecessor involvement into the family firm decreases over time while simultaneously the next generation of family members increase their involvement. The predecessor moves gradually from one stage to another starting from the sole operator to monarch then oversee/delegator and finally consultant. These moves correspond to the moves of the next generation successors; starting from no role into helper, then manager, and finally leader or chief-decision-maker.
The model known as the “Six Stepping-Stones to the Transfer of the Family Business” developed by Lambrecht (2005, 2008), also known also as the “Six Stairs Model” (Gashi and Ramadani, 2013), or Multi-Generation Succession Model” (Chang and Lin, 2011), is based on empirical research where different kind of family businesses were considered (see Figure 2). The first stair is entrepreneurship, where the knowledge, leadership characteristics, management values, and the spirit of the family business are passed on. Lambrecht (2005) differentiates three stages of life of the child that influence the transmission of the professional knowledge as part of the sensemaking process. The first stage is when the business is a playing field for the child. The second stage is when the successor performs easy activities in the family business, and the third stage is where a successor performs more serious work in the family business. In the second stair (studies), the successors are encouraged to earn an educational degree before joining the family business. In some cases, the potential successors are encouraged to study in a field related to the family business. The third stair is formal internal education, which influences the family business decision making processes. This is where the potential successors attend business meetings and training sessions intended to identify the best successor(s). The fourth stair is when potential successors are encouraged to gain work experience in other companies. There are seven reasons for taking this external experience: gaining self-confidence, improving management and professional knowledge, getting worldly wisdom, enhancing motivation, gaining trust and respect of the predecessor, avoiding the idea that other companies are better than the family company, and contributing to the integrity of the family business as a successor. The fifth stair indicates the official start of the successor in the family company decision making process. Lambrecht and Donckels (2008) notes that the successor must work through different departments of the family businesses. Thus, the successor wins the confidence of the employees, discovers the business, the customers, and the industry, while proving themselves. Freedom for
the successor is important for three main reasons. First, it avoids the family firm disappearing. Second, it increases the chances of cooperation and prepares the road for the transfer to the next family generation. Third, if the successors do not feel free there is a chance they will act destructively when they unacceptably gain freedom. The sixth stair includes written plans, agreements, and the regulation of legal, fiscal, and financial issues. There must be a plan for the unexpected events such as a major resignation or a death of a family member. Written plans do not guarantee successful transfer of the business, but they improve the likelihood of a smoother, less expensive transition for both the family and the business.

These models all propose a similar decision-making process of succession, starting with a pre-business phase and ending with the transfer of power from the predecessors to the successors. Cadieux et al. (2002) have summarized the succession process into a four-phase model: initiation, integration, joint management, and retirement. In the initiation phase the owner of the family business is completely in charge of all the daily activities of the family business. The successor in not officially involved in the business but is introduced to the business and interest starts to peak. At this phase, the owner decides who will take over the business from the potential successors. During the integration phase, the owner decides to bring the successor into the business on a part-time basis or during vacations. This is a learning phase for the successor involving minor jobs with simple operational decisions. Joint management is the third phase and is considered the transitional step because it marks the official joining of the successor into the company. At this phase, the successor works together with the predecessor until the predecessor is sure that the successor can make competent decisions independently. The last phase involves the retirement of the predecessor and the completion of the transfer of all the responsibilities, authority, leadership and ownership to the successor.

![Four Phase Model](image)

*Source: Based on Cadieux et al. (2002).*

**Figure 3.** Four Phase Model.

**Succession Planning in Family-Owned Businesses**

Succession is often a difficult decision-making process that evolves gradually over time. Succession planning should be the main responsibility of the head of the family business, should
begin soon after the family business is established and should include other family members with a key role in the process (Seet et al., 2016; Radford et al., 1994). The relationship between succession planning and successful succession has shown mixed results, with some authors finding a positive relationship (Duh, 2012; Sharma et al., 2001); while other authors have found no relationship (Keating and Little, 1997; Lansberg, 1988; Murray, 2003; Santiago, 2000). Succession planning often is not undertaken by family firms as part of their decision-making process. (See Lansberg, 1988 for a complete review). Senegovic et al. (2015) found that the most successful succession occurs when there is a good relationship between the owner and the future successor and when succession planning decisions are written to minimize potential disagreements and conflicts.

**Succession in Women-Owned Family Businesses**

Despite the substantial number of studies conducted on succession, only a few looked at women-owned family businesses. The focus on women successors can be found in the literature regarding father-daughter succession (Barnes, 1988; Curimbaba, 2002; Dumas, 1990, 1992), succession between mother and son (Cesaroni and Sentuti, 2016; Kaslow, 1998), and mother and daughter succession (Higginson, 2010; Vera, & Dean, 2015). Cadieux et al. (2002) reported a case study with the main objective to clarify succession issues when the predecessor is a woman. There are also a limited number of comparative studies regarding the impact of business owner gender on succession in family owned companies (Harveston et al., 1997; Koffi et al., 2014).

Cadieux (2002) has questioned whether the transfer of knowledge is the same in women-owned family businesses since the only studies in this regard have been conducted on male-owned family businesses. Harveston et al. (1997) analyzed the succession process at the individual, organizational, and resource levels and found a significant difference in the process of succession between male- and female-owned companies at all three levels. They concluded that although men and women business owners may have the same succession planning objectives, they utilize different types of mechanisms in the succession process. Jimenez (2009) pointed out that in studies regarding family business women have repeatedly been portrayed as peacekeepers between family members, tolerant wives and responsible mothers, thus being considered as emotional leaders. Therefore, when it comes to succession, it is argued that women’s distinctiveness such as loyalty to the company, worry for other family members, compassion to the needs of others are fundamental for a positive outcome of succession (Salganicoff, 1990). The traditional role that women play in a family is avoiding conflicts and balancing the peace and harmony in family and business and also transmitting the family and business values to their children by educating them to love their business (Jimenez, 2009). This role is seen as even more essential during the succession process, in this context, women may favor the succession process by taking care of the family’s dynamics and relationships (Cesaroni and Sentuti, 2016). Female owners are more oriented to the education of children, maintaining good relationship and cooperation, involvement and sharing the decision-making process. Cesaroni and Sentuti (2016) in their study found that even if the women business owner transferred the business to their children, they retained their role as the “emotional leader”.

Scholars argue that theories that have been developed from solely male-owned company samples should not be assumed to be applicable for female-owned companies (Powell and Mainiero,
Therefore, studies on succession in women owned companies are needed (Ratten et al., 2018).

**Culture and Family Business Succession**

Culture represents an important factor regarding the family business continuity. Culture represents “a way of thinking and understanding during a process of judgment, evaluation and obedience” (Ramadani and Hoy, 2015, p. 24). According to Kotter and Heskitt (1992), culture is a set of values shared by people in a certain group(s) and tend to continue over time even when group membership changes. With regards to the family culture, it is defined as a way how family members deal with conflicts and differences, express emotions, and understand reality, separation and loss (Kepner, 2004).

Family business culture may have different impact on the success of the business. As Dyer Jr. (1988, p. 50) noted “family business cultures can either contribute to success or be a major stumbling block. To understand and manage the opportunities inherent in family business cultures is not easy, and it is not often done in family firms, but it is essential for leaders who wish to ensure the continuity of their businesses and the well-being of their families”. He identified several types of cultures as indicated in Table 1.

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<th>Table 1. Characteristics of Family Culture Types.</th>
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<td><strong>Nature of relationships</strong></td>
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<td><strong>Nature of human nature</strong></td>
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<td><strong>Orientation towards environment</strong></td>
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<td><strong>Nature of human activity</strong></td>
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<td><strong>Time</strong></td>
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Source: Based on Dyer, Jr. (1988).

Santiago (2000), based on his research in Philippines family businesses, categorizes cultures in two groups: Eastern or Western cultures, where eastern cultures are considered those that uphold traditional values, such as respecting elder, maintaining strong relationship and harmony between family members, and in terms of succession, selecting by gender or birth order turned into a widespread practice among family members; while, those which are based on Western cultures, are more oriented in individualism and in terms of succession, they are based more on the virtue of impartiality and competences. He also concluded that in case that family members did not share the same values, often due to different educational systems or strong peer pressure,
the succession from one generation to another creates conflicts that creates difficult problems into the post-succession period.

Jina (2014), based on the study on South African Muslim family owned-businesses, concluded that cultural elements influence the planning, selection and training the family business successor. The research showed that many cultural aspects were influenced by religious belief system, in this case from the Islamic one, where, spirituality, harmony, institutional collectivism, in-group collectivism and long-term orientation were seen as the most influential aspects.

Mierzal et al. (2017) analyzed family businesses in Germany and Mexico. In the German culture, the succession of the business is discussed and planned very openly, and more people are involved in the decision-making. Successors, mostly, entered in family businesses because that was their own wish and weren’t under the pressure of the families. If someone of the family members will decide to work something else rather than in the family business, most families will respect that decision. In Mexico the most of successors entered in the business because of the parents’ wish and pressure. Further, the German culture was considered as individualistic, while the Mexican one as collectivistic.

METHODOLOGY

While women-owned businesses in Kosovo are in their infancy (Hoxha and Krasniqi, 2008). Women entrepreneurs in Kosovo are younger than in the neighboring countries of Macedonia and Albania (Ramadani et al., 2015). Due to the lack of women-owned companies that have gone through the succession process, we utilized a qualitative methodology to best capture the issues involved in the succession process. The advantages of qualitative research include the opportunity to learn by direct interaction with the subject of the study, thus avoiding the errors of asking incorrect questions or resolving a wrong issue (Dana and Dana, 2005; Dana and Dumez, 2015). To gain a deeper understanding of the succession process, we used a multiple case study approach. This approach enables a deeper and more meaningful understanding of real-life events in a business context (Yin, 2003).

Sample

Polkinghorne (2005) suggested that in qualitative research purposeful sampling should be conducted because it is not important how much data is collected from how many subjects. Instead, it is more important to collect the right data that is rich enough to better understand the meaning of the phenomenon. Using purposive sampling, we identified fifteen potential cases using snowball sampling. Snowball sampling is a method of chain referrals made between people who know others who have characteristics that are of interest in the study (Biernacki and Waldorf, 1981; Goodman, 1961). Based on Polkinghorne’s (2005) suggestions, we used a strategy of criterion sampling and established the following pre-selection criteria: (1) readiness to participate in a study, (2) female ownership, (3) actively in business for at least five years, (4) the family business is the main financial resource of the family, and (5) the owner intends to continue the family business. Based on these pre-defined criteria, our sample was reduced from fifteen to six cases. Our case size agrees with Yin (1994) whose replication logic requirement calls for a literal replication of three to four cases or six to eight cases.
Data Collection

Given that interviews are the main data collection source in qualitative studies (Yin, 1994), we used semi-structured, in-depth face-to-face interviews. The interviews were designed around the research questions even though the participants were free to express whatever they considered was important for the research. Before conducting the interviews, the selected cases were visited to ensure they fulfilled the predefined criteria. The cases that met the criteria were confirmed and interview times established with the women family business owners. The total period to complete the interviews was 15 days. Five interviews were conducted at the business site and one at the subject’s home. The interviews ranged from thirty-five minutes to one hour and five minutes. The subjects ranged in age from 41 to 63 years old. We took notes instead of electronically recording the interviews to insure more comfortable interactions. The interviews were conducted in Albanian and then translated into English by two translators to insure accuracy of interpretation. After the interview, the participants signed a post-interview confidentiality form suggested by Kaiser (2009) to approve which parts of the interview data could be used in the study. Three cases confirmed that all the data provided by them could be shared, while three cases asked to have the data used anonymously. Since we were unable to record the data, after each interview the notes that were taken during the interview were rewritten insuring that the important points mentioned were emphasized and all the information was included during the interview.

The data was analyzed using a general inductive approach (Thomas, 2006). This approach suggests that the raw textual data are packed into summary, the links between research objectives and findings are recognized, and then the structural framework is established. Thus, all the unnecessary data is removed, the answers are grouped to correspond to the research questions, the similarities and differences between cases are identified, and the findings are presented.

The Cases

Three of the cases are identified as Case 1, Case 4 and Case 6 (based on the interview order) and three cases are identified by their company names.

Case 1 (anonymous): The owner is a 53-year-old woman who was happy to be part of the research study. When she started her business in 1990, her two sons were one and three years old. She explained that her family was in a financial crisis, so she started the business from nothing. She began sewing dresses in her home and then selling them at the local market. After three years, she saved enough to rent a store where she continued to sew but expanded her business by including ready-to-wear dresses imported from Turkey. When the business started to grow, her husband joined the business to help her. At the time of the interview, her sons now 28 and 30 years old were both in the business with their wives. They now own two stores in the center of the city of Ferizaj.

Case 2 (Lon-Ton): A 41-year-old woman who is the mother of three boys ages 8, 16, and 20, started her business in 1999 at the age of 23. She learned to sew and after her skills improved, she rented a little store where she started sewing custom-made clothes. With the increasing
competition in the fashion industry, she decided to go at the Fashion Academy in 2010 and now holds a bachelor’s degree in Fashion Design. She has two rented stores, one where she designs the clothes and the other where she displays the finished products. Her business is the only source of income for her family. At the time of the interview, her youngest son, an 8-year-old, was at the store playing with some fabrics.

**Case 3 (Rika):** A 40-year-old mother of 3 children, two boys aged 17 and 23, and a 20-year-old girl, launched her hairdressing business in 2009 after her husband died. She said that since her kids were little when they lost their father she had no other choice but starting a business on her own. She has the advantage of owning the premises, so she had to invest only in equipment. At the time of the interview her, daughter was fully involved in the business.

**Case 4 (anonymous):** The woman business owner was 41 years old and she learned how to sew from her mother. She launched her business in 1993 at the age of 17. She began by working out of her home and after three years rented a store. She makes custom-made dresses and does alterations for her clients. After she got married, she continued to work in her business even though she attained a bachelor’s degree in education. Her business is the main source of income for her family. She is the mother of three daughters, ages 15, 13 and 9. The girls were at school when the interview took place.

**Case 5 (Baby Shop Junior):** We visited the 63-year-old former business owner at her home since she had retired from her business. She started her business in 1993. Her kids were little, and she and her husband were fired from their jobs because of the political situation in Kosovo at that time. Being more entrepreneurial than her husband and having to raise her 10 and 8 years old boys and her 5-year-old daughter, she decided to start a retail business. She started importing cleaning products from Macedonia and selling them at the local market. Since the market was on Saturdays when her children were not in school, she took her 10-year-old son with her. After a year, her husband started helping her. At that point, the two started selling clothing for children and adults. They sold at local markets for ten years. When their children grew up, they rented a store and continued the business with only children’s clothing. Baby Shop Junior remains among the biggest children’s stores in Ferizaj.

**Case 6 (anonymous):** A 61 years old pharmacist is a mother of three children, two sons age 37 and 34, and a 32-year-old daughter. Soon after the war in Kosovo, she and her husband found themselves without jobs. She decided that instead of searching for a job, she would start her own pharmacy business in 2000. Her husband helped her at the beginning since her children were still in school. The oldest son was studying music while the other two children were in high school. The pharmacy was in a good location, so the business started generating enough revenue to support a decent family life. After completing high school, their second son listened to his parents and decided to study pharmacy. He helped his mother at the pharmacy when he wasn’t at the university. At the time of interview, the second son and his wife were actively involved in the business, and the mother and father were planning to retire soon. The other two kids have chosen different career paths. The oldest son is a musician and the daughter is an economist.

**RESULTS**
Given that the research was qualitative, the interview content was analyzed in relation to the research questions.

**RQ1: Do women owners in small family companies plan the succession of the business into the next family generation?**

Since one of our pre-selection criteria was the intention of the women business owners to pass the business on to the next generation, the interviewees maintained that wanted to pass the business on to their successors. In every case, the family-owned business was the main financial resource of the family. The founder(s) all encouraged their children to continue the business and keep it in the family. This is evident in the following quotes about the decision-making process:

“If you think about written plans. . . No, I never wrote anything, but I always worked in a direction of convincing the children to stay by me so one day they will take over the business. I was aware they are not going to continue the studies, because their grades were not so good, so I planned to keep them busy instead of letting them choose some wrong life path. . .” (Case 5, Baby Shop Junior)

Similar answers about succession planning were given by all the cases independent of the type of business or children’s gender.

“Even that I’m a lady fashion industry and I have only sons, I always planned to pass this business to at least one of them, because I worked a lot to arrive at the point where I am today, and I consider that it would be a sin if none of the boys will want to take over this business. This is the reason that I continuously try to convince at least one of them. . . why not, when all the most famous lady fashion designers in the world are man.” (Case 2, Lon-Ton)

“I have only daughters, and even that I’m aware that they will marry one day, I still plan to pass the business to them. Why not, when it is enough profitable business? I know that they won’t be living with me, but I know how difficult it was for me to start from no thing and I want them to be more financially independent when they have their own families. . .” (Case 4, anonymous)

“When I started the business, my kids were little. When I saw that the business was offering my family a decent life I started to plan a succession. I’m not talking about written planning; I’m talking about my idea of passing the business to my children one day. But, my plan didn’t go as I imagined at first. I was planning to engage all my kids in the business, but two of them have chosen different professions. I never wanted to force them to enter the business, I just wanted the best for them. . .” (Case 6, anonymous)

Although, all the interviewed mothers have planned to transfer their business to their children they admitted that they never wrote their plans. Regardless of the industry they were operating, they have prepared their kids to take over the business one day. It is evident in all cases that except acting as owners of the companies they all keep their emotional role of mother, thinking about the future of their children’s wellbeing.
RQ2: What are the main challenges during the succession process?

The answers to this question were generally split in two parts. In Case 1 and Case 5, where more than one child were interested in the family business, the main challenge was to raise as much capital as possible to split the business equally between the children. In the other cases, the women were in the process of convincing their children to stay and continue the business at some point. The challenges they face are described in the statements below:

“Well. . . the main challenge for me was to create as much as capital as possible, since I noticed that both sons are equally interested in the business. As a mother, I don’t want them to have problems in the future and don’t want to create a jealousy between them. I can admit that I was successful in realizing my objective, we all worked together so now I own two same stores, and in the moment of the final succession both will have same part of business transferred to them”. (Case 1, anonymous)

Case 5 had similar challenges since there were two sons interested in the business. The mother explained:

“My both sons were interested in the business, and my main objective was to avoid any conflict between them. I have a daughter and as a mother I wanted her also to be a part of succession, but in our family, it is not a tradition to include the females into succession when you have sons who are interested to take over the business. Still I’m happy that after she got married and was unable to find a job she was dreaming for, one of my sons offered her job in a business. Now, at least the three of them are benefiting from the business that I created. I feel proud for one thing, I maintained to keep the family harmony. . . (Case 5, Baby Shop Junior)

While in some cases the challenge was to decide how to transfer the business into more than one interested child, in others the challenge was in convincing at least one child to take over the family business. The following case explains:

“My main challenge was convincing my second boy studying the pharmacy. I wanted him to take over the business since my older son has already chosen other profession at the time when I started the pharmacy business. The business was profitable, and I wanted that at least one of my kids to follow my steps. . . He was having other plans, it was a real challenge in convincing him, but I don’t regret, neither does he. He is very thankful now because his future is safe in terms of always having a secure family income from this profession.” (Case 6, anonymous)

Most interviewees mentioned the challenge of keeping a balance between the family and the business when making decisions, as stated below:

“Everything that I have done, I have done for the wellbeing of my kids, so they would have a brighter future, but, it was not easy, it was challenging living dual life, shearing myself between family and businesses. Having many roles; a mom, a wife, a daughter in
law at one side and on the other side working to have a decent financial stability for my family and keeping kids close and teaching them that they should learn and love the work was very challenging. This is the reason why I want them to take over this business after I retire, because they have the base that I created, and they don’t have to pass all the difficulties that I have gone through.” (Case 4, anonymous)

“It is not easy to be women and run a business. I had to work very hard, often having to make difficult decisions between family and business and keeping everyone happy. Many times I wanted to give up. But, it was the future of my children that motivated me. Today I’m happy that I achieved to grow my business, and kept my family together and united. It’s not easy, but it’s worthy...” (Case 1, anonymous)

Regardless of the children’s intentions to take over the business or not, the challenge that characterizes all cases was keeping the family happy and avoid any conflict that succession may cause.

RQ3: What steps do they follow during the succession process?

In five of the cases, women business owners took similar steps during the succession process. They all started introducing the business to their children when they were young, from the age of 8 to 13 years. They stated that this was important for their children to feel the mothers’ businesses as part of their family. They all agreed that if they did not keep their children close to them, that their children would lose interest in the business.

“I used to bring my daughter at the hairdressing salon, so she could see me working, hoping that I would be a role model for her. And I did, she started being very interested in what I’m doing. She was only 14 years when she started learning the job. Now she is 20 and she can work independently, maybe even better than me. Moreover, she brought new ideas in the business and we expanded the offer to our clients. Since she is with me I feel stronger, because she is innovative and very dedicated to the job.” (Case 3, Rika)

One of the business owners admitted that she had made a mistake and is now trying to rectify the situation:

“I admit that I have done a mistake by not keeping my older sons near me, and I realized that they were never interested in what I do. I was making enough money and that’s what was important to them. I’m trying to recover that mistake with my youngest son. Even that he is only 8 years old I bring him very often with me at work, and I feel that he will be the one that will take over this business. Even though he is little he plays around and designs clothes for her school friend dolls. I thought that even if don’t keep my kids near me they will be interested, but I was wrong. You should introduce the business to your kids, that how they will start loving it” (Case 2, Lon Ton)

In all cases, the women business owners admitted that they did not force any of their children to join the business. They all used the strategy of keeping their children close to them so they would start loving the business unconditionally.
RQ4: How do they choose the success or if they have more than one child?

According to women interviewed, it is not whom you choose, it is more which of your children chooses to follow you into the business. All interviewees had given the same opportunities to all the children equally to join the family business. The transfer of the business went to the child who was the most interested in taking over the responsibilities of the family business, regardless of age, birth order, or gender, as stated below:

“It was not hard for me to choose, since both my sons were equally interested in the business. Until now I haven’t told them who is going to be the successor, because I wanted to make sure which one will be more interested, but, I see that they both are. I possess two equal stores and when I retire I plan to give one to each of them. It’s up to them how they will handle the businesses then, are their going to keep it together or independently continue their own businesses” (Case 1, anonymous)

Similar answers were given by other mothers. The owner of Lon-Ton explained that she has chosen the youngest son as a potential successor, even though he is still too young, and it is too early to be sure, but he is the only one that has started showing interest in the business. The owner of Rika stated the same. Even though the same opportunities were given to all her children, her daughter was the only one that was interested in her business, so she has no doubt about who is going to be the successor. Case 6 explained that she convinced her son to succeed her in the business, but she did not discriminate between her children, as stated below:

“I am a mother and I can’t make distinction between my kids. It’s not that I have chosen the second son to be a successor, I only recommended him to follow me because at that time the older son had already taken another career direction and the girl was not showing interest at all. I would love that all of my children have stayed with me, but I respect their decisions and support them in any step they decide to take” (Case 6, anonymous)

RQ5: In which stage of the succession process they currently are?

The cases for the study were purposely chosen to cover different stages of the succession process. Case 4 and Lon Ton are still in the initial stage of succession and their children are young. In both cases, the children are still visiting the mother’s business as stated below:

“They are still too young, but I often talk to them trying to raise the interest in them about this profession. I frequently ask them to visit me after school hours, asking them for fashion advice or asking to help me in choosing fabrics or other material that I need. I would like that at least one of them to study fashion, that’s why I try to keep them around me” (Case 2, Lon Ton)

There is a different situation in Case1, Rika, and Case 6. In these three cases, the potential successors are actively involved in the business, are contributing in meaningful ways, but the decisions are still made by mothers. Case 1 explains it best:
“Yes, we work together. The older son furnishes the store and handles with the clients, while the younger one deals with the financials. But, I am the one that still decides for everything. I know that they are hardworking, but if I am here, I will be the only decision maker. Son I’m planning to retire and only then I will pass them all the competencies. Until then they are my “right hand” but I am the “head!”” (Case 1, anonymous)

A similar situation is found in the Rika family business:

“I know she is innovative and she brought a lot of new ideas and new clients to this business, but I’m still the one who makes final decision for everything regarding the business” (Case 3, Rika)

The pharmacy business has the same scenario with the mother still making the business decisions, even though she is planning to retire soon:

“I had lot of difficulties establishing this business and bringing it where it is today. I am aware that I couldn’t do it without the help of my son and his wife, but he should be patient. I’m planning to retire soon, and only then I will pass him all the ownership and control. I’m criticized from my family and friends why I haven’t done this before, but it is not so simple. I know that I will leave the business in right hands and I’m proud about that, but I will miss the control that I had over it” (Case 6, anonymous)

The only case where the succession process is completed is Baby Shop Junior. The owner explained how she started and ended the succession process:

“When my older son was only 10 years old, even though he was too young, I tried to take him with me as companion given that I was not feeling comfortable selling alone at the market. When the kids grew up they all started to help after school or holidays. After 10 years, my two sons proposed that we should rent a store and quit selling at the market. I listened to them and we started selling kids clothes in a store. I saw that they both were more interested in the business than in school while the girl was dreaming to find some office job in the future. Even that they both worked more than me I was the main decision maker, until I got sick five years ago, Then I decided that they should continue running the business at their own, some time I was only as a consultant to them. In the meantime, they got married and decided to live separately so they opened another store in another city. The business was split between them by my approval. I stayed with the older son, and continued to help as long as I could. But 3 years ago, I decided to retire and transfer all the competencies to my son. He is doing great, and I’m very happy to see that the business that I created has grown and is successfully transferred to the next family generation. I’m also happy to see my 8-year-old nephew helping his father time after time. It reminds me of my son helping me. I hope that my son will love the business as I loved it and will transfer it to his children.” (Case 5, Baby Shop Junior)

DISCUSSION
The main objective in this study was to examine succession issues in women-owned small family businesses by better understanding the process of decision making in women business owned businesses. Issues examined included how women business owners act in the role of the predecessor, how do they plan the succession and carry it out, how do they identify the main challenges, how do they choose the successor when there is more than one child, and what is the current phase of succession planning in their family business. Regarding succession planning decisions, the study found that none of the interviewees officially planned the succession but all continuously desired that one day the business would be in their children’s hands. The interviews confirm the findings of Lansberg (1988), that succession planning is rarely done in family businesses. This study supports previous findings (e.g. Keating and Little, 1997; Lansberg, 1988; Murray, 2003; Santiago, 2000) confirming that there is no connection between the succession planning process and successful succession. In all the cases, even though the succession was not complete and there was no formal planning involved, the decision process was proceeding smoothly and without major problems.

From this qualitative study, we can conclude that the main challenges for women business owners in the decision-making succession process was to keep their children close and involved in the business, acting as their role model, and teaching them to love the family business. Women business owners feared that if they did not keep their children active in the business, they would not be interested in becoming the second-generation family business owner. The women business owners used the strategy of engaging their children in the family business from an early age and keeping them involved in the business, so the business would survive to the next generation. Cadieux et al. (2002) and colleagues found the opposite results: that women business owners did not have the foresight to consider that the family business would depend on the children willingness to take over the business.

The steps followed in the decision-making succession process in every one of our cases corresponds to the general succession process steps found by several authors (e.g. Cadieux et al., 2002; Churchill and Hatten, 1987; Handler, 1990). Our study confirms these findings with women business owners. If children of the owner are introduced to the business at an early stage in their development and are gradually given more tasks and responsibilities, the next generation will arrive at the final stage in the succession process when a child or children will take over the business and the women business owner can retire. The most interesting and contradictory finding in this study concerns with how the successor is chosen. Previous studies have found that the predecessor choose their successor(s). This study shows that in women–owned small family businesses, the same opportunity is given to all the children regardless of age, gender, or birth order. Thus, the child or children of the predecessor choose the family business rather than the family business owner choosing the successor(s). This study was intentionally based on criterion sampling with women-owned businesses in different succession phases, ranging from the first stage of introducing the business to their children till the last stage where the succession process is complete, and the business has passed successfully to the next generation.

It is found that one of the most important concerns of the women owners is that they try to keep the balance between family and business and try to avoid any conflict between the family members during the succession decision which is in line with the finding of Jimenez (2009). There has been a debate in the literature about the role of gender in succession issues for family
businesses as despite the increased interest in gender equality in the workforce there is still a tendency to favor male successors. This research suggested that it is merit not gender that is more important for family business owners when deciding the person to hand their business over to. Another finding was that they expect the role as a business leader to keep their strong emotional role of a mother which confirms the findings from the work of Cesaroni and Sentuti (2016). This supports the literature on work/life balance in family businesses in terms of being able to multitask. As the role of women in the workforce has changed there is now a greater acceptance on the multiple roles that females have in family business including that of a manager or leader and of a mother or family member. Thus, the findings of this paper contribute to the literature on the role of mumpreneurs or mothers who are also entrepreneurs. However, this paper focused on the role of females in family businesses and the role of succession planning.

CONCLUSIONS AND RECOMMENDATIONS

This paper has some limitations, which merits further research into succession planning decision-making among women family business owners. The predefined criteria set a limited number cases. Therefore, the findings cannot be generalized. The other limitation was the lack of existing literature concerning succession in women-owned small family businesses. The study has examined only cases in Ferizaj, Kosovo is another limitation. However, despite the limitations of the paper, some interesting new insights on succession in women-owned small family business emerged and need further exploration.

Based on the cases presented in this study, we offer beginning evidence that in women-owned small family businesses the decision-making succession planning process is not the determinant factor for successful succession. The succession process is described as an ongoing process that begins at an early age of development of the founder’s children, where all the children are equally invited to join the business, are encouraged to take on tasks and responsibilities, and are afforded the same opportunities regardless of age, birth order or gender. The successor child or children decide to stay or leave the family business and not the women business owners that chose who will be successor.

Future research could begin to answer the following questions. Why are women business owners not the ones who chose the successor? Would children who left the family business make a different decision to stay if they were not kept close the business from an early stage by the women business owner? Are there decisions by women business owners that make the business more successful? What makes the second-generation business owner more successful? Does this vary if the business was taken over from a male- or female-owned parent? What issues are a concern from the children’s point of view? Are women business owners more supported financially and emotionally by the successor compared to male business owners? Because of small number of cases, it is suggested that this study could be replicated qualitatively or followed by empirical research. Comparative studies in other countries is needed. Future research could compare the succession process in male-owned to women-owned small family businesses. Additionally, succession issues in larger women-owned family business could be explored and compared.

References


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