

## MANAGEMENT SUCCESSION IN THE BAMBOO NETWORK: CASE STUDIES IN CHINESE-FILIPINO FAMILY OWNED BUSINESSES

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### ABSTRACT

*Interviews with retirement-aged Chinese-Filipino entrepreneurs are used to examine factors that enable retirement and trigger family business succession, using the Push-Pull Model described by Dana (2005), which stresses the importance of operational push and pull factors to generate the requisite momentum for retirement. Analysis suggests that the entrepreneur's ability to find an identity outside the business is the key to meaningful retirement, which in turn enables generational transition in the management of the company. The study also indicates that western models can be applicable to the Philippine business scenario. It is recommended that incumbents develop the ability to separate work and personal life, as well as treating family business succession as a process rather than an event.*

### INTRODUCTION

A family business may range from the small neighborhood 'Mom and Pop' store to the large multinational company. A family firm is one in which at least 50% of the ownership and management falls within one family – whether related by blood or marriage (Lee-Chua 1997). Family businesses have created huge impacts in the global economy. In the US, for example, over 90% of all corporations (including 35% of Fortune 500 companies) are either owned or controlled by a family (Lansberg 1983). In the Philippines, the Department of Trade and Industry (DTI) reports that 99.6% of business is comprised of small to medium enterprises, of which between 80 and 90% are family owned (Department of Trade and Industry - Philippines 2006). Apart from its huge economic contribution to the local economy, this sector plays a major societal role, providing some 60% of total employment across the Philippines

(Department of Trade and Industry - Philippines 2006). As is the case in most South East Asian countries, the “bamboo network” of ethnic Chinese business owners plays a vital role in the economy of the Philippines. Chua (2003) notes that while ethnic Chinese make up only one 1% of the population, they control 60% of the country’s wealth. Ahlstrom, Young, Ng, and Chan, (2004) pointed to a number of characteristics common to overseas Chinese businesses, including family control, simple structure and centralized control and decision making. That control is often exercised through a patriarchal owner, who rarely delegates any of his authority to others in the business.

These businesses, though, face grave threats to their continued success. One of the major threats is their limited capability to undergo generational change. Currently, the average lifespan of the family firm is only 24 years, which is also the average tenure of the founders of the firm. Only 33% of family companies make a successful transition to the second generation, while only 10 to 15% make it to third generation (Galura 2006). Approximately 70% of family firms are either sold or liquidated after the death or retirement of the founders (Beckahard & Dyer 1983). While there is little empirical research in this area it may well be due to differences in values between the generation which built the business, and the generations which follow (Egri & Ralston 2004; Hung, Gu & Yim 2007).

Because of the critical importance of family businesses, particularly ethnic Chinese family businesses, to the Philippines economy, it is imperative that every effort is made to ensure continuity from generation to generation. However there has been very little research into the factors which facilitate or impede successful generational transition. There is also very limited research coming from the Philippines that has been undertaken by Filipino researchers. The lack of indigenous research is a factor that may lead to inaccurate interpretations and conclusions when events are viewed through a foreign lens (Tsui 2004). This study adds to the limited understanding of generational business leader transition by focusing on the factors and circumstances that trigger the need for transition, and the factors which determine successful transition.

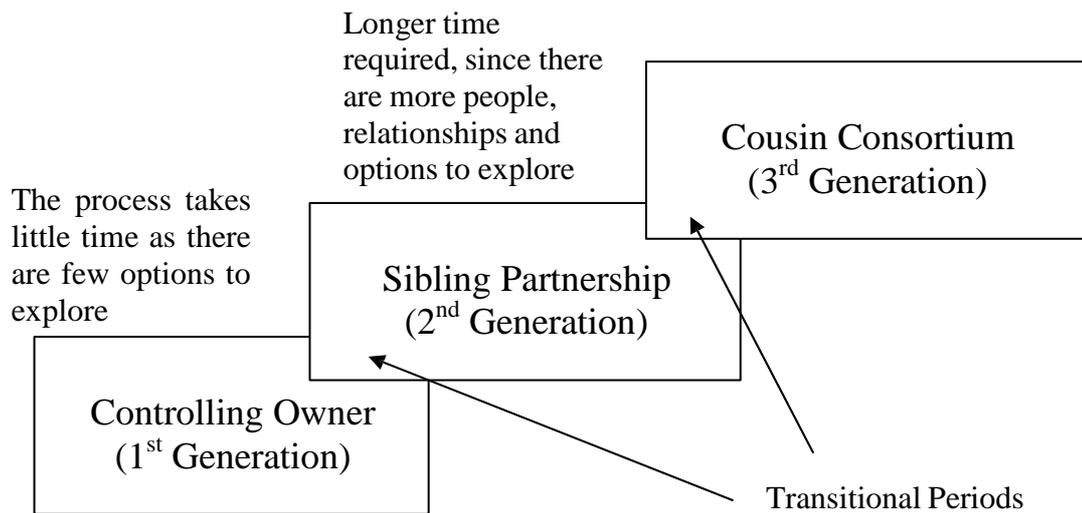
## LITERATURE

It is with the statistics on generational change in family businesses in mind that Lee-Chua, (1997) defined a successful business as “one that has existed for at least 10 years, is still existing, and has made a name for itself in its field. The founder may still be alive, and thinking of succession, the second generation may already be in charge, or the third generation may even be running the business.”

Recent models such as the Transition Period Model (Gersick et al. 1999) (see Figure 1) have gained some prominence in attempting to explain the issues involved in generational transition. This model shows the transition periods found as a business moves from one generational stage to another during the first three generations. The

three stages are the Controlling Owner State (1<sup>st</sup> generation), Sibling Partnership (2<sup>nd</sup> generation) and Cousin Consortium (3<sup>rd</sup> generation). The model highlights the fact that transition becomes more complex with successive generations, due primarily to the greater number of family members involved and the consequently greater number of options available.

**FIGURE 1: TRANSITIONAL PERIODS MODEL**



(Gersick, Lansberg, Desjardins & Dunn 1999)

This model provides a useful pointer to some of the factors to be considered in generational transition, particularly in respect of decisions about who will control the business. However it does not assist in identifying factors which influence the decision to pass control from one generation to the next.

### Power

According to (Lee-Chua 1997), power is intricately tied up with the issue of succession. There have been countless tales of a founder's unwillingness to let go of the reins for fear of losing power. This can be related to a personal loss of identity, fear of loss of significant work activity, fear of loss of influence, even fear of mortality or impending death. With this in mind, it is not surprising that succession can be a difficult issue to manage, both for incumbents and aspirants.

Doud and Hausner, (2000) developed a list of power related statements that encapsulate many of the concerns in an incumbent's mind.

- Without me, this business is nothing - the incumbent believes that without him, there would have been no business and incumbent's fear of not getting credit for

becoming the founder.

- The kids want to change the way the business is run. If I'm not there, they will change what I've built - the incumbents have failed to realize that changes is constant and that the business will thrive on an infusion of fresh ideas and energy.
- I need a successor but don't want to choose between my kids - the successor has not found the appropriate successor to take over his job.
- Nobody can run the business as well as I can - the founder has not realized that he is not the only one running the business now and had not stepped back from his original responsibilities.
- They may run it better than I did - incumbents do not enjoy the free time given to them and are encountering pride and ego issues with the successor.

Another important issue is the incumbent's life outside the business. Most founders and current leaders devote their lives to their business, often to the exclusion of other interests. People who become this involved often find it very difficult to envision a meaningful existence outside the context of total involvement in the business. The meaning of their life takes on the attributes of an all or nothing proposition. Doud and Hausner, (2000) developed a list of statements relating to an incumbent's attachment to the business, encapsulating many of the concerns in their minds.

- Too many people I've known have died (or acted dead) soon after they retire - danger of idleness and avoiding the "couch potato syndrome".
- I hate gardening, get seasick on cruise ships and get sunburned if I play too much golf or tennis - a lot of incumbents don't have a wish list of things they want to do when they've retire.
- I need somewhere to go every day - fear of breaking the routine as well as fear of major changes that could add stress to any relationship.
- Without the business, I'm a nothing - the founder has not established an identity that separates him from the business.

The last major factor is related to financial independence after the retirement. Many business owners are still dependent on their business for most of their income stream and asset base. Often when incumbents let go, they equate it to a limitation of financial freedom as well. Doud and Hausner (2000) believe that if the incumbent is found in this situation, then he will never really let go. They want an income that will provide for a comfortable life after their years of sacrifice. The "financial" concern of incumbents can be summarized the the following way.

- The business is my income source. I have to stay active to protect my cash flow - the founder has not established strategies for developing retirement income

sources that are independent of the business.

Issues relating to power, outside interests, and finances influence the way in way incumbents separate from a firm. Doud and Hausner (2000) suggest that there are four departure styles commonly displayed by incumbents, as shown in Table 1.

**TABLE 1: DEPARTURE STYLES**

<b>Type of Departure Style</b>	<b>Definition / Result</b>
<b>Monarchs</b>	<ul style="list-style-type: none"> <li>- rule with an iron fist until forced out by office or death by palace revolt.</li> <li>- Has the potential for substantial disruption of business property and harmony</li> </ul>
<b>Generals</b>	<ul style="list-style-type: none"> <li>- grudgingly leave usually under pressure</li> <li>- once gone, they spend time with other generals plotting their return or stay in close enough contact with the business to catch their successor's first mistake.</li> </ul>
<b>Governors</b>	<ul style="list-style-type: none"> <li>- serve for a limited term</li> <li>- they cut all ties to the business and go on to other endeavors that may include starting another business</li> <li>- when they leave, the successor will realize that then the governor left, he took all his knowledge and contact with him.</li> </ul>
<b>Ambassadors</b>	<ul style="list-style-type: none"> <li>- represent the ideal</li> <li>- they plan their departure, give plenty of notice and stay close to the business to make positive continuing contributions-as mentors to their successor and as the "elder statesmen" to key customers, suppliers and industry contact.</li> </ul>

#### Dana's Push-Pull Model

A model which may provide some further insights into the issue of succession is Lucio Dana's Push-Pull model, presented at the Many Paths Succession Planning Conference in 2005. The Push-Pull model is a descriptive framework that emphasizes the need for pull factors to act on existing push factors for timely voluntary succession Dana, (2005). Dana first came across the words 'push-pull' in the context of family business succession from the work of Cohn, (1992). It was his way of summarizing his experience and observations with his clients over the past few years working as a family business adviser.

Push Forces are those that “persuade incumbent CEOs to 'let go' and pass on management and ownership control of the family business to their successors. These factors push the incumbent to plan and implement succession strategies. Usually being external in nature, push forces are generated primarily by successors, other family members, employees, or by third party advisers such as accountants, lawyers and bankers. They are also generated by Family Business Associations, family business advisers, and other parties that believe that a well-ordered and timely succession is in the best interests of the family and the business.” (Dana 2005). The net effect of these forces, however, is to 'push' the incumbent to 'let go' of a position of power and responsibility that usually provides him or her with identity and gives their lives meaning and purpose. Push forces are, therefore, those that act to persuade or coerce the incumbent to 'let go' of both management and ownership control. Timing is of the essence for push factors to operate. If these forces are exercised at a time when the incumbent is not 'ready', or when he/she does not have something else to go to, then all that happens is 'resistance' and often, even a counter offensive with opposite push forces seeking to eliminate or neutralize those who are advocating 'retirement' and 'succession'.

Pull forces are forces that ‘work on incumbents drawing them away from their businesses as their primary interest and activity.’ (Dana 2005). The pull forces are those that act on the incumbent in a way that enable them to feel that it is 'their decision'. They are doing it 'their way'. They are factors that the incumbent is inclined to want to have, to do, and to be beyond the business that is usually internal to the incumbent. They are starting a new phase of their lives by their own choice, in the exercise of their own will. These can include a very involving hobby or other interest; a concern to spend more time with loved ones; a desire to travel or to write a book; a desire to serve the community; or the need to do things that they have not had the opportunity, the time, or the money to be able to do. Using interviews and research materials, some evident pull forces are currently dominating upon incumbents.

### Model Outcomes

The interaction of push-pull forces will result in one of three possible outcomes. The first outcome is called a ‘stalemate’ when there are stronger push factors acting on the incumbent and pull factors are not present. In this scenario, there would be considerable and sustained resistance to succession. Usual results are little or no movement at succession that causes delays, indecision, frustration and potential conflict. The second situation is labeled the ‘drag effect’. This occurs when only pull factors are present. Here, voids are produced that need filling and slow the process down. The result is little movement in the short to medium term. For a smooth and voluntary succession to occur, a combination of both factors should be operating, which is the third possible scenario.

Dana considers that the Model is descriptive and not prescriptive. It does not seek to list or classify the push and pull forces but draws attention to the fact that pushing factors are not sufficient to produce the required action. It is often counter productive and merely produces resistance. It helps if there is also some pulling. What is considered pushing or pulling is dependent on people's perspectives and circumstances, since different people will perceive the forces at play in different ways. With this in mind, Dana stressed the importance of putting more emphasis on pull forces to complement and supplement push forces, to enable succession to occur in a timely way. All the Model is attempting to do is to encourage those engaged in succession planning or succession to be conscious of the fact that the existence of pull forces is beneficial to the process, and inspires them to assist incumbents with the challenging task of identifying or creating relevant pull forces. The ability to objectify these factors though continues to be a very complex and personal one, since it addresses the question: "What will be sufficiently attractive for a business owner manager to let go of the business they know and love and lead a different existence outside the business?"

## METHOD

Using these theories as a framework, three case studies have been conducted, in order to understand the factors which may influence family succession from an incumbent's point of view. Interviews were conducted with three entrepreneurs who are approaching typical retirement age.

### Case Study 1: Global Traders Ent.

Mr. Chan, 60, is married and has 2 kids, Angelo (27) and Geena (29), both of which have successfully earned their university degrees. With humble beginnings from a provincial town, he has successfully created Global Traders Ent. a leading steel trading company in the Philippines. Mr. Chan grew up in a Calbaryo, Samar, a small province in the Philippines. His grandfather took over the responsibility of raising him and his brothers as his father passed away when he was barely a year old. After taking up his primary and secondary education in a nearby Chinese school, his grandfather funded his university education in Manila seeing that the business scenario back home wasn't looking too good back. That being the case, Mr. Chan took up an engineering course while working as a part-time employee in a textile mill.

After successfully completing his degree, Mr. Chan directly worked as an agent in a chemical trading company. Simultaneous to this, Mr. Chan tried to earn an MBA but lacked the financial resource to continue with his studies and stopped during his third year. Mr. Chan then concentrated on his career as a salesman until the company experienced various work labor problem that led to its closing 5 years after. It was then that Mr. Chan decided to start a construction company, primarily focusing on government projects. Mr. Chan successfully ran and grew the company from 1975-1984 while marrying and starting a family in 1977. In this time span, Mr. Chan

enjoyed the freedom of being an entrepreneur. He realized the importance of not having to rely on anyone else as well as developing one's self in order to succeed. His primary motivation for opening a business is to develop a business stable enough to provide for his family's needs. In 1985 though, business relationships got soured and the local graft and corruption took the best of the company thus forcing him to start anew.

Using business contacts he gained in the past as well as the limited capital that he and his wife has saved up, Mr. Chan contacted Japanese trading companies and became the official Philippine representative. Business was hard to get by. He had to settle for a few dollars of commission and started operating as a one-man team. Not having enough capital to rent an office space, Mr. Chan shared a small room with another trader in an unrelated field. Mr. Chan was on the road from 9AM to 8PM trying to lure local construction companies to purchase from him. Slowly though, through patience, trustworthiness and credibility, he was entrusted big local projects and started dealing with European suppliers, that which Mr. Chan considers to be the turning point of the business. Currently, the company is the leading trader of steel products that range from semi-furnished to finished products like steel bars, pipes and steel coils. Though Mr. Chan admits that he is presently facing fierce competition from China suppliers who go straight to the market, he believes that his contacts, resources, strategic partners and experience is enough to take Global Traders through the storm.

From the onset, his primary motivation was to create an organization that would enable him to provide a comfortable life for his family. As such, Mr. Chan did not intend for his children to one day take over the business. While growing up, Geena and Angelo were never exposed to the business. Mr. Chan allowed them to take courses that his children would prefer. Geena and Mike both decided to try their luck in the US after graduating from college. Although enjoying the experience of independence, Angelo personally decided to move back to explore business opportunities in the Philippines while Geena stayed in the US.

After successfully setting up a graphic-design firm, Angelo finally decided to help out with the business in 2003. Mr. Chan gladly helped train his son showing him the ins and outs of the business. Slowly, Mr. Chan's role transformed from a hands-on trainer to a consultant letting Angelo handle most of the operations of the company. Taking small steps, Mr. Chan started turning-over major accounts of the firm to his son while slowly letting go of his responsibilities as CEO. Mr. Chan now considers himself semi-retired that acts as an adviser to Angelo whenever he needs it. Appreciating the capabilities of Angelo as a manager, Mr. Chan is very confident that Angelo will do a good job in sustaining what he has built.

For Mr. Chan, semi-retirement and retirement is the same thing. His definition of retirement entails being able to enjoy life. Retirement does not mean 100% letting go though. He still wants to participate in the business by playing a minor role in operations. Mr. Chan sees no reason why he should fully retire. He sees his current

participation in the business as a venue to keep him mentally and physically active. Mr. Chan considers the business as something to keep him busy, less the stress and pressure of growing the business. Otherwise, for Mr. Chan, there's nothing else to do. Even Mr. Chan's wife is hesitant for both of them to fully retire since she does not see her husband doing anything else.

By semi-retiring, Mr. Chan is now able to enjoy the experiences that he was not able to enjoy when he was growing up. From a 9-8 work life, Mr. Chan now goes to the office at 10-11AM, goes home for lunch then comes back to the office until such time when he has to attend to his other social functions such as basketball with his friends or going to the gym. He now values the time he spends with his family at home and sees himself doing this for years to come. Five years from now, Mr. Chan sees himself still playing basketball, going to the gym and still working as a consultant for Global Traders Ent.

#### Case Study 2: Smartie Realities Inc.

Smartie Realities Inc is a property leasing company in the Philippines owned by Mr. Tan, 61, married who has 2 kids, Benny (34) and Heidi (36) and is a proud grandfather of 4. Mr. Tan was a college dropout kids preferred to start his own business. Since then, Mr. Tan has built a corporation that has numerous services under its portfolio and has now expanded its services to financial management and consultancy. Wanting to be financially independent, Mr. Tan started working as a warehouseman in a hardware company during high school. Hard work paid off as he eventually got promoted to heading the logistics department. During the 2<sup>nd</sup> year of college though, his brother presented the opportunity to start an importation business, which Mr. Tan accepted. He realized that becoming an entrepreneur would be the only way to earn more. In addition, Mr. Tan welcomed the challenge of setting up his own business. During his third year of university schooling, Mr. Tan decided to drop out and focus his efforts on the business. Mr. Tan's efforts eventually paid off. After a few years, the company became the leading importer of stationary engines and generators in the Philippines controlling over 40% of the market.

In 1969, Mr. Tan decided to start a family and got married. In 1970, the company decided to create a family code which disallowed in-laws and second generations to enter the business. Wanting to provide a stable future for his children and being a firm believer of diversity, Mr. Tan turned over the business to his brother then set up a company called Global Engine Distributors Inc. which focused on distributing automotive parts in the Philippines. Being eventually labeled "Parts King" in the industry, Mr. Tan believed that once an organization hits the top, it's time to go into another line and diversify. Mr. Tan decided to move on.

In the 1980's, Mr. Tan set up Smartie Reality Inc., an industrial property development company that focused on providing office spaces nationwide. Though having sufficient financial resources, property management was a demanding industry. Mr.

Tan's main role was handling operations and marketing that involved handling the tenant's complaints, building repairs and maintenance as well as collections. His work hours spanned from 6AM to 8PM. Hard work and perseverance led to tremendous success for Smartie Realty in the next few years. By finding prime buildings and locations that were being sold at a very affordable price during the recession, Mr. Tan slowly grew the business into becoming one of the biggest industrial property management in the country.

Mr. Tan decided to slow down when he underwent a triple by-pass in 2001. It was then that Mr. Tan opened the business to his children who each had their own corporate jobs. Heidi declined while Benny showed interest. Immediately, Mr. Tan began training and exposing his son to the business. Benny was instantly attracted to the business. Working as a real-estate agent in another firm, Benny felt very comfortable with the business and was eager to show what he could do. Taking after his dad's belief in the importance of trust and diversification, Benny decided to expand the business' product offering by setting-up a financial management and consultancy firm.

Currently, Smartie Realty shows no signs of slowing down. Properties continue to grow exponentially and occupancy rates have been consistent. Mr. Tan is now living a very comfortable lifestyle. He religiously goes to the gym everyday and visits the office twice a week to sign checks and ensure that everything is running smoothly. Mr. Tan also happily spends his time as a nanny for his grandkids as well as uses his time to volunteer for worthy causes such as Habitat for Humanity. Mr. Tan believes that no one should retire completely. Mr. Tan supposes that people who chose to completely retire are treating it as a waiting time for death. Because of the individual's natural energy and nature as an entrepreneur, Mr. Tan firmly believes that one should use his time wisely for as long as his health permits it. In addition, Mr. Tan thinks that it is advisable to leave 70-80% of the workload to the successor whereas retaining the remaining 20-30% to keep the incumbent's time busy. Furthermore, he thinks that the only way an entrepreneur can completely let go is if one has found a passion that can match the intensity he has for his work. For Mr. Tan, his energies are now focused on helping and serving other people by volunteering for church activities or other civic related functions. Apart from that, he looks forward to spending quality time building solid family. Five years from now, Mr. Tan happily imagines himself surrounded by his grand children while being deeply involved in serving others.

### Case Study 3: Sunnie Foods Corp.

Mr. Ong is 59 yrs. old and a proud father of 3. Forced by his parents to work while studying to get him off trouble, he has successfully created an innovation in the food business that has now expanded into 50 self-owned stalls and over 250 franchisees nationwide. While growing up, Mr. Ong's parents thought that it would be best for him to start working to lure him away from the fights that he was getting into. As such, Mr. Ong studied in the morning then worked as a gasoline boy from 4PM to

7PM. After being promoted to station manager, Mr. Ong decided to stop studying and work as a manager full time.

In the 1970's though, Mr. Ong got tired of his job and moved to a car air conditioning repair shop instead. In 1972, Mr. Ong got married and also got promoted as store manager. In the 80's though, Mr. Ong's entrepreneurial spirit prompted him to start his own car air conditioning and repair shop with the blessings of his old employer. It was then that he enjoyed the freedom of not having to report to a boss. Mr. Ong has always dreamt about setting up his own business and since he was already familiar with the industry, this was the line he decided to go into. This continued on until 1988 when Mr. Ong and his family migrated to Canada for personal reasons. Because of increasing travel costs of going back and forth as well as slow growth in the industry, Mr. Ong decided to give the business to his employees in 1994. Upon returning to Canada, Mr. Ong became a real estate agent.

When Jamie, Mr. Ong's eldest daughter, saw an opportunity to bring in a product from Canada to the Philippines, Mr. Ong gladly supported the idea. But when the business got into trouble, Mr. Ong decided to step in to try and fix the mess. Eventually, Mr. Ong bought out the shares of the other business partners giving complete ownership to his family. Having to start from scratch, times were very hard. Mr. Ong's wanted to let Jamie feel like they were equal partners. They operated like a two-man team with 7AM to 10PM workdays. Their main goal was to try to save the company from closing down. Eventually though, consumer acceptance of the product snowballed into the creation of a franchising system that proved very profitable for Sunnie Foods Inc. A major business activity that Mr. Ong ventured into was creating a franchising business model that revolutionized in the industry. This move significantly contributed to the complete turnaround of the business. Now, the Sunnie Foods has 50 self-owned stores and over 250 franchisees nationwide.

Mr. Ong's circumstances were different in that from the onset, he was co-owning a business set-up by his daughter. When Windall, Mr. Ong's second son, graduated from college, he was given the option to work elsewhere or take over the franchising aspects of the business. Mr. Ong made sure that he did not impose on Windall. Windall eventually decided to accept his dad's offer. Things went a lot easier ever since Windall joined the business. Having an extra man in the business enabled Mr. Ong to withdraw himself from everyday franchiser operations and to focus on operational systems and procedures, which he prefers. In the business, Mr. Ong promotes the importance of respect and openness. Initiating regular weekly meetings and setting strategic goals and directions enable all the stakeholders to be on the same page. Whether it is family or work, Mr. Ong has always believed in the importance of treating each other as equals. On top of that, Mr. Ong stresses the importance of being able to separate work and family.

Currently, Mr. Ong acts as a training and operations consultant. Since he feels that the business can withstand external threats and being very confident with his kids' capabilities, Mr. Ong has slowly let go. With a lot of time freed up, Mr. Ong now

spends quality time with his wife who has recently retired from her work as a financial analyst. Mr. Ong considers himself as a semi-retired entrepreneur. For him, retirement means spending more time with his wife and being able to spend more time in Canada. Retirement also means having more free time to enjoy the things him and his wife was not able to enjoy in the past. It entails less business commitments and more time to focus on personal interests such as cooking and doing household chores.

This does not mean stopping entirely from work though. Mr. Ong will continue helping out with the firm for as long as he sees a need for his expertise. According to Mr. Ong, it is always important to keep one's self busy, otherwise, one's health deteriorates at a much faster rate. In the next five years, Mr. Ong sees himself starting a less stressful and enjoyable business with his friends and surrounded with successful kids and lots of grandkids.

## **ANALYSIS AND SYNTHESIS**

### Family and demographic situation

All three cases are similar in this respect. They are aged between 55 and 65, which according to Galura, (2006) is the average age of retirement for businessmen, because this age still enables them to engage in other physical activities. They are all Chinese-Filipino Businessmen, married, and with a son or daughter currently working for the family business. All the entrepreneurs started gaining employee experience during their high school or university years

### Identified successors

All incumbents have properly identified their successors. In addition, all three businessmen expressed their confidence in the capabilities and talents of the successor though, how they came across this conclusion was not indicated. This is consistent with Galura's, (2006) observation that the primary requirement for a smooth transition would be the incumbent's confidence in the abilities of the successor to keep the business running.

### Perception of Retirement

For all three incumbents, semi-retirement is equivalent to retirement. Letting go of some but not all of their authority and power over the business is equivalent to having retired from the business. All three do not see themselves completely uninvolved in the business but have plans to continue their roles as a consultant or an adviser for the

firm. This is very typical of Chinese-Filipino businessmen in the Philippines who find the shift of authority hard to accept (Galura 2006).

### Type of Departure Style

From the facts of the case, Case 1 and 3 (Mr. Chan and Mr. Ong) can be classified as Ambassadors, which can easily explain the ease of their 'retirement'. They have expressed their willingness to continuously train and expose the successors to the different aspects of the business and are quite enthusiastic to do so. In the case of Mr. Tan though, by opting to still control 20-30% of the business, there are still possibilities of General, Governor or Ambassador profiles, depending on how much authority he is willing to give up in the next few years.

### Push Factors

The Push factors present in this case are all internal in nature. The two critical push factors that came out were health related (triple-bypass of Mr. Tan) and the readiness of the successors take over the business.

### Pull Factors

Because of the family's ability to separate power between family and business, conflicting power issues have not arisen so far. The businesses are controlled by the successors while the father is still the patriarch at home. Among the three pull factors, the incumbent's tight attachment to the business continuously surfaced during the interviews. Mr. Chan and his wife pointed out they were not sure as to what they would do if they would fully retire. Mr. Ong feels that it is important to keep his mind active, otherwise his mental and physical state would deteriorate. Finally, Mr. Tan, though wanting to spend more time with his wife in another country, feels that it is his responsibility to ensure that the business will withstand any threats that come its way. According to Galura, (2006), most businessmen don't know what to do when they retire because they had no life outside or it. As such, it presents fear of what is to come after that.

In addition, all three entrepreneurs went through struggles while starting up, to accomplish the level of success they have achieved. To overcome these hurdles, all three entrepreneurs stressed the importance of hard work and perseverance. It is no wonder then, that tremendous time and effort were spent on building their empires not leaving a lot of room for other luxuries or interests such as traveling or pursuing hobbies.

The topic of finances was too sensitive to probe into during the interviews. Although it is a possibility that this can be a contributing factor to the incumbent's plans of

staying on with minimal participation in the business, issues pertaining to allowances and financial freedom were never brought up during the interviews.

## DISCUSSION

The three cases showed the descriptiveness and complexity of the model in that it is possible to find instances where one business may fall in between two scenarios. Case 2 (Smartie Realities) can be classified under the stale-mate scenario where some critical decisions are still under the control of the incumbent thereby showing the lack of pull forces to trigger full retirement. Case 1 (Global Traders) and 3 (Sunnie Foods) can be classified as incumbents that are in between the stale-mate and combination scenarios. In this case, the incumbents have only semi-retired because of their inability to find an identity outside of the business.

Whereas the majority of entrepreneurs consider semi-retirement as retirement (Galura 2006), the three cases examined in this study show the absence of strong pull forces, specifically finding a life outside of the business, that stop them from completely letting go of the business. To enable full retirement then, all three businessmen should see stopping work, not as a cessation or an affront to their personal identity, but as a chance to do other things. The power holder needs to acquire other interest other than the business. With his identity not exclusively anchored to the firm, he can find it easier, sometimes even a relief, to let go. According to Doud and Hausner (2000) “old age and retirement need not be a winter, but a fruitful harvest.”

On the successors' part, they should be sensitive to incumbent's pain of letting go. They should balance assertiveness with respect, care, and show affection, ensuring that the transition is the best interest of all involved (Ralston et al. 2005; Terpstra-Tong & Ralston 2002).

Galura (2006) shared valuable information that may be of help for future incumbents and successors. First, family succession planning should be seen as a process and not as an event that would take approximately five years to build. Second, there is no ready answer for successful retirement or succession but it would be easier if all the stakeholders of the business would rally behind it. Last, succession planning starts from the cradle. Whereas parents raise their children with integrity and honesty, they should also make their children feel their involvement in the business via storytelling and also exposing the positive sides of the business. With this, the offspring, or the future successor, can feel an affinity and believe that he or she can be part of the change someday.

## CONCLUSIONS

Dana's (2005) Push-Pull model is a useful model for understanding the factors at play in the three case studies. To enable a smooth and timely retirement, complementary forces would have to act on an incumbent to generate the requisite momentum for succession and retirement to take place. The absence of either one leads to the incumbent's hesitation in fully letting go. This analysis also points to the fact that in most instances, regardless of economical, cultural or geographical differences, international research, studies and models can still be applicable to the Philippine Business scenario.

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