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Sustainability of Taiwanese SME Family Businesses in the Succession Decision-Making Agenda

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Abstract: SME family businesses play a vital role in the world economy as a recognized sustainable contributor to economic growth. Aged owners of Taiwan's family businesses have become the biggest problem; because of the dramatically changing technology and business environment, many family businesses are faced with an inheritance crisis. This study tries to identify what the priority of influential factors is for the leader's decision-making of succession. Based on the stakeholder, upper echelons, stewardship, and agency theories, we summarized 27 crucial factors derived from four dimensions (individual, interpersonal, organizational, and the environmental) after reviewing the relevant literature. This study was based on multilevel research and a multidisciplinary perspective. After using the Delphi method and decision-making trial and evaluation laboratory (DEMATEL) method, we applied the importance–performance analysis (IPA) to determine the key factor priority. The results are important for strengthening family business theory and identifying the conditions that best promote the future growth and sustainability of family businesses.

Keywords: business succession; SME family business; Delphi method; DEMATEL

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Citation: Lee, C.-W.; Chen, H.C.; Peng, C.L.; Chen, S.H. Sustainability of Taiwanese SME Family Businesses in the Succession Decision-Making Agenda. *Sustainability* **2023**, *15*, 1237. https://doi.org/10.3390/su15021237

Academic Editor: Ioannis Nikolaou

Received: 12 December 2022
Revised: 4 January 2023
Accepted: 5 January 2023
Published: 9 January 2023

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1. Introduction

Small and medium enterprises (SMEs) have been acknowledged as a source for sustainable economic growth, meaningful employment, and new innovation. The longevity of family businesses is important not just to their owners but also to the economy. Family businesses continue to be the dominant source of national and global employment over the long-term. Family businesses tend to think in terms of generations, which allows them to take actions that put them in a better position to endure tough times [1].

A successful family business succession can assist in solving the survival risks and preventing conflicts of family business inheritance in Taiwan. As for the interaction of internal corporate governance and family succession, firms with controlling families who have a higher level of ownership and higher participation in management in all likelihood can implement family succession [2]. According to the statistics of the Taiwan Institute of Directors, the average age of family business leaders in Taiwan is 61 years old; that is, business owners obviously tend to be aged [3]. Statistically, 80% of the companies are still the first-generation founders as decision makers.

Researchers have observed that only a small proportion of family firms survive the transition to the next generation [4,5]. In 2014, the Family Business Alliance indicated that 70% of family-owned businesses cannot transit the governance to the second generation, and most articles about family businesses start with some version of the "three-generation rule", which suggests that most do not survive beyond three generations [1]. However, family business are a unique asset to Chinese culture. To create connections, navigate family governance, and elevate leadership are characteristics that can advance the family business for multi-generational success.

In previous years, Taiwan's researchers have focused on the development of emerging technologies. Since 2021, under the pandemic, the agenda of intra-family firm succession has been expanded from terms of sustainability to symbolizing the global leaders' characteristics, which pay more attention to business survival. One of the highlights is SME family business succession. The survival of Taiwan's SME family business is presently facing a serious fault crisis. This crisis does not come from the quality of the enterprise itself, but from the backwardness of succession project. Some of the family business leaders do not sincerely realize the problem or deliberately prolong the succession process. The 1980s were Taiwan's economic take-off period on the basis of these entrepreneur groups who were born after World War II. When these entrepreneurs nearly reach retirement time, the problems of delaying authority transition and the inadequacies in succession planning may swiftly come to the surface.

In Taiwan, most successful businesses begin to grow from the first generations' hard work. This reality leads the founders to have the "ownership" mindset and further consider the company as their personal property. Furthermore, this kind of mindset builds the concept of the owner's children being obliged to inherit the family business and then pass it on from generation to generation. Therefore, this study attempts to present a conceptual framework that addresses the following important research questions: (1) Which factors are crucial for incumbents to conduct the intra-family business succession? (2) Which factors do the successors consider the key factors during succession process? (3) Is there a conceptual difference between the incumbent and the successor regarding the issue of family succession? (4) What are the connections between the factors? How do these factors influence the succession process? (5) Lastly, what are the valuable suggestions proposed by this research's results?

2. Literature Review

2.1. Related Theories

Based on the stakeholder theory, succession in a family business entails three components, including a leader who hands over the leadership role, a successor who takes over the role, and a mechanism by which the transition takes place [6]. Internal family business stakeholders are those who are involved with the business, including the owner, family members, and employees [7]. The spouses of the incumbent play a vital role in the important stakeholders [8] and some literature mention that advisors and consultants such as accounting and legal specialists are also included [9]. The success or failure of the family business succession significantly relates to the interaction of the stakeholder groups [7]. The stakeholders, especially the leaders' power, legitimacy, and urgency, mostly influence the direction, decisions, and actions of the firm [10].

According to upper echelons theory, the psychological structure of top management team in terms of cognitive ability, perception, and values determines the strategic decision-making process and outcome [11]. Generally, upper echelons theory refers to managerial characteristics for three aspects: managerial heterogeneity, corporate governance, and operational performance. Upper echelons theory emphasizes leadership as an organization as a shared activity with collective cognitions, capabilities, and interactions of the entire top management team, which determines the strategic behaviors [12]. Following the above-mentioned view, the influences of CEO succession on the consequences of organizational performance are discussed in [13]. In other words, strategic decisions are made by top management teams who are influenced by their characteristics and cognitive limitations, for instance, education level, gender, age, social identity, etc. [14]

Stewardship theory has been increasingly used in the pursuit of capturing the benevolent side of family firms [15] and describes the connection between two parties, the principal and the steward-manager [6]. The managers/stewards socially behave in a self-actualizing manner with an attitude of postulating psychological ownership [16]. Many family leaders are loyal stewards of their firms, contributing to firm performance through citizenship be-

haviors [17]. Stewardship theory portrays family leaders and their successor as trustworthy assets of the firm who use their influence to benefit all stakeholders [18].

Agency theory argues that a company becomes more efficient if there is an overlap between owners and a future leader [19]. Agency theory addresses disputes that primarily arise from a difference in goals or a difference in risk aversion between management and a group of shareholders [20]. The theory explores the relationship between two cooperative parties: a principal and their agent, to whom they delegate work [20]. However, this situation through an explicit or implicit contract generates agency costs that are derived from the utilitarian behavior of the involved parties and asymmetric information [21].

2.2. Influential Factors

2.2.1. Individual Factors

There are many categories of individual elements for family business succession, namely the founder/incumbent, successor, siblings, and mother/father of the successor. Amongst them, the incumbent is the most essential factor for the family business succession process. In addition to their age and health condition and willingness to let go of power, the satisfaction of the succession process also causes lots of discussion [22]. Given the importance of succession, one of the most crucial decisions to be made in the family business succession process is the assortment of an incumbent [23]. A systematic and comprehensive study indicated that the influences of the next-generation family members are significantly involved with family business succession [23]. The entrepreneur barriers to retirement and succession include the loss of heroic stature and mission [24]. The empirical results reveal that the succession-related factors include the willingness and competence of the successor to take over the family business, the sex related with the attitude of the other family member and the incumbent, and the birth order that might cause sibling rivalry [22]. After reviewing the literature, this study summarizes seven individual factors, including the entrepreneur's grip on power, the incumbent's satisfaction with their successor, successor competence, the successor's willingness, sex and birth order, the successor's siblings, and the founder's spouse.

2.2.2. Interpersonal Factors

The concept of generations has become increasingly important for explaining diverse phenomena affecting modern organizations, especially in family businesses where the relationship between generations is an estimated constitutive element [25]. A good personal relationship among the incumbent leader and the successor is considered important for enhancing an effective leadership transition. This connection of mutual trust, good communication, and openness to mentoring and learning are psychologically draining attention for the incumbent [26]. On the contrary, poor communication among family members results in a lack of trust and conflict, which makes succession problematic, leading to disagreements and arguments, while systematically impacting family harmony [27]. Family members involved in the business lead the ramifications of the success or failure of the family business both emotionally and financially [28]. The most relevant obstacle in business succession is the difficulty in retaining the management knowledge from the incumbent [29]. Succession is the period where conflict is rampant, and inability to deal with the intensity of conflicts and thus the power transition may lead to the survival risk of the family business [30]. The network of social relationships–social capital constitutes a crucial ingredient of every officialdom's business life [31]. Senior managers normally have valuable information about the impact of the strategic plan on various constituencies such as projects, clients, suppliers, and employees [32]. Moreover, the need for external advice upon the transfer is helpful for more technical matters such as taxation, management control, or inheritance planning [29]. After reviewing the literature, this study summarizes eight interpersonal factors, including the relationship between generations, family harmony, other family members, management transfer, conflict management, founder social capital, senior managers, and advisors/consultants.

2.2.3. Organizational Factors

The financial security of a family business depends on continuous profitability. Profitability can attract new investors who can help them finance production development and upcoming projects [33]. The longevity of business succession is contingent on the financial situation because it allows the business to adapt to new innovations and provides a cushion of business growth for the next generation. Grooming an internal candidate (intra-family) for the CEO position is related to the firm size [34]. In a local community, the heterogeneity of the industry and environmental differences influence the diversity of the succession species [35]. Organizational complexity is defined as how multiple entities of an organization differentiate themselves amongst one another. A significant role is played by both a family's and firm's governance mechanisms, which affect family business succession [36]. A succession plan refers to the process of developing a business strategy that provides prescriptions about how business generational transition can be effectively operational [37]. Lack of an effective and transparent succession plan is the main reason for the failure of family-owned firms [38]. In contrast, an excellent succession plan enhances a family firms' growth because of the reduction in uncertainty as a result of partnership among family members [39]. After reviewing the literature, this study summarizes five organizational factors, including profitability and financial situation, firm size, industry difference, complexity of the organization, and succession plan.

2.2.4. Environmental Factors

Taxation as another determinant can influence an incumbent's decision on the mode of succession [40]. It is an important issue to identify tax effects on the family business succession, transition of ownership, and leadership of family business from the perspective of current legislation [41]. The ability to design and implement superior technology strategy decisions is also acknowledged as a determinant of sustained competitive advantage, especially with the hypercompetitive businesses of today [42]. Family businesses owners consider the leverage of new technology risks and workable internal procedures [43], even though continued innovativeness may contribute to family-owned businesses' long-term prosperity [44]. Market conditions (e.g., market growth, increased competition) dramatically alter the dominant coalition's assessment of the future prospects of the family business and arouse it to alter its intentions for succession [45]. Family firms prefer to select a family member as a successor (intra-family succession) in order to protect the proprietary information in the competitive market management [2]. The management strategy needs to change the new business pattern and operational creation to maintain a profitable business along the industry life-cycle [46]. As family firms grow faster and expand capabilities to meet market demands, they tend to adopt more complex management structures and manufacturing operations [47]. The incumbent's strategic decision-making plays the largest role in determining which properties the systems must execute, what level the system requires of those resources, and how the firm best incorporates those properties into the system [48]. A high propensity of family member involvement in top management positions may reduce the ability to react to changes in the industrial competition [49]. The inherited family firms have been found to be one cause for slow economic growth and have been identified as not being able to properly react to the industrial competition changes [50]. After reviewing the literature, this study summarizes six environmental factors, including succession tax/regulation, industrial science/technology changes, external market environment changes, industrial life-cycle, industrial complexity, and industrial competition changes. Accordingly, we reveal that Figure 1 shows the connections among 27 influential factors derived from four main aspects (i.e., individual, interpersonal, organizational, and environmental).

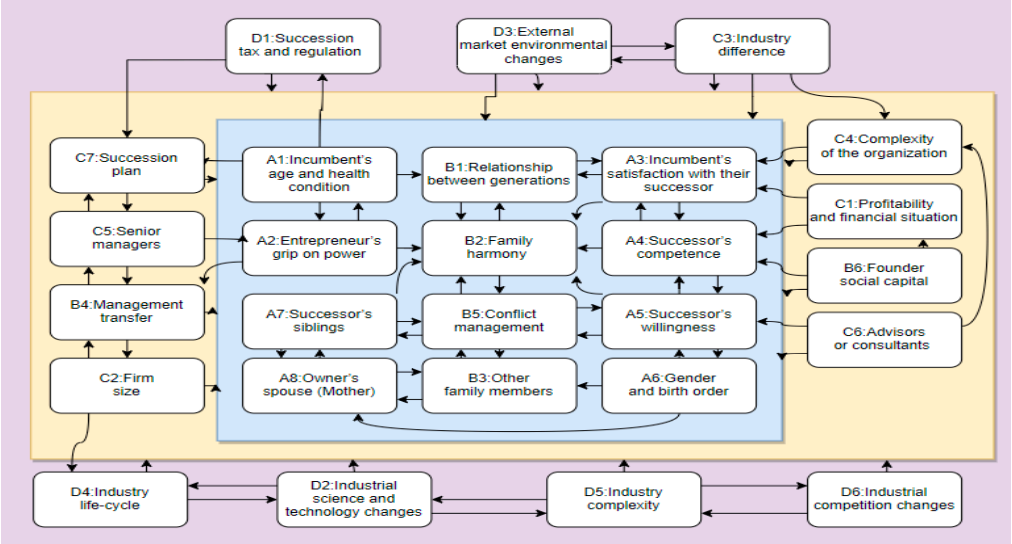


Figure 1. The connections among influential factors.

3. Methodology

3.1. Two-Round Delphi Method

The Delphi method has been previously used as a reference method to assist in the common knowledge/understanding of many areas (e.g., social/natural sciences, various medical fields, software development) [51]; it enables research to characterize the reversibility of cloud computing decisions. The Delphi method is based on experts' judgments of which participants in the group need to be recognized and validated as domain experts while still allowing the researchers to attempt to obtain a broad range of individual perspectives concerning those criteria [52]. The group of well-recognized experts in a certain field express their opinions in a series of rounds by following a structured questionnaire, and they are guaranteed their complete freedom of speaking on the condition of anonymity. This feedback received from the experts contribute to the assessment of the opinions of the panel and to the understanding of the experts' reasoning agreements and disagreements.

Researchers who discuss during the first round should be open-minded and allow participants to express their own views on the issue, where researchers can thereby gather information beyond what is available in the literature [53]. Some researchers build from the literature and construct the survey instrument for the first round accordingly. This allows for fewer rounds of the Delphi method to be conducted and saves time and expenses, e.g., a two-round Delphi method proposed by Iqbal and Pippon-Young [54]. Accordingly, our study adopts a two-round Delphi method (Figure 2). However, considering the practicalities of the Delphi process, our study proceeds under the condition that the expert panelists are situated in different locations compared with the participants (incumbent leaders and successors of different SME family businesses) as it is difficult to physically meet and discuss this kind of succession issue.

Round 1: Identifying indicators—The first step of our panel formation is through the scholarly recommendation of a snowballing technique via professional/personal linkage to identify and select anonymous experts. By means of personal networks, we invited experts to join the panel and sequentially formatted the initial questionnaire for the first round. Our research regards the literature analysis as a zero step in order to prepare a set of elements and indicators for the first-round questionnaire to be sent to the experts according to Quyên [54]. The Delphi process started with the facilitator describing and explaining the context of each barrier. It followed by asking the Delphi group the possibility of adding more barriers outside of the list that they deemed important. After finalizing the survey, the questionnaires were sent to each of the experts in our panels to obtain the ultimate consistent elements to design the questionnaire for the second round.

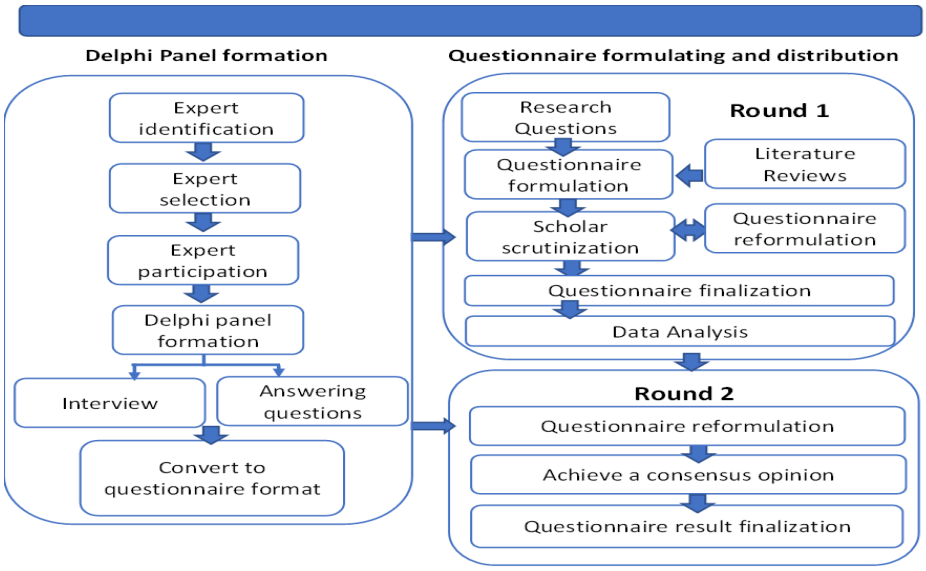


Figure 2. The research's Delphi process.

Round 2: Stability measurement—After experts have ensured their opinions, the validation and importance will be ranked in the second round. The questionnaire was developed from responses to the initial questionnaire and then sent to panel members. In round 2, the questionnaire is applied on a 6-point Likert scale. We encouraged participants to give careful consideration to the questions before making a choice of either positive or negative. In order to achieve a consensus of opinion, we applied the interquartile range (IQR) to calculate the strength of the consensus. Moreover, the stability of the panel's responses was used in conjunction with the consensus in determining when to terminate the iterative process of the Delphi approach. For each item, any two distributions attaining the stability measurement of less than 15% were considered to have reached the target [55].

Final step: weight evaluation—After confirming the data, we rated the performance of our experiment outcome. The major outcome of the experiment was that the pre-assumption of the structured discussion should turn in a better performance and that the questionnaire responses were surely more accurate than the structured conference responses. A number of factors with important characteristics were screened using the Delphi method, and the most important factors were effectively screened out to facilitate the subsequent evaluation of the weights. Many methods have been proposed to combine experts' opinions with mixed operators, such as the mean, median, max, min, etc. [56]. We used the arithmetic mean to represent the experts' consensus. According to the experts' assessment, critical factors were determined based on the threshold value (0.65). Generally, the beginning value was determined by the subjective conception of the Delphi experts and the value that they directly weighed the influences of these screened indicators. Consequently, we adopted the indicators with thresholds above 0.65, with the indicators evaluated below 0.65 being deleted.

3.2. DEMATEL Method

The decision-making trial and evaluation laboratory (DEMATEL) method is a methodology which can be used for researching and solving complicated and intertwined problem groups. As a kind of structural modeling approach, the DEMATEL method is especially useful in analyzing the cause-and-effect relationships among components of a system [57]. The approach deals with evaluating interdependent relationships among factors and finding the critical ones. Through confirming the interdependence among factors, the development of a process map can reflect the relative relationships within them. The DEMATEL method can be used for investigating and solving complicated and easily intertwined problems through a visual structural model [58]. DEMATEL has been extended for better decision-making

under different environments, even including imprecise and uncertain information in many real-world systems. The sustainable development of SME family business succession is identified as dealing with various critical challenges and barriers. Therefore, we adopted the DEMATEL approach with regard to the decision-making of succession after completing a comprehensive review of the literature and conducting the Delphi method to gather experts' opinions.

This study assembles and analyzes the respondents' data by the following processes. Step 1: Questionnaire design; Step 2. Establishing a direct influence matrix Z; Step 3: Normalizing the direct relationship matrix; Step 4: Creating a total influence relation matrix T; Step 5: Determining the prominence and relation of each factor; and Step 6: Determining the overall prominence and net effect to depict the influential network relation map (INRM). Using the DEMATEL technique, this study probes into the interdependent decision-making for constructing the INRM. The strategies for identifying the incongruence between the incumbent's and successor's decision-making about succession transition in Taiwan's intra-family businesses can be obtained through the influence values of the criteria in the INRM. With the causal diagram, it allows us to figure out the relations between each pair of factors and to identify the most important and impactful factors amongst all factors. The INRM diagram can help decision-makers understand the relationships among dimensions and criteria. Exploiting the insights of experts, a cause-effect diagram is generated by identifying the respective crucial factors from the two parties testified.

3.3. Importance–Performance Analysis

After applying the DEMATEL method, we used the importance–performance analysis (IPA) to determine the key factor priority that must be improved and avoid the fallacy that occurs in previous DEMATEL research. By applying the IPA analysis, this research analysis enables decision-makers to propose sounder strategies of succession; the principal relation value is considered as the most critical improvement factor. The IPA is considered as a useful tool for examining management strategies. The dimensional IPA grid displays the results of the evaluation with respect to the importance and performance of each relevant element attribute. The IPA approach has been used in service industries such as travel and tourism, education, hospitals, and other sectors. Due to the 6-point Likert scale applied in the IPA analysis, the "neutral" option should be able to provide respondents an easy solution and create a temptation to draft through the questionnaire without much thought.

The IPA formula makes allowances for the total number of features considered, the number of rankings, and the reported orders of preference. It can be concluded that the IPA method is a practical and useful method and can help policy-makers identify the key elements of how the allocation of resources contributes to a higher satisfaction of the decision-makers. When comparing the importance with respect to the performance of certain factors, the IPA method allows us to identify the extents of the performance of the factor that the decision-maker must interfere and focus on. The purpose of the IPA technique is to provide a comprehensive and systematic result from the literature through Delphi and DEMATEL approaches to modify the IPA and illustrate the barricades that determine the family business succession process. Our research manipulates the management tool developed by Martilla and James [59], where the authors measured the importance vs. the performance of the company. In compliance with the measurement result, the SME family businesses should focus, reduce, or maintain their efforts and reassess/re-evaluate some fields/categories where the largest deviations occur between the incumbents and the successors.

4. Analysis and Results

4.1. Findings Result of Delphi Method

The Delphi-based method is a structured decision support technology. Its purpose is to obtain relatively objective information, opinions, and insights through the independent

repeated subjective judgments of multiple experts in the process of information collection. The investigation team conducts multiple rounds of consultation with the selected expert group anonymously. The investigation team summarizes and sorts out the expert opinions of each round and sends the sorted materials to each expert for analysis and judgment. The experts put forward new arguments based on the sorted materials. Because our study adopted an anonymous expression, there was a random numbering of the follow-up experts in the field.

Round 1:

A questionnaire was designed and sent to a panel member, and then the responses were returned and analyzed (Figure 3). After discussions with the Delphi panels, a preliminary research structure was formed and aimed to analyze the key factors of family inheritance. The structure was divided into four categories (personal factors, interpersonal factors, organizational factors, and environmental factors), and listed 27 relevant criteria to convert to questionnaire items. We invited 12 experts (A~L) to provide their opinions on each criterion point. In the first round, two experts put forward the opinions. When other experts were asked whether they needed to modify the dimensions according to the opinions of the two experts, they agreed no further modification.

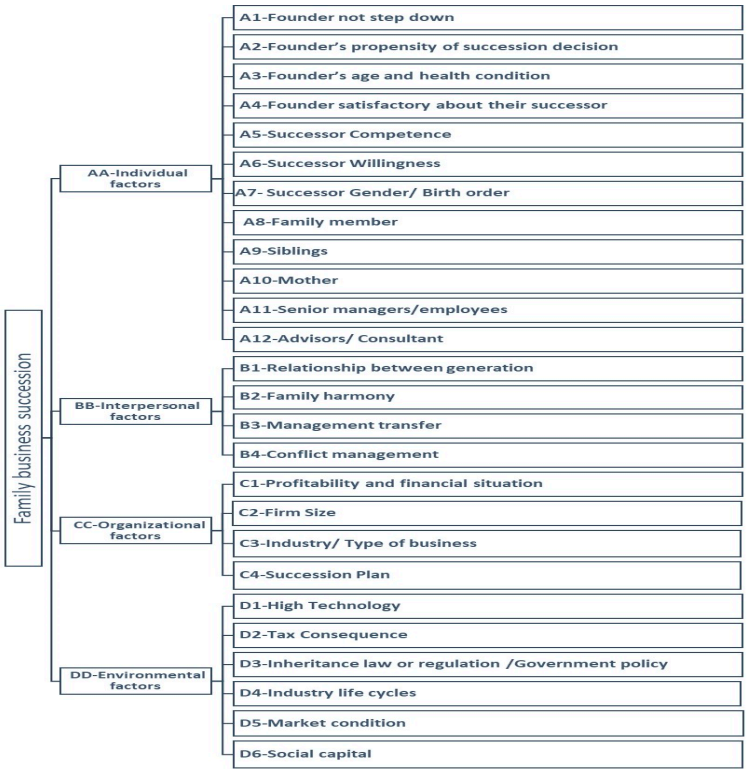


Figure 3. Delphi questionnaire structure.

Round 2:

The responses on the need for a given criterion were collected after integrating expert opinion; the questionnaire was reformulated according to the Delphi panel's opinions. In addition to stating the necessity in the questionnaire, the experts were invited to provide a rating. We applied the six-point Likert scale as the scoring standard to identify the necessity of the topic. The scoring scale listed one as extremely unnecessary and six as extremely necessary. After confirming an achieved consensus opinion, we present the result as pictured in Table 1.

Table 1. The result of Delphi panel's opinions.

Expert	A	B	C	D	E	F	G	H	I	J	K	L	QDS1	Avg	Sum	Rank
A1	5	5	6	4	6	5	1	6	5	6	6	6	0.375	4.7	56	5
A2	2	2	5	5	6	6	6	6	2	5	1	2	1	3.8	46	19
A3	6	5	6	5	4	5	1	6	5	3	6	6	0.625	4.3	52	9
A4	6	6	5	5	6	6	6	6	5	5	6	6	0.25	5.2	62	1
A5	6	6	6	6	6	5	6	6	5	6	1	6	0.25	4.9	59	3
A6	1	3	5	5	2	5	6	3	4	1	1	1	1	3.0	36	27
A7	3	4	5	5	3	4	1	4	4	5	2	6	0.625	3.6	43	23
A8	5	3	4	3	3	4	2	3	4	3	3	6	0.25	3.2	38	26
B1	6	6	5	4	5	5	5	6	5	6	1	6	0.375	4.5	54	7
B2	6	6	5	4	5	5	5	6	6	6	6	6	0.25	5.0	60	2
B3	5	5	5	5	5	4	2	6	5	3	2	6	0.75	4.0	48	16
B4	6	5	5	5	5	6	3	6	5	6	1	3	0.75	4.2	50	13
B5	4	5	4	5	5	4	4	6	5	5	6	6	0.5	4.6	55	6
B6	4	5	6	6	4	4	6	4	4	4	4	6	0.5	4.4	53	8
C1	6	6	5	6	3	6	5	5	4	6	6	6	0.375	4.8	58	4
C2	3	3	4	3	3	5	5	4	4	6	3	6	0.625	3.8	46	19
C3	1	3	4	4	5	6	4	5	4	5	1	6	0.375	3.9	47	18
C4	3	4	5	6	5	4	4	5	5	5	1	6	0.375	4.2	50	13
C5	5	4	5	5	5	5	5	5	4	6	1	6	0.25	4.3	51	12
C6	5	4	5	4	5	5	4	5	4	5	2	2	0.5	3.8	45	21
C7	5	4	5	5	5	6	5	4	5	6	1	6	0.375	4.3	52	9
D1	6	4	4	4	5	5	5	3	4	5	1	1	0.75	3.4	41	25
D2	5	3	6	5	6	6	4	2	4	4	6	6	0.5	4.3	52	9
D3	5	5	6	6	5	6	4	2	4	3	1	6	0.875	4.0	48	16
D4	5	4	5	6	5	5	5	4	4	5	1	6	0.375	4.2	50	13
D5	4	3	5	5	4	6	5	2	4	4	1	6	0.625	3.8	45	21
D6	4	4	4	5	5	5	3	2	4	4	1	6	0.625	3.6	43	23

After obtaining the evaluations proposed by various experts, it was necessary to make a consensus inspection method for the data. The interquartile range method was used in this study. The quartile deviation (QD) is referred to as the semi-interquartile range and is half of the difference between the third quartile and the first quartile value. The formula for the quartile deviation of the data is QD = (Q3 − Q1)/2. QD $\leq$ 1, which conventionally indicates group consensus. All parameters in the QD column were less than one, so this study reached consensus and convergence. Because no experts have changed their opinions, the stability requirements can be achieved according to the research results. Finally, we rank the priorities of determinative factors for conducting subsequent research analyses.

4.2. Findings Result of DEMATEL Method

Step 1: Questionnaire response

Among 15 family business samples (15 incumbents and 15 successors), the main research objects were Taiwan's SME family businesses having 50–200 employees. The scale of the enterprise's inheritance was calculated based on the heir's dominance over direct management. This study adopted a cross-industry approach to invite experts to

participate, including those from six manufacturing companies, two financial companies, two electronics companies, two construction companies, and one chemical company. The operational years ranged from 19 to 55 years, with an average of 38 years. The founders were all male, with a minority between the ages of 60 and 69 years old, and most of them being over the age of 70 years old. Interestingly, 12 out of 15 incumbents were the eldest sons in the family related with Taiwan's culture that the firstborn son was formerly expected to take over family responsibilities. On the other hand, the successors were mostly in the age of 40–49 years old and had worked in the family business for an average of 17 years.

Step 2: Direct influence Matrix Z

Because the factors were determined through the literature review and expert interview, surveys and interviews were conducted to collect evaluation data about the interrelationship among 15 samples. Then, we used the Excel program to run these linguistic assessments, which represent the degree to which factors have direct impacts on each other. After computing the direct influence matrix, we found the maximum value in the column and row sums. The normalized direct influence matrix was produced by dividing each element of the direct influence matrix by the maximum of the column and row sums using Equation (1). These data indicate the direct relation matrix, which is able to show the influence that factor *i* has on factor *j*. The initial direct relation matrixes of incumbents and successors are shown in Tables 2 and 3, respectively.

$$\lambda = \frac{1}{max_{ij}(max\sum_{i=1}^{n} Z_{ij}, max\sum_{j=1}^{n} Z_{ij})} \quad (i,\ j = 1, 2 \ldots\ldots\ldots, n) \tag{1}$$

Table 2. The initial direct relation Matrix-Z (incumbents).

	F1	F2	F3	F4	F5	F6	F7	F8	F9	F10	F11	F12	F13	F14	F15
F1	0.00	1.00	0.60	0.87	0.80	1.53	1.00	1.20	0.53	1.13	0.60	0.87	1.20	0.47	0.60
F2	2.00	0.00	1.87	1.20	1.93	1.53	1.40	1.73	1.27	1.60	0.73	1.07	1.60	1.80	1.67
F3	1.73	1.67	0.00	1.53	1.33	0.87	1.67	1.53	1.73	1.53	1.80	1.60	2.00	2.47	2.27
F4	2.80	2.00	2.20	0.00	2.40	2.60	2.20	2.40	1.40	2.47	1.47	1.33	1.80	1.73	1.87
F5	1.47	1.67	0.93	1.33	0.00	2.20	1.07	2.20	0.87	1.40	0.40	0.40	1.53	0.60	0.87
B6	1.53	1.73	0.20	0.80	2.13	0.00	0.87	2.27	0.67	1.53	0.60	0.27	1.13	0.33	0.47
F7	2.53	1.93	2.67	3.07	1.93	1.60	0.00	1.73	1.27	2.40	2.20	1.87	1.93	2.33	2.33
F8	1.53	1.73	1.60	1.67	1.80	2.27	1.00	0.00	0.40	0.93	1.07	1.40	1.20	0.73	0.60
F9	2.07	1.47	1.47	2.40	1.47	1.13	1.27	0.80	0.00	1.93	0.93	0.33	1.33	2.47	2.67
F10	1.93	0.80	2.07	1.27	1.13	1.47	0.73	0.67	1.47	0.00	1.20	2.07	1.53	2.73	3.33
F11	1.00	0.53	1.13	0.87	0.73	0.53	0.73	0.60	0.60	1.80	0.00	2.33	1.27	2.20	1.73
F12	2.33	1.33	1.80	1.73	1.40	0.40	1.73	1.27	0.60	2.20	2.00	0.00	1.20	2.40	2.60
F13	3.07	2.73	2.67	2.93	2.53	1.93	2.40	2.13	1.47	2.67	2.53	1.93	0.00	2.53	3.20
F14	1.67	0.80	2.27	1.93	0.53	0.07	0.47	0.33	0.93	2.60	2.13	2.20	1.40	0.00	2.87
F15	1.53	0.60	2.80	1.73	0.60	0.40	0.60	0.40	1.33	2.93	1.67	2.27	1.33	2.73	0.00

Step 3: Total influence relation Matrix T

After normalizing the direct relation matrix and using Equation (2), the total relation matrixes of incumbents and successors were calculated. The indexes and scores of each factor can be obtained using Equations (3) and (4), as shown in Tables 4 and 5. The (*i*,*j*) element of the matrix T, t^{ij}, denotes the full direct and indirect influence exerted from factor x_i to factor x_j. As a result, t_{ij} is the (*i*,*j*) element of matrix T; the sum of the *i*th row and the sum of the *j*th column, d_i and r_i, are the sums of each row and column of the matrix components and are separately expressed as vectors D*i* and R*i*, respectively.

$$\mathrm{T} = \lim_{n\to\infty}(X + X^2 + \cdots X^k) = X(I - X)^{-1} \tag{2}$$

$$\mathrm{D} = \left[\sum_{j=1}^{n} t^{ij}\right] = (d_1 \ldots d_n)' \text{ and } \mathrm{R} = \left[\sum_{j=1}^{n} t^{ij}\right] = (r_1 \ldots r_n)' \text{ by using } \mathrm{T} = \left[t^{ij}\right]_{\mathrm{nxn}},\ i,\ j\ \in\ \{1, 2, \ldots n\}$$

$$D = \left[\sum_{j=1}^{n} t^{ij}\right]_{nx1} = \left[t^{i}\right]_{nx1} = (d_i \ldots d_i)' \quad (3)$$

$$R = \left[\sum_{j=1}^{n} t^{ij}\right]_{nx1} = \left[t^{i}\right]_{nx1} = (r_i \ldots r_i)' \quad (4)$$

Table 3. The initial direct relation Matrix-Z (successors).

	S1	S2	S3	S4	S5	S6	S7	S8	S9	S10	S11	S12	S13	S14	S15
S1	0.00	2.00	2.13	3.20	2.73	2.73	2.87	2.80	1.40	2.60	1.93	2.13	2.60	1.60	1.93
S2	2.33	0.00	3.40	3.13	2.80	1.93	2.67	2.93	1.60	2.20	1.47	2.80	2.80	2.60	2.47
S3	1.80	2.67	0.00	2.87	2.07	1.40	1.87	1.80	2.20	2.93	2.07	2.67	2.33	2.47	2.73
S4	3.20	3.80	3.53	0.00	3.40	3.47	3.27	2.60	1.60	3.80	1.73	3.07	3.53	2.33	2.73
S5	2.67	2.93	2.60	3.20	0.00	3.07	2.47	2.80	1.40	2.47	1.13	1.80	2.60	1.27	1.27
S6	2.47	3.07	3.13	2.07	2.53	0.00	2.33	2.93	1.07	2.13	0.67	1.00	2.07	0.47	1.00
S7	2.80	3.13	3.00	3.33	2.27	2.00	0.00	2.33	1.40	3.47	2.80	3.07	3.47	2.60	2.80
S8	2.00	2.73	2.60	2.47	2.60	2.67	2.20	0.00	0.53	2.20	1.73	2.80	2.93	1.53	1.73
S9	2.13	2.60	2.00	2.60	2.33	1.40	1.87	1.87	0.00	2.40	1.07	1.53	2.33	2.53	2.87
S10	2.40	1.87	3.33	2.93	1.60	1.73	2.40	2.40	2.20	0.00	1.73	2.73	3.33	3.13	3.33
S11	1.67	1.47	2.00	1.67	0.93	0.93	1.60	1.80	1.20	2.07	0.00	2.40	2.40	2.73	2.87
S12	2.67	2.73	3.47	3.20	2.60	1.93	2.87	2.67	1.40	3.40	3.00	0.00	3.40	3.27	3.33
S13	3.53	3.00	3.53	3.53	3.00	2.60	3.13	2.73	1.20	3.33	3.13	3.07	0.00	2.80	3.27
S14	2.67	1.33	3.47	2.93	1.27	0.67	1.53	0.53	2.07	2.87	2.67	2.67	2.40	0.00	3.60
S15	1.60	1.20	3.00	2.53	0.93	0.73	1.53	0.53	1.87	3.00	2.53	2.73	2.60	3.47	0.00

Table 4. The total influence matrix (incumbents).

	F1	F2	F3	F4	F5	F6	F7	F8	F9	F10	F11	F12	F13	F14	F15
F1	0.05	0.07	0.06	0.07	0.06	0.08	0.06	0.07	0.04	0.08	0.05	0.06	0.07	0.06	0.07
F2	0.14	0.06	0.13	0.11	0.12	0.10	0.09	0.11	0.08	0.13	0.08	0.09	0.11	0.13	0.13
F3	0.14	0.11	0.09	0.13	0.11	0.09	0.11	0.11	0.10	0.14	0.12	0.12	0.13	0.16	0.16
F4	0.19	0.14	0.16	0.09	0.15	0.15	0.13	0.15	0.10	0.18	0.12	0.12	0.13	0.15	0.16
F5	0.11	0.10	0.09	0.09	0.05	0.11	0.07	0.11	0.06	0.10	0.06	0.06	0.09	0.08	0.09
B6	0.10	0.09	0.06	0.07	0.10	0.04	0.06	0.10	0.05	0.10	0.06	0.05	0.08	0.06	0.07
F7	0.19	0.14	0.18	0.18	0.14	0.13	0.08	0.13	0.10	0.18	0.15	0.14	0.14	0.18	0.18
F8	0.11	0.10	0.11	0.10	0.11	0.11	0.07	0.05	0.05	0.10	0.08	0.09	0.09	0.09	0.09
F9	0.14	0.10	0.12	0.14	0.11	0.09	0.09	0.08	0.05	0.14	0.09	0.08	0.10	0.15	0.16
F10	0.14	0.09	0.14	0.11	0.10	0.10	0.08	0.08	0.09	0.09	0.10	0.13	0.11	0.16	0.18
F11	0.09	0.06	0.09	0.08	0.07	0.06	0.06	0.06	0.05	0.12	0.05	0.12	0.09	0.13	0.12
F12	0.15	0.10	0.13	0.13	0.10	0.07	0.10	0.10	0.07	0.15	0.12	0.07	0.10	0.15	0.16
F13	0.22	0.17	0.20	0.19	0.17	0.15	0.15	0.15	0.12	0.21	0.17	0.16	0.10	0.20	0.22
F14	0.13	0.08	0.14	0.12	0.07	0.06	0.07	0.06	0.07	0.16	0.12	0.13	0.10	0.08	0.16
F15	0.13	0.08	0.16	0.12	0.08	0.07	0.07	0.07	0.09	0.17	0.11	0.13	0.10	0.16	0.09

Step 4: Determining the over-prominence and net effect to depict diagrams

Based on the abovementioned outcomes, the cause-effect relationship can be identified by mapping the dataset of (D + R, D − R). Thus, when $j = i$, the sum $(r_i + d_i)$ provides us an index representing the total effects both given and received by criterion i. In other words, $(r_i + d_i)$ shows the degree of importance that criterion i plays in the system. In addition, the difference $(r_i - d_i)$ shows the net effect that criterion i contributes to the system. When $(r_i - c_i)$ is positive, criterion i is a net causer, and when $(r_i - d_i)$ is negative, criterion i is a net receiver. As we separately demonstrate in Tables 6 and 7, Pi (D + R) shows the importance to each factor and Ei (D − R) shows the relevance of each factor.

Table 5. The total influence matrix (successors).

	S1	**S2**	**S3**	**S4**	**S5**	**S6**	**S7**	**S8**	**S9**	**S10**	**S11**	**S12**	**S13**	**S14**	**S15**
S1	0.22	0.27	0.31	0.32	0.26	0.24	0.28	0.26	0.17	0.31	0.23	0.27	0.31	0.25	0.27
S2	0.29	0.24	0.36	0.34	0.28	0.24	0.29	0.28	0.19	0.32	0.23	0.30	0.33	0.29	0.30
S3	0.25	0.27	0.26	0.31	0.24	0.20	0.25	0.23	0.19	0.31	0.23	0.28	0.29	0.26	0.29
S4	0.35	0.36	0.41	0.32	0.33	0.30	0.34	0.31	0.21	0.40	0.27	0.35	0.39	0.32	0.35
S5	0.27	0.28	0.32	0.32	0.20	0.24	0.26	0.26	0.17	0.30	0.20	0.26	0.30	0.24	0.25
S6	0.24	0.25	0.29	0.26	0.23	0.15	0.23	0.23	0.14	0.26	0.17	0.21	0.25	0.19	0.21
S7	0.32	0.33	0.38	0.37	0.29	0.25	0.25	0.28	0.20	0.37	0.28	0.33	0.37	0.31	0.33
S8	0.25	0.27	0.31	0.30	0.25	0.23	0.25	0.19	0.15	0.29	0.21	0.28	0.30	0.24	0.26
S9	0.25	0.26	0.28	0.29	0.23	0.19	0.23	0.22	0.13	0.28	0.19	0.24	0.28	0.25	0.27
S10	0.29	0.28	0.36	0.34	0.25	0.23	0.28	0.26	0.20	0.27	0.24	0.30	0.34	0.30	0.32
S11	0.21	0.21	0.25	0.24	0.18	0.16	0.20	0.19	0.14	0.25	0.15	0.23	0.25	0.23	0.25
S12	0.32	0.33	0.39	0.38	0.30	0.26	0.32	0.30	0.20	0.38	0.29	0.27	0.37	0.33	0.35
S13	0.35	0.34	0.41	0.40	0.32	0.28	0.33	0.31	0.20	0.39	0.30	0.35	0.31	0.33	0.36
S14	0.26	0.24	0.32	0.30	0.22	0.18	0.23	0.20	0.18	0.30	0.23	0.27	0.29	0.20	0.30
S15	0.23	0.22	0.30	0.28	0.19	0.17	0.22	0.18	0.17	0.29	0.22	0.26	0.27	0.27	0.21

Table 6. The sources of each factor and related value (incumbents).

		D*i*	**R*i***	**P*i***	**E*i***
A1	Incumbent's age and health condition	0.9592	2.0348	2.9940	−1.0756
A3	Incumbent's satisfaction with their successor	1.6133	1.4903	3.1036	0.1229
A4	Successor's competence	1.8113	1.8483	3.6596	0.0370
A5	Successor's willingness	2.1189	1.7388	3.8577	−0.3800
B1	Relationship between generation	1.2827	1.5374	2.8201	−0.2546
B2	Family harmony	1.0849	1.3945	2.4794	−0.3097
B4	Management transfer	2.2383	1.2964	3.5347	0.9418
B5	Conflict management	1.3484	1.4396	2.7880	−0.0912
B6	Founder social capital	1.6537	1.1305	2.7842	0.5232
C1	Profitability and financial situation	1.6888	2.0482	3.7371	−0.3594
C4	Complexity of the organization	1.2472	1.4816	2.7288	−0.2344
C5	Senior managers	1.7380	1.5533	3.2914	0.1847
C7	Succession plan	2.5708	1.5580	4.1287	1.0128
D2	Industrial science and technology changes	1.5601	1.9324	3.4925	−0.3723
D4	Industrial life-cycle	1.6143	2.0457	3.6600	−0.4313

Table 7. The sources of each factor and related value (successors).

		D	**R**	**P*i***	**E*i***
A1	Incumbent's age and health condition	3.9717	4.0987	8.0704	−0.1271
A3	Incumbent's satisfaction with their successor	4.2632	4.1480	8.4112	0.1151
A4	Successor's competence	3.8711	4.9527	8.8238	−1.0816
A5	Successor's willingness	5.0413	4.7603	9.8017	0.2810
B1	Relationship between generation	3.8721	3.7622	7.6343	0.1099
B2	Family harmony	3.3124	3.3373	6.6497	−0.0249
B4	Management transfer	4.6465	3.9592	8.6056	0.6873
B5	Conflict management	3.7657	3.7079	7.4735	0.0578
B6	Founder social capital	3.5944	2.6308	6.2252	0.9636
C1	Profitability and financial situation	4.2484	4.6902	8.9386	−0.4418
C4	Complexity of the organization	3.1455	3.4235	6.5690	−0.2781
C5	Senior managers	4.7817	4.2118	8.9935	0.5699
C7	Succession plan	4.9918	4.6580	9.6498	0.3338
D2	Industrial science and technology changes	3.7224	4.0023	7.7247	−0.2799
D4	Industrial life-cycle	3.463	4.348	7.811	−0.885

Therefore, the top seven ranked influences of both parties were applied as the key factors analysis. After adopting the DEMATEL technique to investigate the interdependent decision-making for constructing the causal diagram, Figure 4 was obtained. It can be observed that the incumbent's value regarding succession plan is the most important, followed by the transfer procedure of management power. The incumbent's perception would overcome the willingness of the successor.

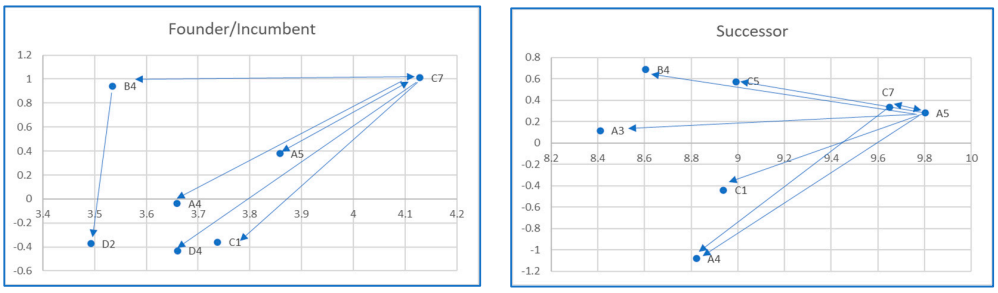


Figure 4. Casual diagram.

We applied the DEMATEL technique for building an INRM by calculating the direct-influence matrix of scores. In order to more easily express this causal relationship, this diagram was simplified to INRM (Figure 5) to demonstrate the influential network relation between factors. As for the incumbent, the family business's succession plan (C7) was greatly affected by the management transfer method (B4). The successor's willingness (A5) to take over the business was also an important factor affecting the succession plan programing. The transfer of management authority affected the offspring's competence (A4) being valued and converted into the ability of challenging industrial technology environment changes (D2). The family inheritance plan influenced the other factors such as the determination of the successor's competence, financial growth of the family firm (C1) and adaptability of the industrial life-cycle (C4). The incumbents considered the transfer of management rights to affect the development and progress of enterprises in the technological environment. In other words, the incumbents realized that a new generation of successors would be more able to face the increasing industry competition in the future. For the successor, the willingness (B5) to inherit was most strongly influenced by the way of power transfer (B4). The attitude of the senior manager (C5) of the enterprise also had a dramatic impact on the willingness of inheritance. The succession plan of the company (C7) and the satisfaction of the incumbent with the successor (A3) also have a great influence on the successor's willingness. When the succession intention of the successor is established, the financial status (C1) of the company and performance of the successor's ability (A4) make changes.

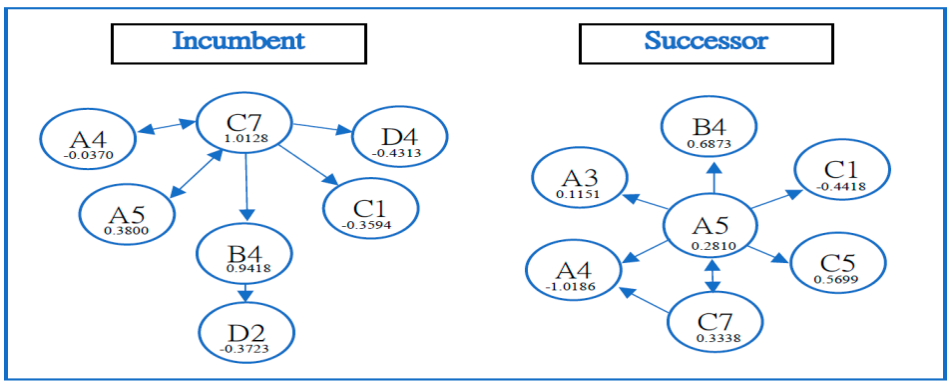


Figure 5. Simplified INRM map of key succession factors.

The left side of Figure 5 shows the incumbents' perceptions of the interactions among these seven factors. The incumbents recognize that family succession planning (C7) has a strong influence (0.9418) on the way that the management transition occurs (B4). In other words, the succession plan of a family business has a direct impact on the handover of management authority. Industrial science and technology changes (D2) are affected (−0.3723) by the management transition (B4). By way of explanation, the firm's ability to adapt to changes/challenges in the external scientific environment is determined by the way the management is transferred. The successor's competence (A5) interacts with the family succession plan (C7) (0.38). The family succession plan affects the successor's competence, and the successor's competence also affects the family succession plan. Secondly, the incumbents consider that the industry life-cycle (D4) is influenced by the succession plan (C7) (−0.4313). This means that the family business succession plan has a significant impact on the survival of a firm in terms of industry life-cycle (−0.3594). Moreover, the incumbents are convinced that the profitability and financial status of the firm (C1) is influenced by the succession plan (C7). Strictly speaking, the succession plan is an indicator of the profitability and financial status with regard to a company. If the succession plan gives the stakeholders inspiration for future investment, it will be helpful for the current financial situation of the company. Finally, successor willingness (A4) is influenced by the succession plan (C7) (−0.037). Unexpectedly, the incumbent's perception of the successor's desire to take over the family business is not significant, although it is influenced by the succession plan.

4.3. Findings Result of IPA

After applying the DEMATEL research method, we used the importance–performance analysis (IPA) to determine the key factor priority that must be improved and to avoid the fallacy found in previous DEMATEL research where the factor with the principal relation value is considered the most critical improvement factor. The IPA approach is considered as a useful tool for examining management strategies [60]. The dimensional IPA grid displays the results of the evaluation with respect to the importance and performance of each relevant element attribute. When the DEMATEL questionnaire was distributed to the research subjects, the IPA questionnaire was also given to the research subjects. The research subjects were asked to evaluate the importance and actual performance of these dimensions. In this way, we could understand the distribution of resource utilization by the research subjects and the focus of improvement efforts afterwards. This research questionnaire used a six-point Likert scale to evaluate the importance and actual impact of this dimension on the family business. As for the degree of influence of the actual performance, one signifies no influence, two means almost no influence, three means little influence, four means slightly influence, five means some influence, and six means great influence. Figure 5 shows the consequence of the statistical data and the analysis results.

In the analysis of importance and performance, this study counted 15 IPA questionnaires of incumbents and successors, respectively, and the results are presented in Figure 6. On the cross-alignment with the performance (X-axis) and importance (Y-axis), the average value of each group was used as the standard of the quadrant. In the analysis logic of the IPA, the first quadrant contains "high-importance and high-performance" factors, which generally need to maintain their effectiveness. The second quadrant includes "high-importance and low-performance" factors, which need special attention for future inheritance strategies. In the respondents' consideration, the elements in the third quadrant were less important items and lower performing items which were unnecessary to be particularly resource-intensive. The items in the fourth quadrant "low-importance and high-performance" indicate that the company places too much emphasis on these items.

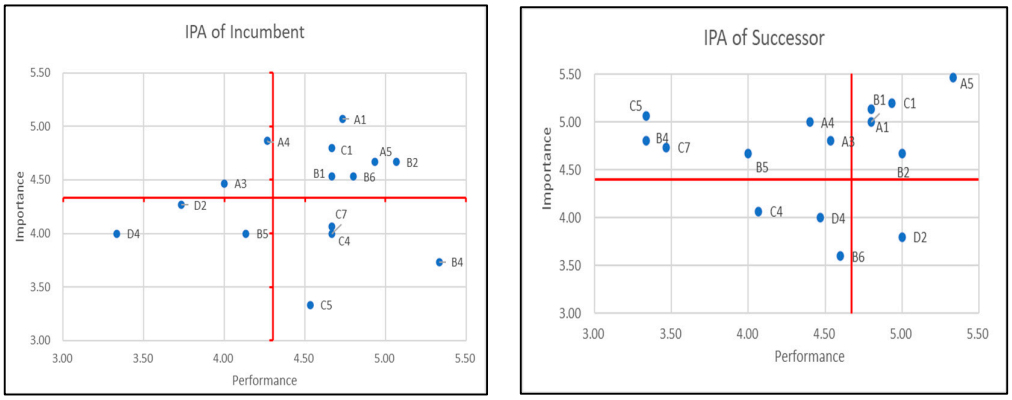


Figure 6. IPA analysis results.

In Figure 6, in the incumbent's opinion in the first quadrant factors, the incumbent's age and health condition (A1), successor's willingness (A5), family harmony (B2), relationship between generations (B1), entrepreneurial social capital (B6), and financial performance (C1) of the company were all rated as important and satisfactory performance. In the second quadrant, the incumbents rated the two dimensions of satisfaction toward the successor (A3) and successor's competence (A4)) as highly important but that they have not achieved satisfactory performance. On the other hand, in the third quadrant, the incumbents considered that the effectiveness was limited on industrial science and technology changes (D2), industry life-cycle (D4) and conflict management (B5); however, comparably, they were not important. In the fourth quadrant, factors such as management transformation (B4), succession plan (C7), influence of senior managers (C5), and complexity of the organization (C4) were listed as high performance and low importance. Incumbents perceived the performance of these dimensions but do not pay much attention to them.

For successors, the first quadrant contained items that they considered to be complementary to their importance and performance, including the condition of the incumbent's age and health (A1), successor willingness (A5), relationship between generations (B1), family harmony (B2), and profitability and financial situation of the firm (C1). In the second quadrant, the items that the successors gave high value but needed to have strengthened and improved were the incumbent's satisfaction with the successor (A3), the successor's competence (A4), management transfer (B4), conflict management (B5), senior manager (C5), and the succession plan (C7). In the third quadrant, the successors believed that the life-cycle of the industry (D4), complexity of the organization (C4), and incumbent's social capital (B6) did not play a big role among the important factors of the current family inheritance and that they were of little importance, so they did not need too much effort spent on them. In the fourth quadrant, we found that the successors did not consider the importance of the industrial technology change/development (D2) as they were convinced that the business was currently performing very well.

Considering the above-mentioned influencing factors, the incumbents and successors have significantly different judgments of the items of importance and performance. Basically, the incumbents were satisfied with most of the projects in the enterprise, while the successors expressed more concerns about relationships. In this analysis method, the important factors and performance differences between the two for enterprise inheritance were highlighted. In the next chapter, this study will have a more comprehensive discussion on the causes and consequences of this difference compared with previous research method results.

5. Conclusions

5.1. Discussion

From the interactive influential relationship between each key factor, we observed that in the incumbent's recognition, the important reasons affecting the succession plan of the enterprise were the willingness of the successor and transfer of management authority. Such recognition reflects that the incumbent attaches great importance to whether or not the successor has a sincere commitment to the family business. Regarding the issue of the transfer of management authority, the incumbent requests the younger generation of heirs with management power assisting the company's capability to cope with the rapid business environmental changes. The incumbent also considers that the succession plan may affect the financial status because of the succession plan, such as a spiritual indicator for supporting employees' expectations of the company's sustainable development. On the other hand, the mindset of the successors was fairly different from the incumbents. The distribution of management power seriously affected their willingness to inherit, and the lack of real power greatly reduced their willingness to inherit. In fact, several successors asserted that even though they secure the succession, they have no real authority/power to run the business. From our observation, it is obvious that the factor of management authority transfer in the succession plan is of vital importance for them.

Moreover, getting along with senior managers is also the incumbent's important concern. Normally, senior managers are more familiar with the daily operations of the company, and their connections are more deeply rooted in the business. How to supervise senior managers is an unavoidable task for successors. Moreover, successors care a lot about whether the incumbents are satisfied with their performance. The successor's confidence and determination to take over the responsibility of inheritance also depend upon the incumbent's attitude. If the successor has a strong desire to secure the secession, the successor is certain of maintaining the future financial benefit by striving to the utmost.

Concerning the essentials of the perspectives regarding succession between incumbents and successors in Taiwan's intra-family business scenario, we observed that the incumbents' decisions mostly related to the sustainability of the family business compared with other key factors. On the other hand, the successors seemed to care more about the relationship with the incumbents. It is very important for successors to obtain approval from their fathers (incumbents), especially when senior managers show their mistrust in the successor's ability to proper handle the risk treatment of the internal–external environment.

From the IPA analysis, we found that there is a large difference regarding the items requiring special attention in the second quadrant. In terms of quantity, incumbents have only two items and successors have six items in their concern. The incumbents consider that they are able to master various factors in the inheritance process; however, the successors still worry a lot about inadequacies in many aspects. A consensus of both parties is that the capacity of the successor needs to be strengthened more, and then the incumbent may be better satisfied with the successor's performance. In the interviews, many incumbents actually revealed that they were satisfied with their children's performance but do not express it verbally because of Taiwan's traditional culture of authoritative leadership. By doing so, the younger generation often felt the pressure to be terrified and dedicated to pleasing their fathers in accepting the inheritance.

The successors deliberated that seniors managers respect and obey the authority of the incumbents but do not always have the same behavior with the successors. When the incumbent does not clearly delegate management power, senior managers often assume that all corporate governance strategies continue to be performed as usual. For the new successor, senior managers tend to have a sense of superiority. Most of time, the authority can only be fully delegated when the father's physical condition is completely incapable of taking care of himself and dealing with business matters. Both the incumbents and the successors are aware of the importance of the family succession plan.

5.2. Theoretical Implication

In previous studies, there are four theories most related to the inheritance of family business, namely: the stakeholder theory, upper echelons theory, stewardship theory, and agency theory. In the stakeholder theory, it is emphasized that stakeholders of family businesses can critically impact the inheritance. In the upper echelon theory, it is emphasized that the decision of the core decision board is the most important. The stewardship and agency theories explain the different mentalities between the incumbent and the successor, which produce differences in the work attitudes and psychological responses to each other. The core foundation of this research is based on these four theories, and the results of the research also echo these four theories.

Based on the stakeholder theory, stakeholders such as other family members (mother and siblings) should have their influential power during the family business succession process. However, our study finds that the incumbent and successor still play the role of core characters, and the senior managers also significantly influence the successor's mentality of inheritance. The upper echelons theory is the idea of top executives assessing their circumstances through their own highly personalized lenses. The theory is used in human resource management as a framework to help hire new executives. In addition to that, the theory can be used to analyze other market competitors or listed companies and predict future strategic decisions of CEOs [11]. According to the results of this study, five out of fifteen important key factors are directly related to the top executives (successor's competence, successor's willingness, incumbent's age and health condition, relationship between generations, and incumbent's satisfaction with successor). This study used the stewardship and agency theories to compare the importance and performance valued by the incumbents and successors and found that the nonconformity of the two parties' perspectives affects the sustainability of family enterprises. If one party is not wholeheartedly devoted to the family business, the other party feels betrayed. The best state is when both of them consider inheritance with the attitude of stewardship in order to promote the sustainable operation of the family business. Along with the theories, the research results indicate that the incumbents are concerned with the problems derived from the succession plan (stewardship mentality), whereas the successors consider the core value of family business to lie in their own willingness (agent mentality).

In this study, the DEMATEL method was used to identify the linkage between the cross-comparison of key factors; the IPA method was used to understand the perceptions of incumbents and successors regarding the actual situation. The results obtained from the study can be summarized as the most important key factors and the interaction between the important factors that can be understood from the DEMATEL study. The results of the IPA study were used to identify the most important items for improvement and to provide practical recommendations for the study. As Figure 7 shows, it can be seen that the DEMATEL method specifically states that the incumbent believes the core of the family succession business to be in the succession plan (C7), while the successor's willingness is the key (A5). Paradoxically, the IPA states that the incumbents' satisfaction with their successors (A3) and competence (A4) are at the core of the problems that incumbents consider as important and underperforming. The important and underperforming issues identified by the successors were management transfer (B4), conflict management (B5), senior managers (C5), and succession plan (C7).

5.3. Suggestions

There are three suggestions for reference with respect to doubts about the competence of the successor as determined by the incumbent and the successor. Firstly, it is recommended to earn experience in other industries or professional organizations. After acquiring this knowledge and competency, they are able to use them to participate in the legacy and lead the upgrading transformation of the family business. The risk with this strategy is that the industry may not be able to tolerate workers accessing confidential information in the case of a bad influence on the family's reputation. Therefore, the suc-

cessor needs to cautiously select training companies/institutes for filtering the industrial experience. Many training institutions can also help successors absorb the knowledge they need; for example, the second-generation directors of university or Taiwan's Institute.

Roles / Research method	Incumbent	Successor
DEMATEL	C7	A5
IPA	A3, A4	A3, A4 B5, C7, B4, C5

Figure 7. Summary of DEMATEL combined with IPA.

Secondly, with adequate communication between the first and second generations, the family business may be able to develop the diversified operation. It is suggested to allocate an industry that the second generation is interested in so that the second generation can train troops to play. Owing to the successful business operation, entrepreneurship helps the second generation develop their ability to build their own team. Using limited resources leads to the most effective use. Successful entrepreneurship not only establishes the leadership and authority of the second generation but also creates the branches of the family business's diversified management. When the young generation returns to the family business, the old managers are also convinced with their competence and, sequentially, smooth inheritance occurs. The contradiction in risk perception between the two generations can easily lead to disputes over career conflicts between fathers and sons. In a traditional Taiwanese family business, if the successor causes a dispute, it may pose a great risk to the successor. The incumbents are easily confused by secession decision-making and leave a matter for future consideration.

The third suggestion is that the absence of a formal family succession plan brings certain concerns for the successor. In this field study, we found that most Taiwanese family businesses do not have succession plans because the incumbents lack the knowledge of how to carry out the succession process. Accordingly, one way is available where the incumbents rely on the professional help of experienced specialists outside, e.g., family-trusted academics, industry practitioners, and advisor assistance. In addition, an external panel of professional advisors for assisting with the transfer of management authority can help the successor remove the influence of senior management (the biggest obstacle).

5.4. Limitationand Future. Research

These results, although encouraging, should be interpreted with caution because of the study's limitations. This research focuses on Taiwanese SME family firms, and additionally, the main topic, the secession agenda, is a culturally sensitive issue which may limit the generalizability of the findings. A family is unique as an individual, and the configuration of the family firm is influenced by its business culture and upbringing of family members. The invitation of meeting reservation with the most powerful people, whether the incumbents or the successors, and further creating the interviews between fathers and sons are not accomplished easily. In addition, this survey needs to be conducted in companies with existing successors in order to examine the relationship between the incumbent and the successor. Many companies have not found a suitable successor until now, or the successor has no interest in responding to our request. Therefore, the sample size is somewhat limited.

This study selects 27 key factors as the main subjects based on a literature review and according to the results of the Delphi method. There are many important factors that have not been raised by previous scholars, such as the differences in incumbent leadership style and educational achievement, etc. Future research can adopt a broader exploration of the possible key influences and provide a deeper understanding of the incumbents' and successors' perceptions of succession. Furthermore, it is suggested that future research can conduct a cross-nation comparative analysis, focus on larger size companies, or even on multi-national enterprises (MNEs). Future studies may benefit from exploring other indicators of successful secession. The use of alternative control variables should help to establish the robustness of the current findings. The possible future changes and mechanisms of family business development in Taiwan or other countries are expectedly interesting and worthy of observation.

Author Contributions: Conceptualization, C.-W.L. and S.H.C.; methodology, C.L.P.; validation, S.H.C. and C.L.P.; formal analysis, S.H.C.; investigation and resources, H.C.C.; data curation, H.C.C.; writing—original draft preparation, S.H.C.; writing—review and editing, C.-W.L.; supervision, C.-W.L.; funding acquisition, H.C.C. and C.L.P. All authors have read and agreed to the published version of the manuscript.

Funding: This research received no external funding.

Institutional Review Board Statement: The study was conducted according to the guidelines of the Declaration of Helsinki and was approved by the Institutional Review Board (or Ethics Committee) of Chung Yuan Christian University (No. 2022812103, 12 August 2022).

Informed Consent Statement: Informed consent was obtained from all subjects involved in the study.

Data Availability Statement: Not applicable.

Conflicts of Interest: The authors declare no conflict of interest.

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