EUROPEAN BUSINESS UNIVERSITY

THE SUCCESSION TRANSITION OF SECOND-GENERATION FAMILY BUSINESS IN SINGAPORE: CHALLENGES AND IMPLICATIONS OF HIGHER EDUCATION LEADERSHIP TRAINING

Dissertation for Masters of Business Administration

By

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DEDICATION

I dedicate this study to

1 My father Tan Kai Ching and mother Koh Peck Hoon

2 My children, Sophy Sirinimnualkul and Peraya Sirinimnualkul

3 My husband Wisarut Sirinimnualkul

4 My father-in-law Wanchai Sirinimnualkul

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• To my friends and colleagues who encouraged me in life and believed in me.

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ABSTRACT

Research is conducted to explore the leadership traits required from the leadership of second-generation entrepreneurs in a family business and whether advanced degrees and courses will help in their journey to continue the legacy and develop the business. A qualitative study was conducted with five second-generation entrepreneurs in Singapore to delve in-depth into their situation, challenges, motivations, and question if further education affects the success of family business into the second-generation. Literature on existing studies is referenced, with many studies focusing on succession planning and developing the next generation. This research will focus on the unique situation in Southeast Asia, on the significant factors surrounding leadership and higher education, which will enhance and smoothen the transition process from the first-generation to the second-generation.

In the study, several problems that family businesses in Singapore face will be highlighted, specifically to the transition to the next successor. Singapore was a fishing port in the 1930s (Shimizu, 1997) and saw the country become an independent republic in 1959 (Wikipedia Contributors, 2019). In the 1970s, it became one of the Four Asian Tigers along with Hong Kong, South Korea, and Taiwan to experience a surge in manufacturing and exports (Bloomenthal, 2019). During this following decade, many of the first-generation businesses started. In the 2000s, many of these second-generation entrepreneurs graduated with degrees and started to work in their family business. In the 2020s, it was the ripe time for a successor, when the founder was approaching retirement. The participants of this study consider several factors to be key to the transition stage give confidence to all stakeholder as the business approach the next development phase.

These are leadership qualities, entrepreneurial qualities, investing in advanced education and courses in leadership, and emotional intelligence. While the findings generally agree with existing literature reviews regarding leadership and management applied to the second-generation, there will be a greater focus on details of the unique business culture and the struggles of the transition process.

1. CHAPTER 1: INTRODUCTION

1.1. Background

The focus group participants come from small, medium-sized businesses, with strong influences of Chinese culture in the highest income per capita in Southeast Asia. The key topic in this study includes succession transition, second-generation entrepreneurs, and advanced studies in leadership education.

Succession transition. Succession planning is defined as the strategy, plan to find and train a new leader to assume the role of the Chief Executive Officer when the incumbent after their retirement or inability to continue work in the company (Gillis, Daniel and Snider, 2021). Succession transition is the stage, process, execution, and result of succession planning. When the outcome is positive, succession planning is carried out in tandem with the company's continual growth, without significantly affecting stakeholders, which is the ideal succession transition that companies aim to achieve, ideally. All companies and organizations require succession planning as a contingency plan for leadership and to fill the top position in the company.

A smooth transition process is a significant part of a business as the founder approaches retirement or old age. The company employees and customers look for the Chief Executive Officer for his directions, vision, and core values that will differ from the founder and his successor. The changes could be challenging to adapt to, and whether the successor has the ability, capability, sufficient qualities, and knowledge to drive the same, a decrease, or an increased performance directly affects the revenues, and hence, the success of the business. In the Family Business Survey 2021 done by

PricewaterhouseCoopers Singapore, it is found that 26% have documented a succession plan(PricewaterhouseCoopers, 2021). However, succession planning is a largely controversial and least discussed business plan in Chinese culture. The founders tend not to give up control and use an uncertain environment to motivate the chosen successor to work harder for the top position.

Second-Generation Entrepreneurs. The term is connected to the term: family business. It assumes that the first generation is the founder of the company, and the second-generation is the direct son or daughter, or more uncommonly, the niece and nephew within a family tree (Sekulich, 2019). While the founder has selected the industry, grew the business for more than 30 years to a medium or large size business. The second-generation has the responsibility to continue the founder's legacy, retain the foundation, brand, customers, employees, and continue to develop the business in the face of new modern challenges and adapt the business to the evolving industry and environment (Deloitte, 2016)

Small, Medium Enterprises (SMEs) in Singapore comprises 99% of all companies in the country and are a crucial segment of the economy with a 49% share of the Gross Domestic Product and a key employer, hiring 65% of all working employees (UOB, 2017). These SMEs are mainly private companies, with individual majority shareholders, usually, a male founder as males in their culture is seen as the head of the household and tend to be the breadwinner in the 1950s. The term family business arises from the expectations and trend that private holding companies tend to have a preference and expectation for their children to take over the leadership of the business to keep the shareholding within the family, and for the business revenue to take care of the other family members. The leadership and continuation of family fare a concern for policy makers and all stakeholders in the economy, including employees, managers, owners, and external society, suppliers, government, creditors, shareholders, and customers (Stakeholder Theory, 2018). The appointment of the second-generation successor directly correlates to the overall value created for all stakeholders of the businesses.

Advance Studies in Leadership. Further studies are defined as courses, and degrees that are a level beyond the bachelor's degree, which is attained by 33-40% of citizens in Singapore (Ong, 2021). These courses include master's degree, Master of Business Administration Degree, Doctorate Degree, programs in leadership training and development and courses relevant to leadership and management and have a course study of at least six months. The focus on whether theoretical education affects the succession transition does not isolate the need for hands-on, operational leadership training within the family business, which is a controlling factor for this study. Any further advanced studies completed by the second-generation successors are variable factors.

1.2. Problem Statement

Since the manufacturing boom in the 1960s, many of the first-generation founders are approaching the retirement period and old age where they reach the age 60 and above, where they no longer have the vigor to operate and grow the business in the new technology-focused economy (Shu, 2020). Singapore has evolved its focus from a manufacturing hub to a value-added service in the 2000s, and recently into Asia's technological and investment darling. While relevant literature reviews cover topics on second-generation and the qualities to lead to the success of a family business, few have done research specifically on the succession transition process, problems, and solutions faced by both the first generation and second-generation in the business. No study has been done on Southeast Asia and Singapore family businesses and how advanced education in leadership is a determinant factor to the succession transition and its outcome.

1.3. Statement of Purpose

The purpose of the research is to: elicit recounts of the first-hand experiences of second-generation entrepreneurs specific to the key challenges and conflicts; assess solutions that their families have used to overcome the conflicts. Further explore if the factor of further education is seen as a need or show any effectiveness toward the development of the family business at the succession stage. The interviews are personal, honest, where work will intercept their emotional and psychological awareness.

The authenticity of the largely undiscussed topics will bring common conflicts to light, to benefit the academic research and consultants who may continue the study and find solutions that will, in turn, help the business leaders and their stakeholders in their communities.

1.4. Research Questions

- Research Question 1: Why do second-generation entrepreneurs in Singapore decide to join and stay in the family business?
- Research Question 2: What major problems did the first and second-generation entrepreneurs face during the succession transition process and, what solutions were implemented to ameliorate the situation?

- Research Question 3: How can advanced education improve the development and growth of second-generation family businesses.

1.5. Nature of Study

The research is conducted through qualitative methods by interviewing five second-generation entrepreneurs in a face-to-face interview, coming from a Chinese cultural background, conservative influenced business environment and located in Singapore.

Research independence, face to face interviews were the methodology for the research. Due to the sensitivity of information revealed in the interviews related to private companies was conducted in a less formal setting. The collected data was gathered, analyzed and cross-referenced to other family businesses interviews reported in the media.

The researcher's background and experience in her family business in Singapore allowed her to generate further new direction and knowledge within the academic field on the study of family businesses and succession.

1.6. Limitations

The study is limited to five participants from over 100,000 family businesses in Singapore. Hence, it cannot be a general representation of the majority and only provides insights into a small segment group of an age group between 30-38, primarily second-generation entrepreneurs during the succession transition process.

- The interviews are not conducted with first-generation business entrepreneurs; hence, the interviews are one-sided from the second-generation's point of view and may not provide a balanced view.
- The small sample size is too small to be a representation of all family businesses in Singapore and Asia
- There is a limited study done on small and medium-sized family businesses in this region of the world due to conservative notions towards letting external parties know problems within one's own family. Therefore, there are few cross-references to verify the recounts or compare similar issues.
- The qualitative method of interviews from the researcher's friends means that the interviews have a self-selection bias of background similar to the researcher, potential bias in questions, answers.

1.7. Assumptions

The research comprises formal statistics and interviews done with second-generation founders of small, medium-sized companies in Singapore.

Most academic literature reviews focus on the glamorous successors of large conglomerates industries such as real estate and logistics companies. Hence, the study has made the following assumptions.

- There will be five interviews conducted with second-generation entrepreneurs from small to medium-size businesses.

- The small, medium-size businesses are sufficiently successful, profitable, and potential to continue growing in their industry. Therefore, it is worth the second-generation's interest to join despite the label as compared to large or public conglomerates.
- The interviews are 1 hour long, face-to-face interviews with the participants.
- The participants are close friends of the researcher, who have decade-long friendships. Hence, they will give a full and honest recount of their problems without hiding negative feelings or feeling embarrassed by revealing their family and work-related issues.
- The sample size was taken from entrepreneurs who did not know each other, and hence each experience and recount were unique to the interview.

1.8. Significance

The research is done on selected participants who have at least ten years working in their family business. The findings will be able to analyze and reveal challenges and solutions that these second-generation entrepreneurs and their companies have implemented.

These insights will provide to the community largely hidden, sensitive information to the dynamics during the succession process from founder to the second-generation.

While the research is based in a developed country in Asia, a country with English as the first language, over a million family business can use the findings and analysis to improve their situation. Many countries have Chinese influence and culture within a conservative and paternalistic structure, where the founder's children are expected to contribute to the family and take up responsibility as the second-generation leaders.

The study will understand the commonly faced, yet unspoken conflicts and most significant challenges the family business faces. It will explore the best solution used, and how and whether further education in leadership can improve this succession stage and bring the family business to the next level of development in the new business environment moving forward. The study also aims to spur further research and interest from business academics, founders, successors, researchers, Universities, and relevant stakeholders to explore the dynamics with other segment groups and larger sample size.

1.9. Definitions

The fundamental terms used repeatedly throughout the study will include the following.

- The small and medium-sized family business is a private limited company with a yearly revenue of less than S$160 million or has a total workforce of fewer than 200 employees. (Gagua, 2011). In addition, the company must have at least two family-related persons working in the company full time and a majority shareholding of more than 50%, allowing the family members to be critical decision-makers (Inc, 2021).

- Second-Generation Entrepreneurs are the direct lineage children, son or daughter, or niece or nephew of the founder of the company, who joins the business and contributes in terms of growth of the company in terms of revenue, innovation, or direction. (Wickman, 2019).

- Further leadership education is postgraduate studies in the academic field in terms of theory, or practical training to acquire skills specific to leadership in business, including relevant master and doctorate degrees, professional diplomas and leadership training courses that range from 1 month to 6 months. In addition, relevant experience in a workplace is at least a middle management position that usually requires further training (Sutherland, 2021).

1.10. Summary

Chapter 1 gives the introduction to the setting and background to the ongoing succession process happening in Singapore, a country in Asia where 99% are overlooked small and medium size businesses. The problem statement is discussed, the purpose of how this study can contribute to the academic field, research questions to the participants formulated and the nature of the research. The second half of Chapter 1 reveals the limitations, assumptions, significance as well as a provision of the definition of key terms that will be used often.

2. CHAPTER 2: LITERATURE REVIEW

2.1. Chapter Structure

This section delves into the literature review and academic frameworks crucial to developing topics of concern before this study. It will include established knowledge, theories and evaluate current publications.

The academic research done on family businesses will be discussed in the first segment, focusing on succession planning, the founder, and the second-generation entrepreneur. The sources are from studies, corporate publications, global media interviews of family businesses.

Education in leadership is explored in the next segment. Finally, leadership frameworks that are crucial to the development of family businesses are explored, allowing the analysis of the variable factor of further education and its impact on family businesses.

This chapter discusses the topics separately and merges to show the interrelationship of education, leadership in a family business by introducing frameworks from existing research and evaluating studies conducted thus far.

2.2. Family Business

A family business is a corporation where at least one of the family members holds the controlling share in a medium-size or a large-size company (Cano-Rubio, Fuentes-Lombardo, Vallejo-Martos, 2017)

Family businesses tend to exist in less glamorous industries that are overlooked and looked upon with disinterest by large global investors, and hence a higher percentage remains as family businesses (Jaffe and Grubman, 2020). These industries may include the freight sector, manufacturing, localized food manufacturing medium-sized businesses without the evident potential for exponential growth.

The succession becomes a paradox when there are expectations for the successor to retain tradition while navigating and seeking growth for the company amidst modern challenges (Mitchell, 2018).

2.3. Succession Duration

The transition stage for an established company will usually face the issue of finding and grooming the next successor to retain the legacy and continue to grow the company. The company that will experience the succession transition stage will be estimated to have been operating for an average of 30 years (PricewaterhouseCoopers, 2016). Usually, this is when the first-generation founder has reached the age of 60 years old and above, and their children, an average of 30 years old.

The succession transition will pass through several stages. It lasts for 11 to 20 years, from the start when the one successor is identified, to the final handover of the top position in the organization (Michaud, Collette, Davis, n.d.). While the average retirement age of a Chief Executive Officer, (CEO), is 62 in the United States (Feigen, 2018), in Singapore, the re-employment age is up to 68 years old, with an increase in retirement age every year due in a context of an aging population (The Business Times, 2021). Regularly, the CEO position is the founder’s position in the family business.

This late retirement age has two significant implications on family businesses in Singapore. Firstly, when the founders approach the age of 60, they will be planning formally or informally, with the management of the family, to search for a successor, internally or externally (Baldwin, 2019). The second implication is that the succession transition stage will extend for a more extended number of years.

2.4. Background

Several common characteristics of family businesses have been identified in existing studies (Araoz et al., 2019). The successor is expected to grow and develop the company after the founder's retirement through any of two directions. One way is to retain the existing structure, maintain and not shake its foundation, and continue a traditional company through new times (Jaffe & Grubman, 2020). The other way, to the careful resistance of the founder, the second-generation successor innovates and moves into new markets and products (Yuan, 2019).

Many second-generation entrepreneurs (2G) have fewer expectations to help their family businesses, and there are more expectations to succeed.

There is a broad categorization of 2G entrepreneurs, ranging from passive to active heirs, hardworking or laid back, children who choose not to join the family business (Kazmi, 1999). What’s more, 2G entrepreneurs can also be creative, pivotal, and continuously seek to open new markets and expand the company (Syms, n.d). Kleinhandler (2018) states that 70% of families lose their success in the second-generation, which is attributed to the comfortable lifestyles and work provided by the founder. It is acknowledged (Newman, 2011) that not all successors lead to the ideal scenario of a successful company after the retirement of the founder.

2.4.1. Appointment of External Leaders

While families acknowledge that external CEOs have the professional skills to bring the company to the next level, the transfer of power to the next generation in their children remains the most popular choice for several reasons (Amran, 2012).

Shirtsleeves to shirtsleeves in three generations is an adage first quoted by Scottish American industrialist Andrew Carnegie (1835-1919) and agrees with modern statistics (George Stalk & Foley, 2012). The quote illustrates the history of children and grandchildren who could not bring the company to the next level after the founder and lost the legacy and wealth as a result.

One in three businesses succeed into the second-generation, and among the remaining, one in ten enterprises survive the third-generation family succession (Ward, 1987).

Hence, professional management of the established company leads family management to consider the appointment of CEOs who are not related to the family. However, the survey conducted by the Corporate Governance Practices in European Family Businesses noted that only 20% of family businesses hired external CEOs.

Family members still retain more than 50% of the board seats; women make up 16% of the board (Russell Reynolds Associates, 2014). Most family businesses seek to retain control by the family, except a buyout, takeover, or voluntary sale of the company.

2.4.2. Family As a Business DNA

A brand to a company is akin to reputation and family name to a family business. So, there is value to the brand equity and reputation in the specific industry among customers and suppliers that rely on a set of values and are trusted for a medium-size company's niche expertise. In addition, the desire to pass down the legacy in a company is one motivation to choose an internal CEO (McGinness, Calabro, 2021).

However, the desire does not equate to running the company. Therefore, the succession planning stage is usually informally decided. It goes through several stages: search of a successor, identification, contingency successor, intermediary successor between the founder and second-generation handover, training, tests, performance, extended tests, growth to the final transcending (Beech, 2018).

Founders look for interest in joining the business, management, leadership, sales and operations, passion for entrepreneurship, grit, tenacity, and persistence (Ledoux, n.d). They also want to increase the ability to work harmoniously with other relevant members within the company, which often includes relatives and family friends, and engage other stakeholders tactfully (McCarthy, 2016).

2.4.3. Secret Operational Recipe

Foundry Management and Technology found that for a company to survive beyond 30 years, the founder has their secret recipe within the operations, independently of the industry ranging from manufacturing to services (Johnson, 2017). Founders accumulate knowledge, expertise, and experience relevant to the industry’s customers and suppliers. They also develop networks, contacts, procedures of proper documentation, and standard operating procedures (SOP). These help the company and employees avoid potential lawsuits or failures when supplying large corporations.

There is a natural tendency for founders to keep the secret operational recipe within the family and only thoroughly mentor the family members they feel they can completely entrust (DWT, 2020).

Second-generation entrepreneurs tend to start working in the company at a young age, experience different positions throughout every operation of the family business, build a bond with the existing employees, and take the opportunity to manage part of the operations with constant close guidance from the founder (CFEG,n.d). Founders give 2G entrepreneurs the opportunities to make mistakes, fail and try again, create their solutions, and hand them the viable solution, all conducted within a safety net of parents at the workplace as a daily mentorship.

This mentorship goes beyond working hours on the weekdays (Arif, 2012). Since the second-generation entrepreneurs were as young as five years old, the parents' owners talk about business daily at home, over mealtime, on weekends, strategies, and work-related issues. This daily mentorship is a distinct characteristic of family businesses (Indeed Editorial Team, 2012). The mentorship surpasses the standard operating procedures, allowing the second-generation entrepreneur to gain insights into the business and industry, learn quicker, and pick up successful traits and methods specific to the industry.

This environment could indirectly germinate the seeds of passion for entrepreneurship and allow the children to understand their role to assist their parents, providing them sufficient time to decide to join the business (Aronoff and Ward, 2011).

2.5. Problems In Succession

The biggest problem is closely related to the emotional and psychological state and interaction between the founder and second-generation entrepreneur during the tradition between 11-20 years succession transition period (Ciampa and Watkins, 1999).

During this period, the founder watches from a bird's eye view as his successor learns to take over and continues to work in the company. In Asia and Singapore, it is a culture that the founder will not openly appoint the successor after selection (Ciampa and Watkins, 2021) to observe work and keep the successor on their toes to reach for the elusive top position.

As the successor learns to manage the business, there will be a conflict where most employees continue to respect only the founder as their boss (Wilkie, 2020). The successor does not see any promotion or signs of the founder's retirement. The enthusiasm mellows down, which may cause frustration and feeling overshadowed, leading to underlying tensions and conflict as the second-generation entrepreneurs become CEO-in-waiting (Levinson, 1971). The founders built the business from the ground up and they will wait if they can and decide the time they deem fit for retirement or maturity of the candidate for the position even though the second-generation feels ready, despite insufficient experience resulting in a common outcome of the second-generation quitting the family business and usually joining back after exposure working with other companies (Walsh and Porto, 2020).

2.6. Leadership

Leadership can be innate and similarly acquired through both experiences and learning (McCall, 2004). There will be clues to which characteristics can be natural or acquired; the entrepreneur can develop them through education and practice. There will be an analysis of 2 leadership models in the next segment.

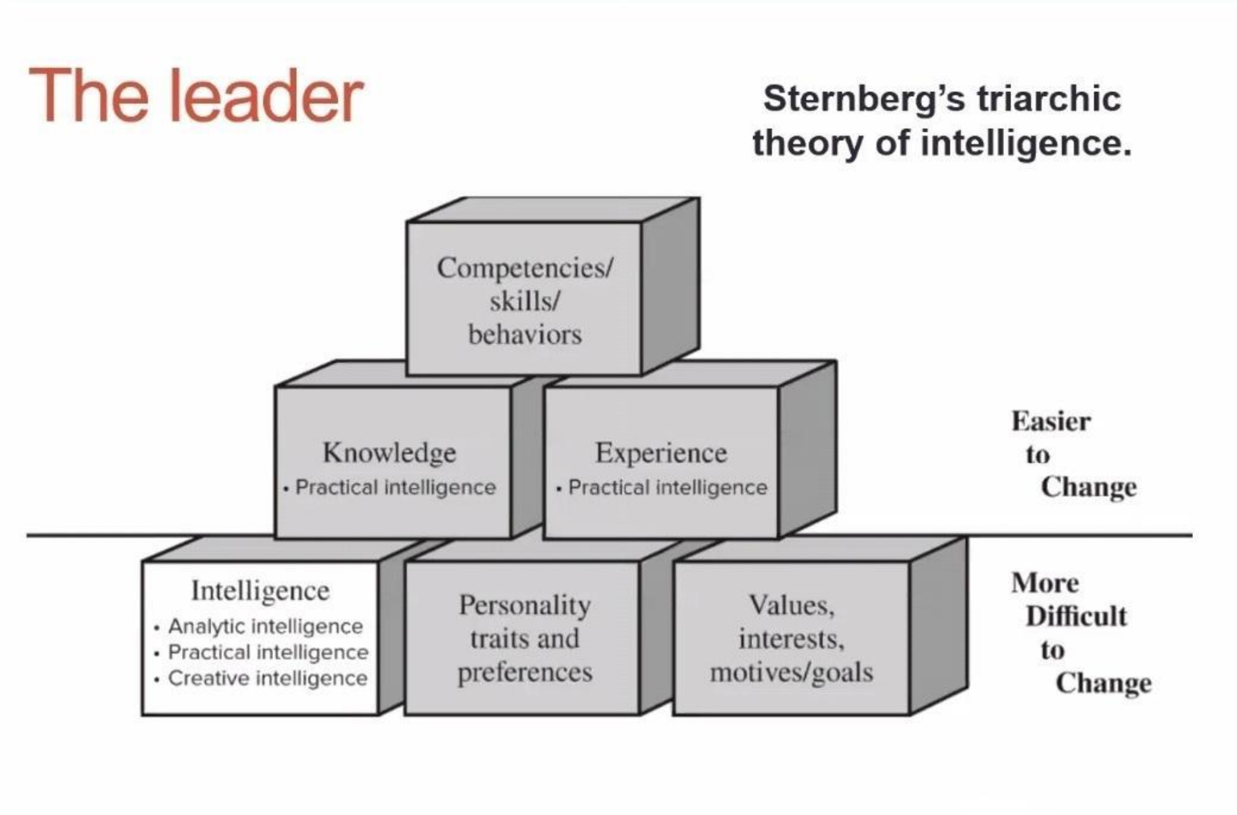
2.7. Sternberg's Triarchic Theory of Intelligence.

The framework originated from Robert Sternburg in the 1980s, divided Intelligence into three categories of analytical, creative, and practical skills (Shrestha, 2017). Before 1980, intelligence was a generalized topic as an ability itself. This framework has underlying assumptions that the environment and experiences shape intelligence, and in turn, intelligence helps change the world. For example, leadership in the business world requires a form of intelligence to navigate challenges, solve day-to-day operational problems, handle relationships between employees, customers, and suppliers, and allow survival in a harsh environment of stiff competition.

Hughes, Ginnett, and Curphy (2002) applied the framework to leadership and joined the study of leadership and intelligence from Sternberg’s by categorizing leadership and intelligence traits as easier to change and more challenging to change. They included Sternberg's Triarchic Theory of Intelligence of analytical, creative, and practical intelligence in challenging change. In addition, an entrepreneur's personality traits, preferences, values, interests, motives, and goals are innate and more challenging to acquire. On the other hand, leadership qualities that have a higher chance of being developed and learned are found to be competencies, skills, and behaviors, and Sternberg's model of practical intelligence includes knowledge and experience (Hughes, Ginnett, Curphy, 2002).

Second-generation entrepreneurs tend to have less experience and are sheltered by their parents and relatively comfortable environments. However, 2G entrepreneurs can gain vital leadership traits through learning and application in their family business (Duh, Letonja, Vadnjal, 2015).

Researchers and academics (Johnson, Vernon, McCarthy, 1999) developed a model that answers the question that underlies the study of leadership, whether leaders are made. They assume assumption that leadership qualities can be learned and developed. Intelligence, personality, and goals are three main aspects of a person which is difficult to change, according to Figure 1.



Leadership attributes (Hughes, Ginnett, and Curphy, 9E)

Figure 1:

Leadership Attributes. Reprinted from "Leadership: Enhancing the Lessons of Experience." by Hughes R., Ginette C., Curphy G.

Within the scope of Sternberg's Triarchic Theory of Intelligence, practical intelligence refers to another term known as "street smarts," which allows a leader to navigate through real-life challenges and gain an advantage over others. In business, businesspeople with practical knowledge are sometimes known to be cunning and scheming (Cambridge Dictionary, n.d) They obtain solutions and gain an edge in the business environment through psychology, emotions, understanding what motivates others, and tapping on available and limited resources to emerge a winner. It is challenging to learn practical intelligence, and usually, a person's early environment in life shapes their alertness to danger (Belli & Dreyer, 2012). Many founding businesspeople come from poor backgrounds and harsher environments, allowing them to acquire practical smarts compared to second-generation successors who never challenged the status quo (Kirrosplock, 2020).

Creativity is the ability to develop various ideas not limited by existing knowledge. Although a leader and a company face new challenges every day, entrepreneurs must come up with solutions to solve their business problems immediately (Griffiths, 2018). For example, the increase in raw materials prices due to trade restrictions during the covid pandemic in 2020 will lead to a loss per unit cost for the company. How will the CEO come up with solutions to ensure that his company can ride out the loss cycles and survive this crisis? There are many solutions, such as selecting two or more supplies for the same raw material from different countries or manufacturing locally.

Analytical intelligence allows leaders to analyze problems and resolve problems from the underlying root cause rather than finding temporary solutions to a problem (Silton, 2011). Despite these three traits being hard to change, analytical intelligence could be acquired in school through analysis through process training such as literature, operations management, and calculus, allowing one to gain a broad perspective and think of a process when tackling problems (Mcdaniel, 2010).

Personality and Goals. A character such as being result-oriented, self-motivated, driven, caring, aggression is an innate trait of a leader (Furtner, Maran, Rauthmann, 2017). People who possess the characteristics of a leader have a high chance to be seen, respected as a leader among the people—a leader not by authority, leader by charisma. Second-generation entrepreneurs can learn the traits of analyzed leaders and imitate and develop them by creating an environment that forces these traits (Yusnaviza, 2005). For example, a leader must care for his people to be willing to follow him. He may not be born with a naturally caring personality; however, he can travel and work overseas for some time away from his family business. By being less sheltered, it could be a way for him to gain empathy and broaden his perspective to learn to care for people who are not as privileged.

Similarly, a harsh environment creates a more goal-oriented and success-oriented leader (Woods, 2017). Goals to be successful, interest in the family business industry, a person's core values of integrity, reliability, commitment to the business, loyalty is crucial to a leader's success and is more innate.

Easier to learn. The second concept of the triarchic theory of intelligence is knowledge and experience. Knowledge refers to the theoretical knowledge acquired through studying lessons, seminars, graduate courses, and degrees (Koudelková, 2015). Experiences are on-the-job learning and daily life experiences, allowing a leader to learn better about the environment and understand how to navigate the business (Madsen, 2008). Both knowledge and experience are generally agreed to be easily acquired with time, effort, and training. Therefore, second-generation entrepreneurs can invest time and effort to attend courses outside of their family business work to improve their capabilities further to manage the company as a leader.

Competencies. Strategic management, global competence, professionalism, emotional are professional-level practical skills that leaders possess Schoemaker, Krupp, Howland (2019). These skills are not learned in bachelor's degree schools (Williams, 2018). These skills are required to navigate harmonious interaction with colleagues of different personalities, unspoken cultural practices, company culture, managing customers and suppliers, and leading various departments and teams within a company (Hoffman, Shipper, Davy, Rotondo, 2014).

Skills are the most crucial for a CEO to possess as he must know how to manage and keep industry expertise to perform his work well. The founder can learn and develop these skills.

Leadership Qualities. The next theory to introduce is a leadership quality model from Manning and Curtis (2019). There are many human resource managements models which study leadership qualities. Another leadership qualities model is from Dr. Craig Nathanson on Humanistic Leadership Model (Nathanson, 2019).

Manning and Curtis Model explicitly state the specific leadership traits after studies on global leaders. The ten attributes of vision, ability, enthusiasm, stability, concern for others, self-confidence, persistence, vitality, charisma, integrity will be analyzed with second-generation founders and lack of, and explore the possibility of acquiring through self-development, studying, training in conjunction with experiences.

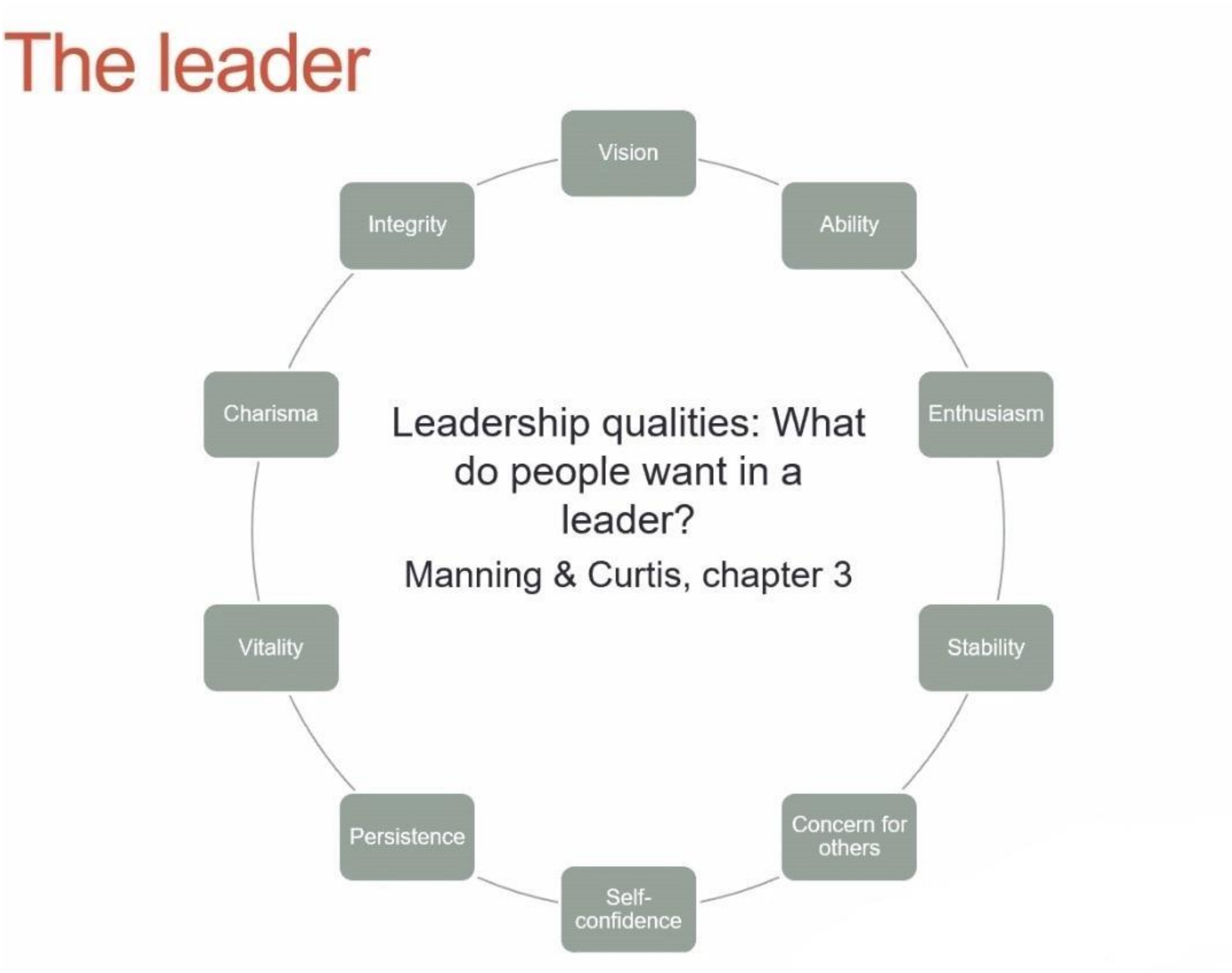


Figure 2:

Leadership Qualities. Reprinted from "The Art of Leadership" by Manning G., & Curtis K., Mcgraw Hill Education, 2021.

3. CHAPTER 3: METHODOLOGY

The study was done with six second-generation entrepreneurs working in their family businesses in Singapore. The method used for the research is the interpretative case study approach.

This method is applied through qualitative data collection through verbal interviews, extracting the meanings, processes, gaining insights into social context, and done with various participants' perspectives. The cases study then further allows in-depth analysis into forming theories on family businesses and the second-generation (Crowe et al., 2011).

3.1. Research Questions

The research questions are:

- Research Question 1: Why do second-generation entrepreneurs in Singapore decide to join and stay in the family business?
- Research Question 2: What major problems did the first and second-generation entrepreneurs face during the succession transition process? And, what solutions were implemented to ameliorate the situation?
- Research Question 3: How can advanced education improve the development and growth of second-generation family businesses.

3.2. Research Method

The interpretative case study method analyses the data through categorizing, developing theories, making assumptions and critical challenges towards the premises to conclude (Chetty, 2013)

The advantages include adding a social factor to the data collected by allowing the researcher, a second-generation entrepreneur, to appreciate the challenges faced by the family businesses. As compared to other forms of case studies, Interpretative methodology allows for predictions, social constructs, focuses on the specific stories of each entrepreneur, and gives meaning to timeliness and culture. It enters into the individual problems and solutions that an entrepreneur faces at the leadership position. This method enables in-depth studies and honest and reliable recounts from primary, qualitative data (Dudovskiy, n.d).

However, there are problems with data bias, researcher bias, limitation of scope, a limited number of participants due to the long duration of time required for interviews, and general resistance for consent to conduct personal interviews with business leaders. As a result, this data will not be a good representation of the general public or successors (Gaille, 2018).

The research aims to draw conclusions and findings surrounding the situation that second-generation business leaders face and explore how further education can be part of the solution to smoothen and improve the succession process. With the goals in mind, and nature of the research, this method is selected among the various case study tools (Creswell & Tashakkori, 2008).

3.3. Data Sources

The participants are between the ages of 30 to 40, second-generation children of the business founders. They are all from Singapore, located in a small, developed country in Southeast Asia of majority Chinese ethnicity.

The group selected have a rich experience in succession transition as they are in the middle of this stage in their family business, where the founder is retiring and aging. In contrast, the second-generation has been trained and overseeing the company's operations.

3.4. Sampling Criteria

The participants are from food, food packaging, packaging machinery, protective packaging, logistics, and warehousing industries.

The researcher knew the second-generation entrepreneurs mainly through the Singapore Manufacturing Federation (SMF), Packaging Council of Singapore, Singapore Family Business Association (SFBA), and college. All the participants' family businesses are currently the customers, suppliers, and business partners of the researcher's family business. The decade's friendship has allowed a deep and more personal level interaction to place the participants at ease to reveal details that external researchers will not be able to gather due to high emotional barriers concerning the research topics.

There are two sampling criteria to fulfill. The first is that the businesses selected are medium-size businesses, with employee strength of 30-100, annual gross revenues of above S$1 million, and all the companies in the manufacturing industry and own at least six machines within their factory premises.

The second sampling criteria is a broad spectrum of manufacturing businesses. As Singapore was a manufacturing hub in the 1970s, companies with at least 30 years of history now facing the succession stage tend to be manufacturing companies (Chung and Au, 2021).

Two male successors and three female successors make up the 5 participants to achieve this. Diversity is more than gender. Since the participants do not know each other and each interview is conducted on a one-to-one basis, there is no prior discussion or agreement in the data collected. The participants are from different manufacturing industries and differ in background, beliefs, education, expertise, and experiences. However, there are similarities, such as all the participants are of Chinese ethnicity, of a similar upper middle class, degree graduates of Singapore education, and belong to a similar age group.

These criteria allow for similarities to understand the context and challenges of the successors through interpretive case study method, and sufficient differences to contribute and value add to the academic research on family business and studies on the second generation.

Table 1:

Summary of sampling criteria

Company Characteristics	**Criteria**
Employee Strength	30-100

Annual Revenue	Minimum S$1 million
Industry Type	Manufacturing, minimum six machines
Company history	Minimum 30 years

3.5. Consent

The participants were asked for their consent for the interviews. They were fully aware and understood that the stories shared would be used for a thesis and research on second-generation family businesses.

No participants were harmed, and the information given was not likely to have any consequences on them, their family, or the business. The procedures and agenda of the interview were stated clearly to them before the collection of the data. Any questions with regards to consensual issues were clarified, and all participants were comfortable to proceed to be interviewed.

The consent form in Appendix A was shown to them in a PDF file and sent via the WhatsApp communication app by the researcher. The form is a notice and does not require their signature. The language of the entire interviews was English, the first language in Singapore. Hence no translation was required.

3.6. Confidentiality

The real names of the participants, their company names will be confidential to protect the participants' identities. This anonymity is essential as the second-generation entrepreneurs are future leaders of their companies and seek to maintain a respectable business reputation. In addition, the disclosure of their emotional, work, and family-related problems in this study will require anonymity to protect their personal and corporate privacy.

Random names are assigned to the participants to hide their real identities and give them comfort in revealing personal life details, knowing that they will be liable to judgments. Participants have volunteered to assist the research at no cost and do it as a favor to the researcher, a friend, customer, and supplier to their business.

3.7. Data Gathering

Table 2 illustrates the nine questions that the researcher asked the participants.

Table 2:

Data Collection Tools

Research Questions	**Data Collection Tools**
● Research Question 1: Why do second-generation entrepreneurs in Singapore decide to join and stay in the family business?	1. What motivated you to join your family business? 2. Why do you decide to stay in your family business?
● What major problems did the first and second-generation entrepreneurs face during the succession transition	3. Is there a succession plan from the founder appointed and will be groomed as the successor? How do

process? And, what solutions were implemented to ameliorate the situation?	you think the importance of planning affects your family business? 4. What conflicts do you face in the succession transition stage between the founder(s) and the second-generation entrepreneur? 5. What were the solutions implemented by your family to resolve the conflict among the working family members, as the situation is a delicate balance as your family is also your colleagues?
• Research Question 3: How can advanced education improve the development and growth of second-generation family businesses.	7. What courses or further education did you attend while working in your family business. When and why? 8. How do the courses help you improve the development of your family business, and do you apply it to your work? 9. Do you think it is essential and valuable

	to your business development, and will you go for more courses in the future?

The case studies are conducted in a one-to-one setting with the research and the participant.

The interviews are taped for 10 minutes, and the rest of the interview is recorded through note taking by the researcher. The decision to use two different methods of data collection was made to protect the participants' personal life as the information recorded tape can be used against their interest and have damaging unintended consequences if the recording becomes public. There are no further questions after the interview as it is sufficiently exhaustive and no edits on the answers.

The interview process is explained to entrepreneurs beforehand. As a result, the researcher shares the same first language, English. This allows her to understand the stories' explanations, data, social context, and hidden meanings.

3.8. Validity

The data collection tools are valid if they accurately gather data that answer the three research questions. To ensure the validity, the data collection questions were sent to 2 experts: Professor Dr. Hubert Joo, a professor in master’s degree Entrepreneurship, and Mr. Tan Kai Ching, a founder of a 40-year history business, for their feedback and approval via electronic means.

3.9. Researcher Bias

The researcher has been a second-generation entrepreneur for ten years. Therefore, the research may have an inherent bias that consists of questions to a familiar and comfortable perspective and assumptions made about family businesses in Singapore based on her own experiences.

3.10. Reliability

The reliability of the study is improved by cross-referencing the data collection with existing results, sharing with the participants at the aftermath of the interview existing literature with the participants that problems faced are not unique to only their family business. In addition, the interviews were done separately, and the promise of confidentiality allows them to give personal and truthful recounts without adverse repercussions.

3.11. Data Analysis

The data analysis technique allows data collected to give rise to conclusions by grouping patterns from the data and extracting insightful information (Calzon, 2021). This study will apply descriptive analytics to visualize the recounts from the participants using data collection questions. Further open questions asked will allow diagnosis of the problems and situation. Given the conflicts, a predictive analysis will be implemented to research if further education will improve aspects of succession and the family business, and prescriptive will be recommendations and suggested strategies that will be drawn from the results of the study. These data analytics techniques can be seen in figure 3.

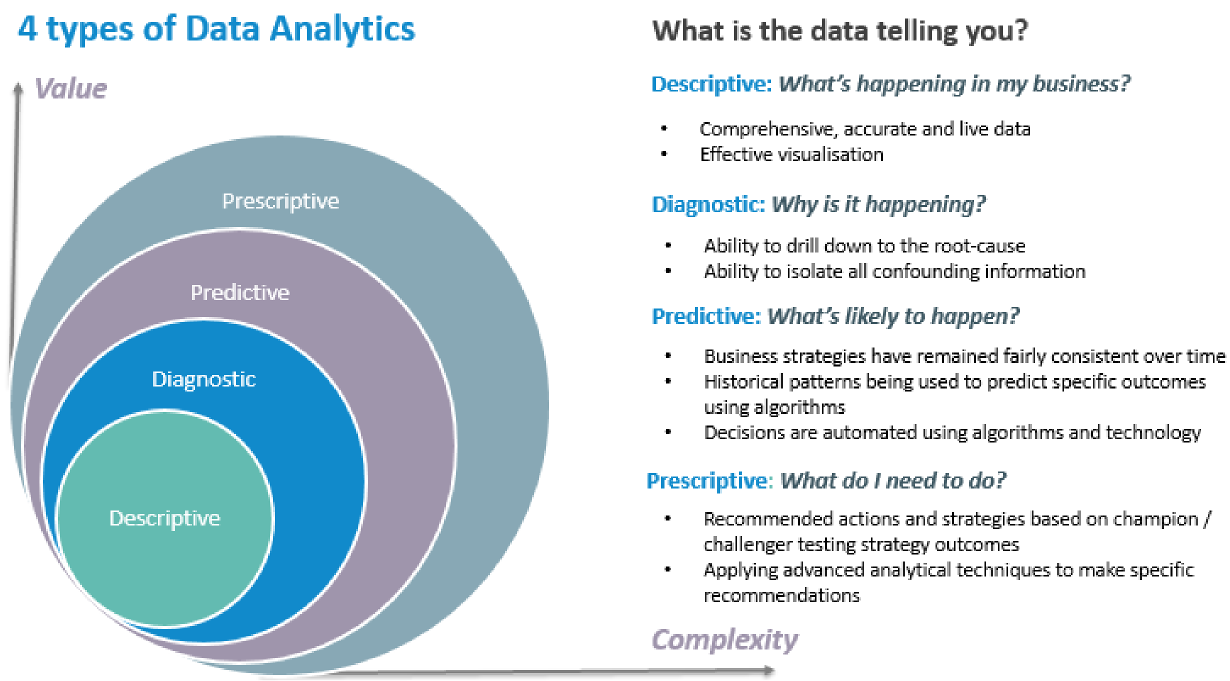


Figure 3:

Data analytics techniques

3.12. Presentation of Results

The results are presented in the written form, with direct quotes from the participants, interpretation, and data analysis.

3.13. Summary

This chapter stated the three main research questions and introduced the interpretive research method applied to gather data. The listed criteria selected the 5 participants with consent to interview about their personal and professional lives, and confidentiality was assured. The data gathering tool may face bias but is valid and reliable with the results to be presented in written form.

4. CHAPTER 4: RESULTS

4.1. Introduction

The chapter presents data of recording, transcribing of the primary data from the interview of 5 second-generation entrepreneurs in Singapore. This chapter aims to explain the collection of data, sort and find common themes to the answers to the research questions, and provide insights and analysis to family businesses' motivations, problems, solutions, and camaraderie.

4.2. Recording

The interviews with 5 participants were conducted face to face, in person, at a quiet cafe. Recordings were done for the first 10 minutes of the interview, and recording was switched off as the shared information was not convenient to be recorded to ensure the participants' privacy. The duration of each interview was 1 hour.

This study based its findings on personal conflicts, solutions, and dynamics of family businesses which are not accessible to most researchers due to the sensitivity of information shared. Therefore, the off recording allowed participants to share truthfully with the researcher having a two-way conversation with which she can share the experiences of others and her family business dynamics after their experiences.

4.3. Transcribing

The language spoken is English, which was the participants' first language. There will be no need for translation. Random names were allocated, and the business nature of the companies was kept confidential to protect the identification of the countable family business successors within their industry.

4.4. Second-Generation Business Owners

Profiles. The participants are similar in age between the ages of 27-37, with an average 31. The research kept a balance of the genders, even though it was a challenge to find second-generation female entrepreneurs, which consist of a mere 18% in the world (Gillis-Donovan & Moynihan-Bradt, 1990). The balance of genders interviewed aims to give a more diverse recount to the equality that males and females aspire to work towards.

Table 3: Profile

Name	**Education**	**Gender**
Jason	Business Administration	Male
Alison	Marketing	Female
Thomas	Business Administration	Male
Lisa	Accounting	Female
Jan	Economics	Female

Companies. The participants' companies have an employee strength of between 30-90, including Singapore operations. The history of the family businesses ranges between 20 to 60 years, with a median of 48 years.

Table 4: Companies

Name	Local Employees	Global Employees	Founded	Industry
Jason	30	60	1970s	Industrial Manufacturer
Alison	10	20	1960s	Logistics and Freight
Thomas	30	30	1970s	Machineries
Lisa	30	10	2000s	Food
Jan	30	40	1970s	Packaging

4.5. Background to 5 Case Studies

A background narrative about the participants and their family business will allow readers to be familiar with the story of the participants and better understand the challenges that were faced. It allowed appropriate and relevant questions to be tailored to answer the research questions stated.

4.5.1. Case 1: Jason.

Jason joined his family business nine years ago. After his first job stint at a company, his parents asked him to join the family business. He was motivated by the perks of car allowances, frequent travels to their Southeast Asia distribution offices in Indonesia and Thailand, and a salary to match his previous job.

Jason Started in charge of the operations and manufacturing at his family business. Jeremy, Jason's cousin, also works as a sales department controller in the family business. His family business consists of 5 equal shareholders, Jason's father, and siblings. Jason's father is not actively working in the company. His uncle is the Managing

Director of the company, and a second uncle is an executive director of the company. Both uncles, after eight years, are taking a backseat to manage the business and coming to work twice a week.

For his bachelor's degree, Jason attended a local university. Jason and Jeremy do not have shares in the family business. Instead, the five founding siblings have another affiliate company in a different industry where his other cousins work.

On the job, Jason frequently travels to distribution offices overseas to manage the respective country's manager who oversee the operations and is focused 80% on protecting the family business legacy due to the existing large customer base and traditional mindset of the founding entrepreneurs and directors. Jason has ideas to expand the family business. However, these ideas are subject to final decision approvals from his uncles, who will not approve deviating too far from the core focus, for example, into eCommerce. The reason given is "if it's not broken, don't fix it," and focus on the successful aspects of the business; innovation is a risk. Jason works very closely with bankers who provide financial facilities for the family business operations and linear expansions.

He considers the biggest challenge in succession transition to be no formal or spoken communication about plans for the second-generation, how to communicate, interact and manage the second-generation.

4.5.2. Case 2: Alison

Alison joined her family business eight years ago; she has one elder brother working at other companies and has shown keen interest in joining the family business next year to help after the covid pandemic. Her first job was as a flight attendant and subsequently opened a floral company, which sells and provides coaching lessons and hired three part-time assistants. The floral business is her entrepreneurial passion, is doing well, supplements her income from her family business, and works concurrently for her family business while running her own.

After she left her first job, her mother, who runs the family business, was asked to help. Alison decided to join as her mother faced health problems and did it out of filial piety and family responsibility as the children.

Alison was always pivotal, more entrepreneurial, and felt that expansions, innovations are the way forward for her family business, rather than maintaining the legacy. For example, her family business specialized in cross-border transportation between Singapore and Malaysia. After the covid pandemic took a hit in all businesses alike, she persuaded her mother with her new venture for the family business into local transportation amid resistance to change. This new source of revenue has contributed to the growth of the company.

She considers the most significant challenge in succession transition to balance her brother's entry to minimize potential conflict and for gain the respect from older employees who only see the founder as their only boss.

4.5.3. Case 3: Thomas

Thomas is the only son and heir to his family business, 100% owned by the founder. He joined the family business as his first job as his parents had told him that there was no need to “write a resume,” and he went ahead with the idea since it was expected that he had a job waiting for him after graduation. He has been working in the family business for the last eight years.

Thomas believes his work as a second-generation successor is to protect the legacy first and foremost, and it is 80% of his focus. It was not an easy task since they had many customers in Singapore and had distribution offices with their own General Managers in Southeast Asia countries such as Vietnam and Thailand. He is second in command to the founder; although there is no formal or communicated succession plan, the business has no plans to be sold or an external CEO. Hence it is assumed that he is the successor. The lack of communication constantly leads to a state of confusion in plans.

Thomas takes charge of all operations in his family business, throughout sales, customers, networking, manufacturing, operations. He was allowed to reinstate the dormant Thailand distribution office four years ago and was given no instructions on how to do so, so he had to learn from the ground up in a foreign land while traveling half the time between both countries. Nevertheless, it was a fruitful experience. The opportunity to venture overseas allowed him to go beyond his comfort zone and protection in Singapore.

However, similarly, when covid happened, Thomas had to close his Thailand office, and it was a significant loss to absorb to renovate the offices. Moreover, he had to retrench the workers who were already trained. During a recession, many family businesses alike had to bite the bullet to get past the low economic activities to ensure the survival of their firms. It was the task for the next generation to transform and seek opportunity in their industry and environment in the new business terrains of the 21st century.

Thomas considers the biggest obstacles to succession transition to be a severe lack of communication between the founder and second-generation, lack of succession planning which affects power play and management of the older employees who look to the founder as their sole boss.

4.5.4. Case 4: Lisa

Lisa is in the family manufacturing food ingredients and focuses on both wholesale and retail sales to local food manufacturers.

The business was founded 20 years ago, by her father, with a family friend, but Lisa's father holds the majority and controlling shares. Lisa is the eldest daughter of a family of 2 daughters. After working at another company for a year, she and her sister joined the family business as their second job. Two years later, into joining her family business, Lisa started a retail arm of the family business to branch into supplying smaller quantities on eCommerce, in line with the technological advances to tap into a new market segment for the same products. Again, she sought innovation for a traditional company.

The retail arm did not do as well as expected, and after five years, both sisters, who are in excellent relations, returned to assist the founder due to the onset of health problems. Unfortunately, recently, the founder was actively involved in the business despite his health problems passed on. Due to the unexpected situation, Lisa and her sister had to take on the most considerable responsibility of operating the company without the support and preparation for succession.

4.5.5. Case 5: Jan

Jan is the founder's eldest daughter in a family with two daughters. In Singapore and traditional Chinese business culture, males are the heirs of business, particularly in the male-dominated manufacturing industry (Chen et al., 2021). She worked in a sales position for her first job after university and joined her family business when her mother told her that the company would pay her a salary, but she did not have to work. Later, the mother said that since she was taking a paycheck, it was better she helped, and she joined full time to learn the ropes of factory operations, sales, and management.

Jan entered as the company's management without much experience, focused on growing the company through local sales, and acquired more significant customers. Her father rotated her in all business departments and encouraged her to do everything herself because he said, “don’t depend on anyone; you learn the most when you do everything from the ground, yourself.” She was left to explore and make mistakes, but she avoided severe mistakes with her father’s support and solutions.

However, after three years, Jan exited her family business, with the encouragement from her mother to put marriage and childbearing as a priority since she was a female and stopped working. Although family and relatives considered manufacturing to be a “men’s job,” management of the factory was not seen as suitable for female heirs compared to industries like real estate or aesthetics, reflecting the largely unspoken stereotypes in the Chinese business culture Singapore.

Jan was unaware that she was the appointed successor to her family business. Her sister chose not to work at the family business due to a lack of entrepreneurial interest in running a manufacturing company. Despite her exit, Jan was still with the company handling cloud technology.

The covid pandemic in 2021 impacted drastically on her family business. As a result, Jan had to step into business once again, transforming the business into what she calls “Family Business Part 2”. Singapore has had manufacturing advantages eroded and over the years shifted its focus to services and today, Industrial 4.0 into technology. She considered the challenges to succession transition to be the founder refusing to change the core business operations, handing over power to the younger generation, and the lack of partnerships to potentially tremendously grow the business.

4.6. Analysis

The interviews are analyzed to provide answers to the study’s research questions. In addition, common patterns are observed and grouped to provide further insights into family businesses and succession transition.

4.7. Findings on Research Question 1

Research Question 1: Why do second-generation entrepreneurs in Singapore decide to join and stay in the family business?

Requested by parents. Four participants were asked to join their family business in their second job, after the first experience in an external company, to gain some knowledge or skills, usually working outside for approximately one year before joining the family business.

Given the “carrot” and freebies. Three participants were given initial and ongoing incentives and perk greater than their previous jobs to join the family business. However, this could include a similar salary with less time commitment, travel opportunities, and convenience.

Family responsibility. All five participants felt that staying in the family business was a form of mandatory family responsibility to help their aging parents. The latter is approaching retirement to protect the family legacy and continue the wealth and lifestyle they were already accustomed to. Their family business needs support from the second-generation to learn the ropes and cannot fail.

Entrepreneurial, passion, skill sets. All five participants reflected drive and entrepreneurial personality with a passion for the work related to their experiences. In addition, the founders who have at least 30 years of experience as their mentor have learned, developed, and acquired specialized skillsets coupled with invaluable experiences to manage the business after the founder retires.

Too immersed. All five participants joined the family business eight years ago, and they are all in similar age groups. Four participants did not think of leaving the family business as they are immersed in the work and too involved in every aspect of the company. They stated that they had developed a passion for the trade. The powerful CEO-in-waiting position that they are almost entitled to upon joining their family business comes with the opportunity to make decisions that can influence many stakeholders' lives. This highly coveted position with its innate attractions is one reason that keeps the second-generation to stay within their family business.

4.8. Findings on Research Question 2

Research Question 2: What major problems did the first and second-generation entrepreneurs face during the succession transition process? And, what solutions were implemented to ameliorate the situation?

No succession plans. All five participants reported no formal nor verbally communicated or hints to succession planning. There were only assumptions and discussions about this elusive and hard-to-broach topic with the family, parents, or working children. Four of the family businesses interviewed had the father as the founder of the business. One was the mother.

For example, Jason had two successors working, but there was no mention of the choice for CEO, with a possibility of two successors put in charge of separate responsibilities. Alison has a brother joining the business, and there is no indication of a successor. Thomas faces frustrations over the lack of power transfer and constantly contemplates quitting, but that is not the solution. Lisa had to take over her family business immediately upon the sudden passing of the founder, before which over eight years there was no mention of succession. Finally, Jan quit her family business as she was unaware that her father only trusted and taught her everything and, at the outset, mentions “the company doesn’t need anyone.” This created an environment of confusion, and a lack of planning could impede the vision and 10-year roadmap for family businesses.

Succession planning is crucial. All five participants agreed that planning was essential with at least indications to whom the successor will be, selected candidates, when the founder plans to retire, why the successor was selected, what are the goals that the founder has for the second-generation, and how the transition will be conducted. These considerations were all absent in the family businesses that were interviewed for this study. “There is no communication about the successor, it's frustrating, and my dad holds all the power, no indication of when he will retire, which seems like never. So yes, succession planning is an area I will talk to him. It is imperative to plan for the future, just like how we plan for every aspect of the growth of the business” (Interview, Thomas, 2021).

Absence and lack of communication. One common area of conflict faced by second-generation successors was zero to lack of communication between the two-generation entrepreneurs. Four participants met a lack of communication, and all were with male first entrepreneurs. The lack of communication was pervasive in areas of giving instructions, resolving problems in the company. There were no discussions and formal meetings, no discussion of solutions to problems faced by the company, and no outward show of concern to the second-generation entrepreneur's feelings, emotions, and work.

“Every time I do something right, I get no credit. When something goes wrong, like starting the Thailand office, I get the biggest blame from my father and mother. My father doesn't even want to sit down with me to find a solution to the company's problems, till today, there is no solution. Problems exist, all swept under the carpet, dust comes up. As the successor I take all the blame again.” (Thomas, 2021). For Jan, “my father only communicates to me on WhatsApp (a communication tool app), he hardly talks to me in real life about work nor about my life, and during office meetings, it is a one-way meeting where only he talks, gives instructions, there is no discussion. All the staff listens for 2 hours” (Jan 2021).

In addition, there was a generational gap in how both generations treated employees. “In the past, it was okay to scold employees, and they will listen to the boss (founder), and the older employees are fine with this treatment. However, they do not realize that for our new generation, Millennial employees, you can’t manage them in this harsh tone because it may be considered verbal abuse with the prevalence of holding employers accountable on social media now. So our (second) generation (successors) are different; we treat our subordinates more humbly” (Jason, 2021).

Power Retainment. The founders were the ultimate and sole shareholders of the company. Four participants were not given shares nor directorship despite working at the company for almost a decade, and there were no signs of retirement from the founders, who were all aged 70 and above. All final decisions were made by the patriarch of the family business, rightfully, as the CEO and controlling shareholder.

All five interviewed second-generation entrepreneurs faced the problem of a lack of respect from the older employees who joined before them and followed the founder. This could be attributed to gratitude towards the founder, and there was a familiar pattern that they saw only the founder as the company's boss. There was a need for the second-generation to prove themselves and gain respect. Still, one popular solution suggested was building their young team and working amicably with the older employees as they are bound to reach retirement age eventually.

“No, they don’t respect us at all. When I work from home or do not turn up at the office, the older employees do not understand that we are busy. Behind the scenes, we (as the second-generation) work after they end work at 5 pm, on weekends, to do quotations and work to increase sales and grow the company. Behind us, they complain to my mother. I have to hold a meeting with all of them and the founder to resolve the situation". For our overseas office, I can't go since it's covid. They only take instructions from my mother, not me as they have been in the company at the start, 20 years ago" (Alison, 2021).

Aim to reduce conflict as much as possible. The solution to the two major conflicts in succession transition, as highlighted above, is a common aim to reduce friction between the founders and successor and among selected successors for family businesses with more than one successor. For example, Jason's family business chose to hire an external General Manager two months ago, as a potential severe politics between the founder and successors threatened the internal partnership of family members. They have seen improvement in the situation, proving hiring external professionals to be one effective solution for family businesses with several family members to communicate better.

Jan chose to branch out of her family business into an innovative and related product to navigate the new changing needs of the market and from customers. As a result, she stopped taking a salary from her family business. "I told my father that I will start my own company, family business part 2, for which he has a minority share. He has been working for 40 years, and it was tiring for him and perhaps time for him to retire, but he won't leave his 'baby.' He refuses to allow me to change, nor innovate.

Suggestions of necessary barcode inventory control was rejected as he says it was a dream for older workers to change because they can't. So, I started my own company to have the final say and control share where I can now build from scratch and form my team, avoid all the miscommunication problems, and gain my employees' loyalty" (Jan 2021).

In this study, Jan's decision is not a common choice for second-generation entrepreneurs as most do not leave the family business. However, second-generation entrepreneurs choose to build their own business outside of the family business and gain decision-making control instead of waiting for an average 25-year succession timeline.

Care about each other as family. All five participants felt that the founders' and second-generation goals were to focus on the family at the core of the business. Family businesses treat employees like family members and care for their well-being. As Jason puts it aptly for all the participants, "at the end of the day, we all know that we are family, and we still see each other for yearly reunions and weekend gatherings at each other's houses. There is no talk of work, and we know that we work together for the sake of the family legacy and protecting each other (Jason, 2021).

4.9. Findings on Research Question 3

Research Question 3: Research Question 3: How can advanced education improve the development and growth of second-generation family businesses.

4.10. Courses

Table 5:

Courses attended by successors while working in the family business

Participant	Courses	Future Interested Courses
Jason	• He is currently attending a course in data analytics. • He attended courses relating to manufacturing. • He took a three-day leadership course on: How to be a good manager.	• Finance Management • Further Certifications • Digitization Courses • To continuously upgrade and attend courses to manage an evolving business. • Limitations: 2 to 3-day course due to heavy work commitments.
Alison	• She attended 2 to 3-day courses and 1-week courses to learn about various aspects of business management and operations.	• Not keen on graduate programs due to full-time work commitments. • Will consider further courses between 2 to days or up to 1 week to learn how to automate processes in logistics.

		• Consider courses such as Human Resource policies, accounting complicated warehouse, logistics, automate in tech.
Thomas	• Diploma • Graduate Diploma in Mechatronics. • He attended several professional pieces of training in packaging in Singapore, Thailand. and India conducted by each country's Institute of Packaging. • He attended courses in materials. • Professional courses provide insights into the machinery industry.	• May consider taking a degree in business management comes. Human Resource policies, accounting complicated warehouse, logistics, automate in tech,

	• Feels that courses do not help and are not applicable. However, it provides more avenues to networking. • Applied 20% Robotics. • Self-development is crucial, do self-reading on leadership and attend courses one-time free seminars. Listening to webinars on leadership training on YouTube weekly depends on how "hungry" (or driven) a person wants to improve themselves.	
Lisa	• She attended short 3-day courses on eCommerce, food-related classes relevant to end-users and customer • She attended training by overseas suppliers	• He will be keen to attend leadership courses to help manage the business in 2 years. However, not now due to a hectic schedule. • As a female successor who has taken over her family business, she must balance responsibilities as a new mother, child, house chores, and work at her family

		business.
Jan	- Master of Business Administration (MBA) - Considers MBA very useful and new knowledge to the development of the second-generation business and growth of the company - Four month-long courses on real estate management, venture capital, blockchain	Yes, to further education and willingness to commit due to interest in academic studies with applied entrepreneurship work.

Useful for family business development. There is a consensus that further education and graduate courses will enable the second-generation to improve their skills sets and value add to their family business development into the following decades. However, due to the daily commitments of the full-time working participants, and as decision-makers to the business at the helm, they do not have the time to attend courses beyond one week and show a preference for 3-day seminars where knowledge is concise to their schedules. Except for Jan, who is operating her own business, she has more free time to pursue her academic aspirations outside of work.

There is a saying of “you do not know what you do not know” (Kasanoff, 2018). As the second-generation entrepreneurs feel comfortable in their work, they may be satisfied with the progress or accept that they know sufficient more than others in their trade about their specialization. The pursuit of further education allows successors to update their knowledge with ever-evolving research and theories, successful and failed case studies of other businesses to take note of dangers, and navigate the undulating, terranes mountains of business.

4.11. Summary

The chapter revealed how the research was conducted through interviews and recording. The professional and education background of all five participants to the study were introduced, together with the different industries of the family business. The findings on all three research questions were analysed by providing primary research data with direct quotes from the participants

5. CHAPTER 5: CONCLUSION

5.1. Introduction

This chapter summarizes the study's findings discussed previously and brings new insights to conclude the data. In addition, implications of the study are presented, with limitations and suggestions for further researchers.

5.2. Summary

Findings were discussed from the introduction of the participants, given a background of their family, the primary influencing business culture, and the company's organizational structure that involved different family members.

The three research questions were answered based on pattern identification through interpretative research methodology. The following section will further analyze these results to obtain the significance of the study.

5.3. Main Findings for Research Question 1

Research Question 1: Why did you decide to join and stay in your family business?

Findings. Each entrepreneur had different reasons to enter the family business, but there was a common motivation behind joining the company.

- Second-generation entrepreneurs joined based on an invitation from their parents, which stems from the founders' and family's interest to keep the company as a family business after they retire.

- Second-generation entrepreneurs felt a strong sense of family responsibility towards their parents. In addition, they felt a sense of filial piety when they assisted their parents in the form of professional work in the business that the founder built painstakingly over decades. As a result, work became a common topic and interest for both generations.
- Second-generation entrepreneurs stay in business out of passion, fulfillment, habitual routine, and status. They have a ready mentor who taught them trade secrets of the business that allowed them to prosper gradually. However, the almost guaranteed, powerful position of CEO-in-waiting was only attainable at their tender age of 28-38 years old through family business succession.

5.4. Main Findings for Research Question 2

Research Question 2: What major problems did the first and second-generation entrepreneurs face during the succession transition process? And, what solutions were implemented to ameliorate the situation?

Findings. The second-generation entrepreneurs narrated different dynamics of their unique family business structures, and three main findings resonated with all participants.

No succession plans.

- All the second-generation entrepreneurs have been working for the family business for an average of 10 years. There was no mention of a succession plan by the founder even as the founder approaches or past the age of 70 years old and has been working for the last 30 years.

- Succession plans in Chinese business culture influences tend to be implicitly interpreted, and founders find no necessity to communicate the vision. The succession plan is conducted through an invitation of their children to second their work responsibility, grooming and mentorship, and tough familial love, which includes criticisms and prefer a natural and gradual hand over of the business to the second-generation.
- Founders may take advantage of the lack of a detailed succession plan to keep their successors on their toes, work harder for the family business and not take the position of the heir for granted. However, the top position in the company is attained through hard work. The daily grind will give faith to the founders that their generation can bring the family business to success in the next four decades ahead.

Lack of communication

- Four out of five participants among the second-generation entrepreneurs face the challenge of a lack of communication with the founder.
- The organizational structure in a medium-size company is essentially hierarchical, where the top leader gives instructions and has the final decision in every aspect of the business. Therefore, the lack of communication could be due to top-down instructions and lack of

meetings and discussions. As a result, the founder feels that they know the business better and navigate the company longer than the second-generation.

- A prevalent generation gap existed between the founder and successors in terms of expectations for open communication and willingness to listen to new ideas.
- Communication gaps existed between male founders and male successors, and male founders to female successors, but not in female founders to female successors. This finding can be attributed to the observation that many successful male leaders communicate less, be immersed in their work, and display an introvert in leadership communication (Grant, 2015). Charisma finds presence in introversion (Aquino, n.d). Charisma, stability, persistence, and ability through decisiveness are characteristics of successful leaders, as seen in Figure 2: Leadership Qualities.

Reduce conflict and family values

- Second-generation entrepreneurs try to reduce conflict with the founders to respect their elderly parents. They should show gratitude for bringing them up and giving them work opportunities and mentorship.

- There is a common goal to work together to improve their careers knowing that both generations are interrelated and interdependent and will be affected negatively if conflicts are not managed properly.
- Second-generation entrepreneurs tend to manage challenges by learning from mistakes and overcoming existing challenges, keeping in mind that they have less experience in terms of many working years than the founders.
- After the interviews, all second-generation found that they have not broached nor considered the topic of succession and find it essential to bring it up with the founders and discuss a need for a form of plan. They understand their situation as the appointed successor and work towards their goal for the family business.
- Solutions manage the lack of communication to reduce conflict. For example, Jason's family business decided to hire an external General Manager to act as the intermediary and decision-maker when both generations do not agree upon a specific decision in the business.

5.5. Main Findings for Research Question 3

Research Question 3: How can advanced education improve the development and growth of second-generation family businesses.

Findings. Second-generation entrepreneurs showed interest and effort to attend further education while working for their family businesses. The typical choice was a three-day course in management methodologies and industry-specific education applicable in their work-study.

- Four participants showed interest in certification courses that can be completed in 3 weeks due to their hectic decision-making schedule.
- Only one participant finished a full-time master’s degree. As an exception, her motivation for completing an MBA could be due to the founder’s influence as he possesses an MBA degree.
- In the introduction of the background of entrepreneurs, there was a familiar pattern that the parents of the same four participants did not have expectations of academic achievements. This can be attributed to the founders' and parents’ belief that most successful business leaders do not possess high academic qualifications but rather a strong business sense, tenacity, hard work, and leadership qualities to succeed.
- A survey in CNBC showed that 56% of successful founders of independent businesses did not obtain a college degree (Juang, 2017). In 2015, three out of 10 billionaires in the world did not complete a university degree (Shen, 2016).
- If a basic degree is not a necessary ingredient for success in the business world, the question lies whether further education is necessary for family businesses into the second-generation?

Sternberg’s Triarchic Theory of Intelligence in Figure 1 categorizes leadership attributes that are easier to change. This includes knowledge, experience in terms of practical intelligence, competencies, skills, and behaviors.

- The courses attended by second-generation entrepreneurs enable them to gain new knowledge in a field they are not familiar with, which is required at their management level to acquire.
- Jason is attending a 6-month data analytics course in charge of production and operations. A data analytics course enables him to apply his work to achieve optimal production capacity and output using technology and analysis of manufacturing data daily.
- At the top of the Triarchic Theory, competencies and skills can be developed as academic lessons merge with practical work in the family businesses. Education and professional work training in areas other than work process form the basis for advanced skillsets to help second-generation entrepreneurs navigate challenges in modern business terrains.
- Thomas attended a Graduate Diploma while working for his family business as his industry is related to automation. This allowed him to understand better the processes behind the machines he is selling and seek to improve the machines, stay in touch with new technology discoveries and research and possess in-depth knowledge to gain the trust of his regular customers.

5.6. Conclusions

This study has several conclusions that are drawn from the analysis of the findings.

Second-generation to a family business is more an inherited position than a choice. After they graduate, the founder asks their heirs to join the business even though the salary for all participants is less than their peers. The strong sense of responsibility towards their elderly parents and expectations to continue the legacy is one of the main reasons to stay.

There are pros of joining the family business, which includes: perks and fully subsidized travel allowances that external companies do not provide freely; CEO-in-waiting, high authority, and respected decision makings; enjoying potential exponential career growth correlated with the business development and the natural progression of taking over ownership of the business.

However, there are also limitations. Second-generation entrepreneurs and selected successors are not given much freedom to choose their careers outside of the family business, explore other career options, change jobs, or find work they are passionate. As a result, responsibility and guilt can creep in and be the reason for them to keep going, despite innumerable problems, challenges that they face at work and working with the founder during the succession transition stages.

Family ties are a common goal for family businesses. More than a pervasive core value that binds stakeholders of the family business, family ties become a goal for both the founder and second-generation during the succession transition. While it is a means, it is also an end for family businesses.

The ubiquitous problems faced by second generations remain unsolvable for years. Active and effective communication allows the arrival of a common understanding between people (Llopis, 2013). In leadership positions, it establishes effective leadership, increases the motivations and morale of employees, promotes coordination, cooperation, and peace, and acts as a foundation for decision making (Kullabs). Conversely, the absence of effective communication can lead to distrust, conflicts, misunderstandings, and loss of opportunities (Houlis, 2019). Recommendations include for both founder and second generations to practice active listening, understand each other's communication styles, schedule weekly upper management meetings, give positive and constructive feedback, and encourage body language for encouraging results (Luthra, 2015).

The main problems second-generation leaders face includes lack of communication, succession plan, and power retainment by the founder. Despite these problems that can be solved by taking active steps towards gradual progress to improve the situation, both generations presented a deep-rooted unity in operating the family business. This unity is the goal of family ties as the most crucial factor and is why the family members are working together.

There is conspicuous kindness, commitment, dependability, loyalty, teamwork, trust, passion, and responsibility embodied by both founders and second-generation towards each other and their working and non-working family members. This goal allows them to overcome professional and personal problems that seep into the family businesses.

Further education is one strategy used to tackle dynamic business environments. Second-generation entrepreneurs are involved in different learning while working for their family businesses. They acknowledged that further and continuous education is required to increase knowledge, practical intelligence and add competencies to their current skills set. Courses are selected based on duration and lessons complementary to their recent trade.

The business environment in which founders succeeded and developed the business was when there were many new influxes of foreign Multinational Corporations (MNCs) and subsidies for manufacturing in the late 1970s when most family businesses were established. Fast forward to 2021, Singapore has transformed into a technology-driven economy. The second-generation entrepreneurs who look to succeed in the founders find themselves with no one-size-fits-all solution to family business success. Many of the participants are in the manufacturing industry and will be forerunners driving the future of the country's Fourth Industrial Revolution.

The second-generation leaders find solace and strategy in further education by continuous updating of knowledge and seeking knowledge to become experts in the field and innovate ahead of market competition.

5.7. Implications

Second-generation entrepreneurs and their founders face problems during the succession transition stage, which may impede the growth of the family businesses. The identification of the issues is the first step to resolving conflicts. Both generations should take time weekly to improve communication and discuss formal succession plans to enable smooth transitions and preparations for all stakeholders involved.

Realizing the need for better succession planning for small and medium-sized businesses is a concern for governments and consultants. The current focus is on listed companies where banks hold exclusive classes and sell products. However, the need to cast the net wider is crucial in a country where small and medium-size businesses comprise 99% of all companies and employ 65% of the workforce (UOB, 2017). Courses tailored to founders and second-generation entrepreneurs to practice formal succession planning and effective communication techniques will prove crucial in developing the economy in the next four decades ahead.

5.8. Limitations and Suggestions for Further Research

The small sample size for this study is one of the limitations. As qualitative interviews require an hour of intensive questions to the participants, it limits the research methodology on a broad-based scale, which may lead to fewer data collected to attain conclusions. Future researchers may approach family business associations in their respective countries to tap on broader sample sizes, utilize pre-prepared questionnaires, and increase the sample size to above 10 participants to identify patterns based on data collected.

The scope of research is limited to conflicts and solutions faced by second-generation entrepreneurs. However, conflicts tend to arise based on contextual situations, and more research can be conducted into the founders' and second-generation upbringing or personality. This study investigates future academic education for entrepreneurs. More research could be done to address the root problems of the challenges faced and find better solutions for family businesses.

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Statutory Declaration

I hereby declare that this Master's Thesis is all my own work. I have only used the sources or resources I have explicitly referenced. I have attributed all direct and indirect quotations.

Tan Yee Wen, Singapore

16 January 2022