

LEADERSHIP QUALITIES AND ITS INFLUENCE TOWARDS SUCCESSOR EXPERIENCE IN THE FAMILY-OWNED EDUCATIONAL INSTITUTIONS, CHENNAI CITY

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Abstract

Gaining knowledge about leadership positions in educational institutions is the primary goal of this research article. Directors, chiefs, and administrators are the individuals in charge of educational institutions. It is the duty of leaders to effectively lead and guide people in carrying out their duties and responsibilities, resolve a range of issues and difficulties, make informed choices, and create a welcoming atmosphere that will support students in achieving their schoolwork goals and objectives. Furthermore, it is imperative that the leaders maintain a constructive attitude and guarantee equal rights and opportunities for all members of the educational institutions. In order to effectively mentor and instruct the students, educators must assume leadership roles in the classroom. It is essential for leaders to increase understanding of various challenges, develop their abilities, and make adjustments over time. The power to implement changes is placed in the leaders, who must make sure that any changes benefit the members. The relevance of leadership positions in educational institutions, leadership roles, effective leadership dimensions, leadership activities, and conventional leadership theories are among the key ideas that have been considered in this research work.

Keywords: Successor, Planning, Experience, Leadership, Family, Business, Success.

Introduction

Without putting in place sound governance procedures that keep the family and the company apart and provide competent board monitoring, family firms will not be able to manage internal talent (both family and nonfamily) or draw in the finest outsiders. A quarter of the nonfamily executives we spoke with stated that they initially had governance-related reservations about working for a family business, even among the top companies in our study. These reservations included doubts about the degree of autonomy, the possibility of nepotism and irrational decisions, lack of dynamism, and hidden agendas. A clear first step for family firms hoping to attract and retain top talent and compete in the long run is good governance. Therefore, whether a business is fully owned by family, partially owned by professional investors (such private equity companies), or publicly listed, it is imperative to adhere to good management and decision-making standards. Particular leadership environments that have recently drawn more scholarly attention are characteristics of family businesses. Scholarly interest in various leadership styles¹ in family businesses—that is, businesses run by a family that owns the business (Chua, Chrisman, & Sharma, 1999)—has grown. Family corporate management is different from authority in other businesses because of their psychological issues.

Research Problem

The study's goal is to further knowledge of the variables associated with a successor's transition from manager to leader in a multinational family firm. Given that many family companies never go through the succession process—possibly because they are unable to overcome the obstacles involved—this undertaking is practically relevant. From the results, several practical conclusions may be drawn. First and foremost, the heirs must feel accountable to their relatives. Furthermore, he or she need to have the authority to make decisions on a certain aspect of the company. As the case study demonstrates, when handled properly, family disputes and interactions may inspire fresh concepts and solutions. In addition to credentials and ongoing education and skill development, one must also be adaptable and open-minded.

Literature Review

A bibliometric analysis of family tourist businesses in management studies is presented in this research, which looks at their distinct traits and goals. Using the VOS viewer software, the study finds publishing patterns, prominent studies, productive journals, nations with the most documents, and author research collaboration using 101 articles from Scopus databases. The study identifies future research areas in family business, tourism, hospitality, entrepreneurship, sustainability, and innovation, and it emphasizes frequently used phrases. The study's shortcomings, however, are its only reliance on the Scopus database and its possible future investigation of other databases. All things thought about, by illuminating the role of family companies in the industry, This study contributes to the corpus of knowledge in the area of international tourism and travel.

During the COVID-19 pandemic, this article describes the effects of external (the federal government policy and collaboration synergy) and internal (successor knowledge and willingness) factors on the foreseeable survival of small and medium-sized companies (SME) family businesses. It also experimentally validates the significance of firm age and gender as moderators. In order to examine data from 170 founders or the next generation of family business SMEs, Approximate least-squares fitting modeling of equations related to structure was created. This study reveals evidence that indicates that government policy, collaborative synergy, successor expertise, and successor willingness all have a significant impact on the viability of SME family firms. It has been shown that company age acts as a moderator of the synergies between policies of government and collaborative synergy with sustainability. However, it has not been demonstrated that gender lessens the effect of internal factors on sustainability. According to the study's findings, SME families must be able to generate successors with the abilities and know-how to take advantage of business opportunities. During the COVID-19 epidemic, an overwhelming dedication to accountability and the ongoing spread of the family company is necessary to maintain sustainability. The proprietor or the following generation of family business owners must also make an attempt to collaborate with stakeholders and seek government assistance. The majority of the research has been on the technical and commercial capabilities of next-generation successors, with little attention given to how interpersonal interactions help them improve their leadership skills. We qualitatively investigate how next-generation leaders form strong relationships with both related and non-family stakeholders, and how these relationships affect leadership development, using the Leader-Member Exchange (LMX) paradigm as a basis. Based on the results of interviews with 24 next-generation family company leaders in India, high-quality partnerships are based on mutual commitment, mentoring, early business ties, trust, and respect. We provide a more comprehensive knowledge of effective intergenerational transfer in family businesses by investigating the development of strong ties between CEOs of next-generation family firms and stakeholders, both family and non-family. Additionally, we add two requirements to the ones that have been previously acknowledged as unique to family enterprises: apprenticeship and early devotion to the firm. By taking into account networks of connections rather than just dyadic ones, we further advance LMX theory.

Objectives Of The Study

1. To know the personal profile of the respondents who owned their family business.
2. To identify the factors influencing leadership qualities of the successor.
3. To test the effect of leadership qualities of the successor towards their experience.

Conceptual Framework

Succession in Family Business

Family firms often favor family succession over hiring outside specialists like a professional management. Through their succession, the family members maintain the culture they have always desired, which in turn supports the expansion of the company. To put it another way, succession planning links the company and its members to ensure its continued existence. Nevertheless, the procedure is not simple and easy. (Cho and others, 2021). From a commercial standpoint, succession is also essential. The Industrial Bank of Korea's Economic Research Institute reports that after two to three years, Under consideration was the financial performance of South Korean smaller and medium-sized family businesses that have completed the succession. A number of company performance metrics were enhanced, including return on equity, net profit to asset ratio, and business profit rate (Kim et al., 2017).

Succession Experience

Hall (1986) "Successor" is defined as the business's strategy for developing candidates for senior management roles in the coming years to ensure that the company's important jobs remain in place; in particular, candidates must be chosen from all organizational levels of the business based on personnel performance and assessment in order to carry out replacement planning. In a nutshell, it is the process of changing important positions within the company structure.

By considering some characteristics of family-owned firms, such as successor readiness, family core values, emotional in nature ties to the family and community, and home company behavior, the phenomenon of planning for succession application will also be fully grasped.

Meier & Schier (2016) described how disagreements between the inherent, successor, and firm will cause conflict throughout the procedure for succession planning. Knowing exactly what the person in office and the successor intend to do regarding to asset managing creates a legal power distribution. In order to maintain family control over the firm and prevent disputes that can jeopardize the succession process, this involves explicitly identifying the new leadership position within the family business.

Hypotheses Model

Hypotheses Development

Ho 1: There is no impact of Leadership qualities of the successor towards their succession experience.

Methods

Based on qualitative research, 120 family business successors who oversaw schools, colleges, and deemed universities in family companies participated in the study, which was conducted in Chennai, Kanchipuram, Thiruvallur, Chengalpet, Vellore, and Thiruvannamalai. Their family's enterprises have already undergone a successful shift. Purposive sampling was used to choose the participants, who included family business successors from the educational sector,

Analysis and Results

Table 1

Sl.No.	Demographics	Category	Frequency	Percentage		
1	Age	18 - 25	16	13.3		
		25 - 35	33	27.5		
		35 - 45	28	23.3		
		45 - 55	37	30.8		
		55+	6	5.0		
		Total	120	100.0		
2	Gender	Male	68	56.7		
		Female	52	43.3		
		Total	120	100.0		
3	Educational Qualification	Less than High school	6	5.0		
		Hight School	12	10.0		
		UG	28	23.3		
		PG	32	26.7		
		Doctoral Degree	18	15.0		
		Professional Degree	20	16.7		
		Other	4	3.3		
Total	120	100.0				
4	Business Operation	1st Gen	14	11.7		
		2nd Gen	26	21.7		
		3rd Gen	42	35.0		
		4th Gen+	38	31.7		
		Total	120	100.0		
5	Marital Status	single	34	28.3		
		married	86	71.7		
		Total	120	100.0		
6	Number of Branches	1	37	30.8		
		2	28	23.3		
		3	22	18.3		
		4	21	17.5		
		More than 4	12	10.0		
		Total	120	100.0		
7	Work Experience in family business	No experience	6	5.0		
		1 - 5 years	44	36.7		
		6 - 10 years	45	37.5		

	More than 10 years	25	20.8		
	Total	120	100.0		
8	Knowledge and experience in current business			Not Related	23 19.2
	Somewhat related	56	46.7		
	Closely Related	41	34.2		
	Total	120	100.0		

- According to the age distribution, the majority of respondents, or 30.8% (n=37), are between the ages of 45 - 55, 27.5% are between the ages of 25 - 35, 23.3% are 35 - 45, 13.3% are between 18 - 25 and 5.0% are 55+.
- According to data from the gender table, the majority of respondents 56.7%, or 68 are men, while 43.3% are women.
- According to the data on respondents' educational backgrounds, the majority of respondents 26.7%, or 32 are PG., 23.3% are UG, 16.7% are Professional Degree, 15.0% are Doctoral Degree.
- In the heads of Business Operation, maximum of the respondents i.e. 35.0% (n=42) are 3rd Gen., 31.7% are 4th Gen+, 21.7% are 2nd Gen and 11.6% are 1st Gen.
- When it comes to marital status, the majority of respondents—71.7%—are married, while 28.3% are single.
- Of those polled, 30.8% (n=37) have 1 branch, 23.3% have 2 branches, 18.3% have 3 branches, 17.5% have 4 branches and 10.0% have more than 4.
- In the head of Work Experience, maximum respondents i.e. 37.5% (n=45) have 6 - 10 years of experiences, 36.7% have have 1 - 5 years of experiences, 20.8% have more than 10 years, and 5.0% have no experience.
- In the head of knowledge, maximum off respondents or 46.7% somewhat related, 34.2% closely related and 19.2% not related

Table 2

Reliability Statistics

Cronbach's Alpha	N of Items
.817	18

The whole collection of data has a dependability value of 0.817, over the suggested limit of 0.50 (Nunnally, 1978; Hair et al., 2006).

Table 3

	Mean	Std. Deviation	Cronbach's Alpha if the item is removed		
Our business has earned goodwill.	3.76	.945	.808		
Our concern has remarkable name of its own.	3.75	1.079	.804		
There are no guidelines for entry and exit.	3.74	1.010	.804		
Business secrets are kept highly confidential.	3.62	1.066	.803		
Succession is an issue ignored in our concern.	3.62	1.039	.803		
In- laws are restricted to take roles in business	3.46	1.154	.801		
There is free flow of communication between all members.	3.52	1.165	.803		
Members of the business often show loyalty to the business	3.97	.918	.803		
Senior members are highly respected.	3.71	.989	.802		
Decisions are taken after Consulting with other family members	3.76	1.043	.802		
Family members of our business have some other business.	3.74	1.004	.813		
Family function expenses are separate from the business.	3.64	1.089	.814		
Business conflicts never turn into family controversy.	3.75	1.114	.815		
Corporate governance of the business is not culturally driven.	3.72	1.140	.814		
Motivation of founders and predecessors helps successors to affirm their capabilities	3.93	.978	.815		
Succession experience build successor business management confidence	3.79	1.023	.814		
It facilitates the transition process of the successors	4.00	.984	.816		
Predecessors shares their vision and goals to the successors	3.69	1.138	.818		

From the above table, we can understand that, all the mean values are above 3 according to the guideline, and all the standard deviation values are above 7.

Table 4

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Sample Accuracy Index.	.829
Bartlett's Test of Sphericity	Approx. Chi-Square 4839.897
Df	153
Sig.	.000

Since the KMO value is 0.829, which is higher than 0.50 and measures the coefficient of correlation between the variables, it is clear from the above table that the KMO and Barrington test of sphere verify the sample adequacy is legitimate.

Table 5

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	
1	4.816	26.758	26.758	4.816	26.758	26.758	3.846	21.365	
2	2.884	16.025	42.783	2.884	16.025	42.783	3.623	20.126	
3	2.591	14.392	57.175	2.591	14.392	57.175	2.552	14.180	
4	2.266	12.588	69.762	2.266	12.588	69.762	2.536	14.091	
5	.771	4.283	74.045						
6	.646	3.587	77.632						
7	.557	3.096	80.728						
8	.469	2.604	83.332						
9	.436	2.421	85.753						
10	.414	2.300	88.053						

11	.359	1.994	90.047
12	.326	1.813	91.860
13	.323	1.792	93.652
14	.309	1.717	95.369
15	.240	1.335	96.704
16	.222	1.234	97.938
17	.187	1.041	98.979
18	.184	1.021	100.000

Extraction Method: Principal Component Analysis.

The chart makes it evident that the four constructions, each consisting of 18 pieces, together explain 69.762 percent of the variability.

Table 6

Rotated Component Matrixa

	Component			
	1	2	3	4
Members of the business often show loyalty to the business.	.901			
There is free flow of communication between all members.	.884			
In- laws are restricted to take roles in business	.865			
Decisions are taken after Consulting with other family members		.865		
Senior members are highly respected.	.813			
There are no guidelines for entry and exit.	.870			
Business secrets are kept highly confidential.	.868			
Succession is an issue ignored in our concern.	.839			
Our concern has remarkable name of its own.	.834			
Our business has earned goodwill.	.778			
It facilitates the transition process of the successors			.822	
Motivation of founders and predecessors helps successors to affirm their capabilities				.813
Predecessors shares their vision and goals to the successors			.780	
Succession experience build successor business management confidence				.762
Family function expenses are separate from the business.			.845	
Business conflicts never turn into family controversy.			.817	
Corporate governance of the business is not culturally driven.				.765
Family members of our business have some other business.			.727	

Factor 1:

Every item that loaded higher than the permissible threshold of 0.05, or 0.70, as well as those with low factor loading, were removed from the analysis. Consequently, every one of these items constitutes a distinct construct named as Family Relationship

Factor 2:

Every item that loaded higher than the permissible threshold of 0.05, or 0.70, as well as those with low factor loading, were removed from the analysis. Consequently, every one of these items constitutes a distinct construct named as Management Style.

Factor 3:

Every item that loaded higher than the permissible threshold of 0.05, or 0.70, as well as those with low factor loading, were removed from the analysis. Consequently, every one of these items constitutes a distinct construct named as Succession Experience

Factor 4:

Every item that loaded higher than the permissible threshold of 0.05, or 0.70, as well as those with low factor loading, were removed from the analysis. Consequently, every one of these items constitutes a distinct construct named as Job values.

Table 7

Change in Fit Statistics Due to Error Correlation

Model	χ^2/df	GFI	AGFI	CFI	TLI	NFI	IFI	RMSEA	RMR		
Before Error Correction			4.822	.885	.845	.913	.895	.893	.913	.084	0.084
After Error Correction			4.144	.903	.866	.929	.913	.909	.930	.076	.053

A higher degree of approval in fit indices is the outcome of the initial model's adjustments, as the table illustrates.

Modern Fix Index

Initial model	Modified Model
Model Validity Measures	

Table 8

	CR	AVE	MSV	MaxR (H)	1	2	3	4
Family Relationship			0.915	0.684	0.073	0.922	0.827	
Management Style	0.888		0.617	0.073	0.907	0.270***	0.785	
Succession Experience			0.775	0.538	0.028	0.807	0.070	0.168**
Job values		0.802	0.505	0.035	0.813	0.187***	0.146**	0.164**

To validate the measurement model, we employed modeling of structural equations (Lisrel program). The survey instrument's measuring characteristics are displayed in the table. With the exception of four indicators, which had factor loadings ranging from 0.7 to 0.85, the majority of the indicators had loadings greater than 0.7. According to Hair et al. (2011), a value of 0.0 or greater is considered appropriate. Since we employed known metrics, we kept these four indications, even if they are over 0.85 but below 0.75.

Regression Weights: (Group number 1 - Default model)

Table 9

	Hypothesis	p Values	Results		
Succession Experience	<---	Family Relationship	H1	0.934	Supported
Succession Experience	<---	Management Style	H2	0.005	Not Supported
Succession Experience	<---	Job values	H3	0.003	Not Supported

We evaluated hypothesis after examining the measuring characteristics, reliability, and discriminant and convergent validity. There was support for the relationship between family relationships and succession experience ($p = 0.934$, $p > .050$). H1. The association between Management Style and Succession Experience did not have a path coefficient ($p = 0.005$, $p < .005$), and H2. The path coefficient was ($p = 0.003$, $p < .005$), H3, and it was anticipated that there would be no support for the association between transition experience and job values. Validity Concerns

Implications

The factors of familial company his replacement being ready, as well as the challenges that are usually faced during the transition period and factors that lead to productive succession in family-run enterprises from the point of view of successors, were examined in this paper using a qualitative study with some factors: family operations descendants who ran learning family organizations in chosen regions of Tamil Nadu and had previously successfully moved on in their own family businesses. Based on the findings, there were nine factors that had positive effect on the successor's readiness. All of the criteria in the family relationship group—which includes relationships between family members, family harmony, and faith in the abilities of the successor—were consistent with the findings of other studies. For example, according to some study, family members should settle disputes inside the family before taking part in the procedure for succession.

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