

**FACTORS THAT INFLUENCE THE SELECTION OF AN OWNERSHIP
SUCCESSION MECHANISM IN COLOMBIAN FAMILY BUSINESSES**

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ABSTRACT

Ownership succession has a great impact on the continuity of FBs (Family Businesses) since it is very important transfer the property on time to the following generations. The objective of this research is to use the Multiple Case Study Method to search for the factors which most influence in the selection of an ownership succession mechanism in the Colombian FBs. It was possible to build a hypothesis of exploratory nature after identifying the following factors which most influenced on it: a.) Security, b.) Criteria in property distribution, c) Experience and d.) Culture

Key Words

Succession, ownership, inheritance, continuity, mechanism, family business, factors, model.

INTRODUCTION

All FBs are not the same, each one has different characteristics that originate from singular family dynamics (Gómez-Betancourt, 2004), and these are greater when measured against the cultural differences present in each country. The Latin American cultures, as well as its legislation are different than those in other countries, which obligate the FBs to behave differently at the international level. This research will try to pass on to the international academic community, our contribution on how to carry out the selection of an ownership succession mechanism in a country that presents different characteristics from those in the rest of the world.

In order to carry out this research, we have observed that the succession in FBs has been one of the most studied topics in this area during last few years (Handler 1992; Welsh, 1993). Related articles have doubled since the 1990's (Wortman, 1994) and the topic continues to be of great interest to the researchers (Dyer & Sanchez, 1998). Nevertheless, succession has been studied more from the executive point of view (Lansberg, 1999), than that of ownership; an issue that has been approached in a greater part of the literature dealing with inheritance tax due to its implications on business continuity (Saposnik et al,1996). There are other contributions of descriptive character that show transmission models and the configuration of the estate, as well as some of the reasons of why the founder decides to transmit the estate (Davies, 1983; Carlock & Ward, 2001). Nevertheless, the factors that most influence the founder in the selection of an ownership succession mechanism have not yet been found in any literary source.

LITERATURE REVIEW

For the purpose of this research, Family Business definition is: FB consists of majority ownership(>50%) in the hands of one or two families; and where governance and/or management is in the hands of some member of the owning families; and/or where the next generation is involved as a sign of continuity of the FB (Gallo,1995).

Ownership succession in FBs has been studied as a circumstantial event and not as a process (Westhead & Cowling, 1998), thereby forgetting the durable effects that this has on the lives of business families. On revising the literature, we find three main themes that influence ownership succession:

a) Taxes: For many families, tax planning is equivalent to the continuity of the business, personal financial security, and equal treatment of the following generations (Ayres, 1996). None the less, the management of taxes is so complex, that according to Soldano, (1996), only 27% of the FBs would have the liquidity to pay the taxes if the heirs inherited the business today; 31% of the families would sell a part or all of the business to pay off the taxes and 42% would ask for a loan. The observation can be made of how the viability of the transference of taxes often requires that the business be sold to pay the taxes (Wagner, 1993). The ownership succession conveys some impositive implications for the continuity of the business. Various studies point out that 78% of new jobs are created by FBs (Astrachan y Shanker 1995), in five years a FB creates 10 new job positions, but with the responsibilities generated by the ownership succession, an average of twelve existing jobs are put at risk . According to Astrachan & Tutterow (1996), 22% of the business owners have not made tax provisions. As has been observed, the provisions for taxes have caused 26% of the FBs to reduce their investment capital (Greenwald & Associates 1995). This is why taxes cause a depression in growth and business investments (Wagner 1993). The tax is apparently counter productive; it significantly limits economic growth and job creation.. In this sense, the literary revision allows us to conclude, that the impact that taxes have on the ownership succession and their influence on a second issue in the literary revision, which are summed up in mechanisms for property transfer.

b) Mechanisms for property transfer: At the moment of the property transfer, it is necessary to consider the negative implications for the parties involved, evaluating if it is better to do this with

the property, shares or in a different manner (Ayres, 1990). On transferring the property, agreements of buying and selling, trusts, testaments, transfers of business assets, amongst other options, can be used. On occasions, a document, in which the desire of wanting the business to remain in the family is enough (O'Bee, 1999). The main problem for the founder lies in that the majority of the mechanisms demand a high level of control over the business (Kuratko, et al 1994), which makes it difficult for this process to take place while the founder is alive. Nevertheless, it is possible to design modalities and combine mechanisms that guarantee the control and economic well being of the founder and the family that is not integrated to the company. The magnitude of the consequences, which include the mechanisms for property transfer (taxes and control or not of the property) has the founder perceive the ownership succession process as too complicated and dangerous for the continuity of his patrimony. None the less, not everything ends here, since the founder knows that he must continue with this process and at the same time he has the criteria he can use to distribute the property.

c) Criteria for property distribution: Carlock and Ward (2001) describes some of the modalities to distribute the stock of the FB: a) To distribute the stock equally amongst the siblings, b) To give the company stock only to the male siblings and c) To assignor the stock only to those who work in the company. The most important point is that the founder find a mechanism that can be adjusted to his culture and to the necessities of the family and country. Various authors coincide when they affirm that no correlation exists between the planning and the success of the succession (Aronoff, 1998; Lansberg, 1999; Murray, 2003), but not planning a succession can produce worse consequences. This is why families should be prepared in issues of fiscal law and financial planning (Klein, 2003) so as be able to keep the business in family hands, count on the necessary liquidity to satisfy the interests of the stock holders and guarantee their well being (Leach, 1993; p. 286-287).

Even through the revision of the literature, we find ourselves with three big themes about ownership succession; there is a void about the factors that influence the selection of an ownership succession mechanism. This revision will be dedicated to research this aspect.

METHODOLOGY

This research focuses mainly on the factors that influence the founder to choose an ownership succession mechanism, since it has been empirically observed that certain mechanisms have an influence on the continuity of the business and family harmony.

Given that no research has been done on this topic, it is fundamental to contribute to the knowledge of FBs, through qualitative investigation with the creation of models (Eisenhardt, 1991 (Yin, 1984)). So this research will follow the logical-experimental process (Christenson, 1976), by establishing a priori, a model that will be validated through case studies type IV, also known as multiple cases, which can determine the analytical generalizations (Yin, 1984).

The research group selected, by consensus, six first-generation FBs, each of which were located in different economic sectors, were of different sizes (Small between 11 and 50 employees, medium between 200 employees and large between 201 employees or more), and were near facing the ownership succession process due to of the founders' age.

Later, the factors of the research model were evaluated with the use of the Likert scale (1932), which has as a fundamental objective, the numerical grouping of the data obtained from the interviews in order to work with them quantitatively and to simplify the analysis.

Once these factors were individually valued, the analysis of crossed cases followed, using statistic tools (coefficient correlations, significant statistics, and simple and multiple linear regressions) in the search for common patterns.

RESEARCH MODEL

This paper will try to answer the question:

Which are the factors that most influence the selection of an ownership succession mechanism in Colombian family businesses?

The research group, based on its past experience, defined all factors it considered could influence the founder in his selection of an ownership succession mechanism. Each one of the factors was debated until a research model was agreed upon by consensus.

As observed in the **Research Model (See Table N° 1)**, the research analysis is based on the influence of six factors in the selection of a mechanism.

MECHANISMS

The mechanisms have been identified as four types: a) Intestate, in which there has been no succession planning by the founder and the estate is executed on his death at the request of the successors according to what is established by law. b) Simple national mechanisms, which are of informal nature and answer more to a tradition than to a law. As is case of the right of male primogeniture, in which the estate is handed over to the eldest son, who then cares for all of the Family members. Another mechanism is the handing over of gifts by the founder to the family members indiscriminately, and in which the founder keeps the assets that this estate generates in an informal manner. c) Advanced national mechanisms, which have been so named because they are of a formal nature and planned during the founder's lifetime. They consist of the following: 1) The transference of property, keeping the right to usufruct: consisting of a limited time period of no more than 30 years. 2) Testaments, 3) Donations 4) Trusts and 5) The "*Sociedad en Comandita*," which is made up of one or more partners that commit fully and with solidarity to their social and business responsibilities. 6) Capitalization: in which the founder cedes or sells a small portion of the company stock to the family. Then, later in the stockholder's meeting, the founder proposes a capitalization in which the owner refuses to contribute, the founder withdraws the assets generated during this period and allows other minority stock holders (family members)

to capitalize, thus incrementing their participation in the business and also teaching them to become active owners/participants d). International mechanisms: are those used by the founder under the protection of another law. It is important to note that these mechanisms permit the estate, object of the succession, to become an autonomous entity of the family, even though it is to be regulated and/or controlled by the family. In the first place there is the Trust, or *fideicomissum*, different from the *pactu fiduciae* (Carregal, 1982), which is signed during the founder's lifetime. The Trust or *fideicomissum* was designed with succession in mind, in a way such that the individual hands the estate over to a Trustee with a Letter of Wishes and he may state that during his lifetime, the settlor will administer his estate, and upon his death, the Trustee will divide his estate according to what had been pre-established. The Trust can be used in different ways to protect a person from inheritance taxes (Leach 1993, p. 296-299). On the other hand, there are the Private Interest Foundations (Legislative Assembly 1995) which offer an extensive range of advantages for the family and its company. These types of foundations count on the autonomous assets donated by the founder and seek to benefit a person or family in order to comply with pre-established goals in the Founding Act. The attainment of these goals is passed over to the Foundational Council, which acts as board of directors. The funds designated or donated to the foundation are separated from the founder's capital so that it may become independent of his estate.

FACTORS

When the founder decides to begin this process, a series of factors take place which have an influence on the selection of an ownership succession mechanism. Below, six hypothesis are considered (out of 24 that could be brought up) which focus mainly on the advanced national and international mechanisms that could best guarantee the continuance of the FB.

Education: Some studies (Lussier, 1995) reveal that the education of the owner is a characteristic that predicts the behavior of the business or of some the financial results. This concept is applied in this research, presuming that the ability to implant new ownership succession mechanisms is a result of this education, that is to say the national or foreign academic education received by the founder. This education is of vital importance in order to open the mind of the founders.

H1: The greater education of the founder, the greater the tendency in selecting advanced national or international succession mechanisms.

Experience: More than 70% of the first generation does not make a succession plan, where as the second generation does (Hoekman, 1999). Nevertheless, the decisions of the following generations can be seen affected by the negative experiences of the previous generations. For this reason, in this paper, the experience of other successions is taken into account as a factor that affects the election of one mechanism.

H2: The greater the negative experiences of the founder in family or company successions, the greater the tendency in selecting advanced national or international succession mechanisms.

Criteria: While pondering the division of the estate, there is the dilemma of who will inherit and in what proportion. It is at this moment that the criteria, which are associated to the founder's experience, religion and customs, become present in his mind. In this research, these criteria were classified in the light of practices observed in long-lasting successful FBs (Ward, 2004, p, 112-113), distributing them according to the desire of the founder in dividing the estate in equal parts or not, his desire that the estate remain united within the family or in the hands of each individual, as can be observed in Criteria (**See Table N° 2**).

Traditional Criterion: In Colombian Culture, the founders' preferred criterion is known as Traditional and it is based on the distribution of the property, the investments and the solvency of

the members in equal parts. This also applies to the cases of entrepreneurs that do not want to leave the estate to the women (Carlock & Ward, 2001, p. 122), because only the men retain the family name. This is why the daughters are given what is due to them of the estate in money or other types of assets. Another mechanism is that the founder hand the stock over to the sons-in-law and not to their daughters (Leach, 1993; p. 237).

Non-transcendent Criterion: This criterion has been given this name because it reveals a founder's short-term vision at not having planned the succession of his estate, which can result from ignorance, fear of handing over the estate or the social sense that the taxes represent to the founder

Unusual Criterion: This criterion includes “*El mayorazgo*” (the right of male primogeniture), in which the male is preferred over the woman and the eldest sibling over the younger one on receiving the total estate and becoming responsible for the rest of the family. This criterion, although successful in the Japanese and Catalonian cultures, is rarely seen in Colombia.

Transcendent Criterion: This criterion has been thus named because the founder prefers to distribute the estate equally, granting the benefits but not the control over the estate; keeping it as an impersonal estate. That is to say, giving it a long-term vision, in which the estate is to be used for the well being and happiness of the family (including present and future generations), and not of its members independently (Ward, 2004). This criterion has been implanted successfully in the dynasties in which strong family ties are molded into the growth of their businesses.

H3: The greater the tendency of the founder to distribute the property with transcendent criteria, the greater the tendency in selecting advanced national or international succession mechanisms.

Security: Families that have suffered due to violence see this factor as a priority. The selection of this mechanism is made by considering the necessity of keeping a low profile in regards to the

society. This has been done to avoid the problems that have been catalogued this research as: kidnapping, extortions and threats suffered by the family members. (Gómez-Betancourt, 2005).

***H4:** The greater the exposure to security problems, the greater the tendency in selecting advanced national or international succession mechanisms.*

Culture: In FBs, culture has become vitally important in ownership succession, since it permits the family to maintain relationships of trust through good communication processes. Family Traps (Gallo, 1995) represent the typical bad habits of FBs, which directly affect family culture and so, in this research, culture will be analyzed in its function of the absence of family traps, which are the following: 1) Confusion of property rights with that of direction and/or government; 2) Confusion with economic fluctuations in the company; 3) Confusion of affectionate ties with contractual ones 4) Unnecessary postponement of the succession; 5) Confusion of government organisms and processes with government organisms and management; and 6) the belief that one is immune to the five afore mentioned family traps.

***H5:** A FB with a culture free of family traps, the greater the tendency in selecting advanced national or international succession mechanisms.*

Taxes: Almost 80% of the FBs have taken the step in planning their inheritance taxes, but under the uncertainty that this will avoid the negative effects generated by taxes (Wagner, 1993). For many families, this is equivalent to the continuity of the business, personal-financial security and equal treatment of the following generation, but there is no guarantee that answers will be provided to assure justice within the family (Ayres, 1990; 1996), and thus, this becomes one of the founder's worst fears when planning the succession.

***H6:** The greater the knowledge of the founder of the effects created by inheritance taxes, the greater the tendency in selecting advanced national or international succession mechanisms.*

CASE VALUATION

All the factors of these studied cases were valuated by consensus by the research group. The initial model was based on six explicative factors and the variable to be explained. They were valuated using the Likert scale [(-2) very low, to (2) very high].

Education: The factor was valuated based on the academic education of the founder. For those who had no academic education (--), those who studied elementary through high school (-) college or technological degree (+), Specialization or MBA (++) .

Experience: The founders who had direct experiences with succession and had problems in dividing the inheritance, thereby causing a definitive rupture in family communication are valued with (++) , if they presented temporary conflicts or disagreements (+). When the founder became directly responsible for the succession process, but had family problems (-), if he had not had any previous experience with succession, his qualification will be (--).

Criteria: Used by long-lasting successful FBs (Ward, 2004, p.112-113), in which the issue of impersonal property will be highlighted as a means of continuity of FB. Other transmission criteria, such as the right of male primogeniture, have been shown to be a mechanism of longevity in FB, as is the case in Japan and Catalonia, (Spain). So, the non-transcendent criteria will have (--), traditional (-), unusual (+) and transcendent (++) .

Security: When a family has lived the negative consequences of violence, its relationship with the security factor is considered positive, given the obtained experience, for the purpose of this research. This factor will be valuated as follows: Kidnappings (++) , extortions and threats (+), bribes (-) and having no experience with violence (--).

Culture: A family which presented a culture free of family traps (Gallo, 1995) obtains (++) . As more family traps appear, these influenced culture in a negative way. So, a family that presented

one or 2 family traps obtained (+); if it had three or four traps it obtained (-), and if it had 5 or all of the family traps it obtained (--)

Taxes: The founders that had profound knowledge of the inheritance taxes in the company and the family, in both global and national environments obtained (+), advanced knowledge of national taxes(+), a low level of knowledge of national taxes (-). In case of having no knowledge at all, the founders obtained a qualification of (--).

Ownership Succession Mechanism: In the interest of the research and its statistic analysis, the intestate mechanisms will be valued with (--), simple national (-), advanced national (+) and international (++).

QUALIFICATION TABLE

The **Table N° 3** includes, in parenthesis, the value of the factors in each one of the cases according to the Likert scale as described in methodology.

RELATIONSHIPS BETWEEN VARIABLES

Calculations were made on the co-efficiency of multiple correlations with simple linear regressions between variables. Later, a multiple linear regression was made using as a ‘term to be explained’, the selected ownership succession mechanism and as ‘explicative factors’ all the others studied in the cases. This was done with the objective to develop an equation with the most relevant factors in order to predict the selection of an ownership succession mechanism

CORRELATION ANALYSIS

As can be observed in **Table N° 4**, Coefficients of Correlation and Statistic Significance, The Experience, Culture, and Tax variables are highly co-related with the Education variable (0.74, 0.80, and 0.80, respectively and with a statistic significance of less than 0.1. This seems logical, because to a greater negative experience of the founder, the greater will be his education, the greater his abilities to avoid falling in family traps, and the greater his knowledge of taxes.

On the other hand, the Culture and Tax variables are highly co-related with the Security variable (0.79, 0.74 respectively), and with a statistical significance of less than 0.1. This seems to be reasonable because a family with a culture free of family traps knows the risks of appearing visible to third parties, therefore they seek protection mechanisms. Additionally, in Colombia, the families have great knowledge of taxes, since their patrimonies become the objective of third parties outside the law. Also found, was that Culture and Taxes are highly co-related (0.93) with a statistical significance of less than 0.01, meaning, that a culture free of family trap implies a great knowledge about taxes. Also, Culture and Taxes have a high correlation with mechanisms (0.85 y 0.77 respectively) and with a statistical significance of less than 0.1, therefore, for the results of multiple regressions, the Culture variable was taken into account and the Tax variable was omitted so as to obtain a greater co-relation.

The Security factor obtained a correlation of 0.98 with the mechanisms and a statistical significance of less than 0.001, which indicates that those families, that have had negative experiences due to violence, turn to these mechanisms so as not to become visible to the third parties. Also found, was that the Culture variable had a statistical significance of less than 0.1 and a correlation with mechanisms of 0.85, which indicates that a family with an absence of family traps has a greater knowledge of international mechanisms.

The Tax variable has a correlation of 0.77 with mechanisms, and a statistical significance of less than 0.1, which is reasonable because the founders turn to international mechanisms to minimize the succession taxes. The factors Education, Experience and Criteria do not present a representative statistical significance with the mechanisms, therefore, below, a multiple linear regression will be elaborated with those not correlated and independent factors in order to verify how they behave simultaneously.

MULTIPLE LINEAR REGRESSION

A parameter “p” less than 0.1 and an R² of 0.99 was found with the multiple linear regressions (See **Table N° 5 Multiple Linear Regressions**). Then, as can be observed, the equation would be:

Mechanism = 0.28 + 0.15 (Experience) + 0.20 (Criteria) + 0.84 (Security) + 0.15 (Culture) ± error.

This means that the factor with a greater incidence in the selection of an ownership succession mechanism in Colombia is security, criteria is in second place, and with an equivalent weight, the factors of experience and culture.

CROSSED CASE ANALYSIS

Based on the above, it can be concluded as an exploratory hypothesis that the factors that most affect the selection of an ownership succession mechanism of FBs in Colombia are in this order: security, experience, culture and the founder’s criteria. For this reason, the original research model was reformulated with the following exploratory hypothesis:

H1: Security in Colombia is the factor with the greatest impact on the founder in selecting advanced national or international succession mechanisms.

It is undeniable that Colombia is a country with security problems that affect the process of succession processes in a significant way. The founders who have suffered from the effects of violence in Colombia tend to cover their resources with an armor plate and make them less visible to avoid becoming vulnerable to the third parties involved in illegal activities. The result then is, the greater the security problems, the greater the tendency to select international ownership succession mechanisms.

H2: The Criteria of the founder is the second factor of major impact in selecting advanced national or international succession mechanisms.

The criteria is of transcendental characteristics, meaning those characteristics emphasizing impersonal property, which influence in the selection of international ownership succession mechanisms

H3: The experience of the founder is the third factor of major impact in selecting advanced national or international succession mechanisms.

The experience of the founder, understood as the negative situations in the previous succession processes, increase the tendency of the founder to choose international ownership succession mechanisms.

H4: A culture free of family traps is the fourth factor of major impact in selecting advanced national or international succession mechanisms.

A culture free of family traps influences the founder into choosing international ownership succession mechanisms.

Other Factors

It was found, in the cross case analysis, that the ownership succession process has others factors initial model did not take into account. (See **Table No.1, Final Research Model**). The fear of dying, of old age, of losing one's identity, the authority or guarantee of future earnings that assure one's proper well-being and that of the family's are just some of the fears that round the mind of the founder, putting him on guard against a possible process of ownership planning, which is only considered when an event takes place that interrupts the harmony of the founder and his family. Therefore, there are two main additional factors that should be included in order to improve the research:

Vital Aspects: Health and age are some of the variables that influence the founder into deciding to begin the succession process (Lansberg, 1999). Alternatively, confronting inevitable or unexpected

events (Sorenson, 2000), such as the death of a close one or the inability brought about by an accident can activate, in the founder's mind, the need of an ownership succession plan.

Emotional Aspects: The emotional balance of the founder is elemental in order to overcome the transitional situations. If the balance is broken, anxiety and uncertainty is generated between those which are present in the sub-systems of the FB (Gersick, 1991).

CONCLUSIONS

It must be remembered that this research is of exploratory nature. Since research on ownership succession mechanisms did not exist a priori, qualitative research became necessary in order to show, as a result, exploratory hypotheses for future research. As a result, it is necessary to continue with research of quantitative nature and a greater sample to prove the above. The following are the main ideas that resulted from this research:

- With the analysis of crossed-case studies, independent factors or explanatory variables that most influence the selection of an ownership succession mechanism of the founders in Colombia have been detected and they are security, criteria, experience and culture
- This research leaves a research field exposed in the area of ownership succession in FBs that not only produces economic repercussions in families, but can be also used as a tool to enrich and strengthen the business family with the passage of time. Also, it could be an excuse to maintain the unity of the business family, as they would be working towards a common objective.
- The research produces, as an additional result, a classification of criteria that can be used by the founder to distribute the property in the succession in two central points, which go from the fair distribution to the unequal distribution and from the concepts of individual property to that of impersonal property.

- With the research, there is evidence that the international ownership succession mechanisms are brighter for countries such as Colombia, in which the family's security becomes a fundamental issue, and it is through these mechanisms that business families are able to hide from those outside the law.
- With the use of case studies, we change the initial conceptual model to a new one including to others factors that should be study deeper: Emotional and Vital aspects of the founder.
- The issue of taxes in Colombia does not seem to be a decisive factor in the selection of a succession mechanism, as it is in countries with a greater a high taxes. Even though the high taxes in Colombia are not low, it is overshadowed by security issues.

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Table N° 1: Research Model

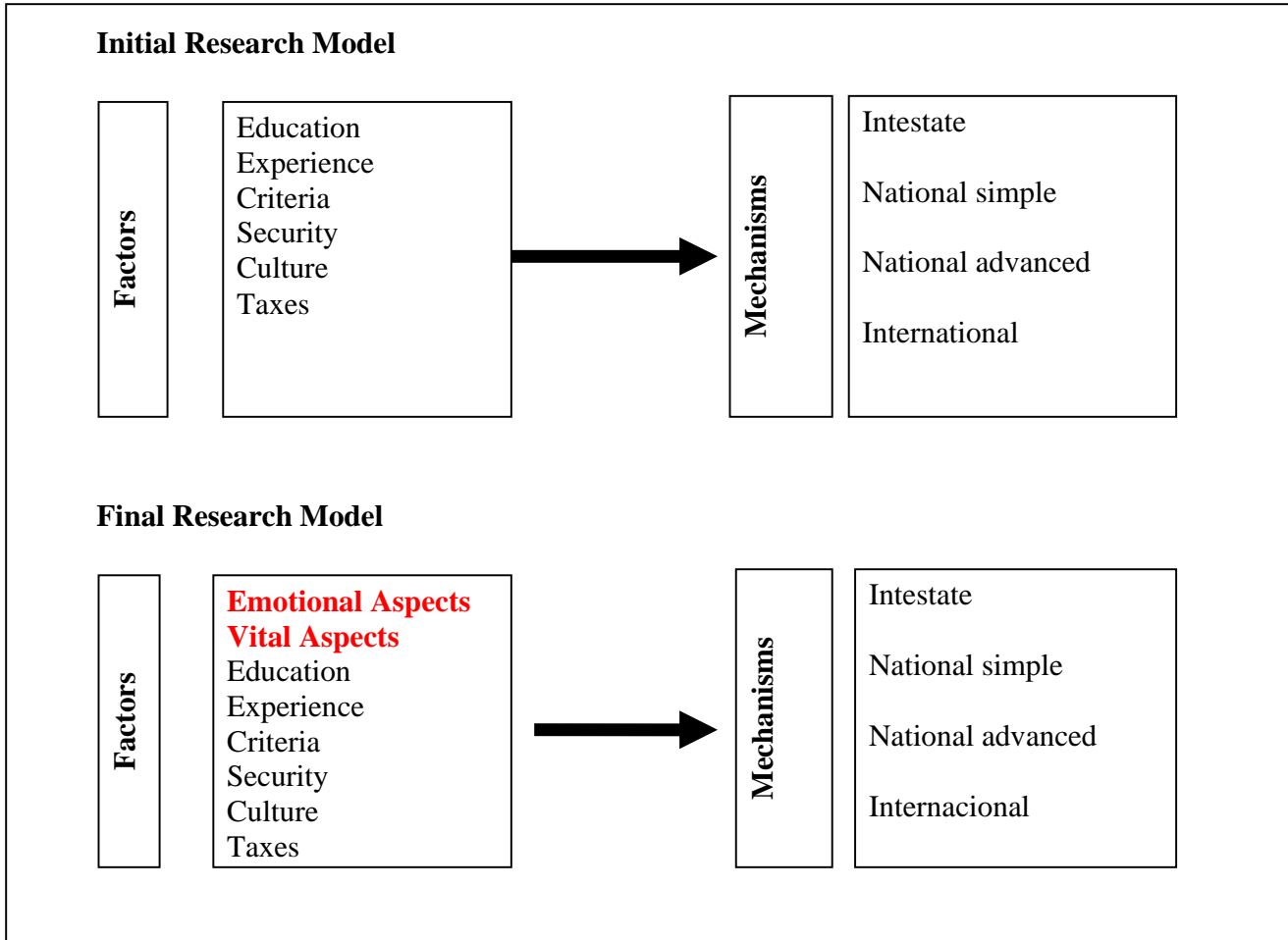


Table 2: Criteria

	Equitable distribution		
Individual	Traditional	Transcendent	Impersonal
Property	Non-transcendent	Unusual	Property
	Unequal distribution		

Table N ° 3: Case Valuation

Variable	Sector	Size	Education	Experience	Criteria
Case					
A	Footwear	Medium	Graduate (1)	Temporary conflicts (1)	Tradicional (-1)
B	Medical equipment	Medium	Graduate (1)	No experience (-2)	Tradicional (-1)
C	Chemical	Large	Specialization (2)	Temporary conflicts (1)	Tradicional (-1)
D	Automobile parts	Large	Elementary (-1)	No experience (-2)	Inusual (1)
E	Machinery	Small	Graduate (1)	Temporary conflicts (1)	Non-transcendent (-2)
F	Authorized dealer	Large	Specialization (2)	Irreconcilable conflicts (2)	Transcendent (2)

Variable	Security	Culture	Taxes	Mechanisms
Case				
A	Extortion (1)	Threes traps (-1)	National advanced (1)	Capitalization (1)
B	None (-2)	Threes traps (-1)	National advanced (1)	Intestate (-2)
C	Kidnapping (2)	One trap (1)	International (2)	Trust (2)
D	Threats (-1)	All the traps (-2)	Slight national (-1)	Gifts (-1)
E	None (-2)	All the traps (-2)	Slight national (-1)	Intestate (-2)
F	Extortion (1)	Two traps (1)	International (2)	Private Interest Foundations (2)

Table N ° 4: Correlation Analysis

	<i>Education</i>	<i>Experience</i>	<i>Criteria</i>	<i>Security</i>	<i>Culture</i>	<i>Taxes</i>	<i>Mechanism</i>
Education	1.00						
Experience	*0.74	1.00					
Criteria	-0.12	0.03	1.00				
Security	0.53	0.62	0.28	1.00			
Culture	*0.80	0.57	0.36	*0.79	1.00		
Taxes	*0.80	0.45	0.23	*0.74	**0.93	1.00	
Mechanism	0.58	0.67	0.42	***0.98	*0.85	*0.77	1.00

*** p<0.001

** p<0.01

* p<0.1

Table N° 5: Multiple Linear Regression

Summary

<i>Regression Statistics</i>	
Multiple R	0.9995
R Square	0.9990
R ² adjusted	0.9952
Standard Error	0.1312
Observations	6

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	4	17.9828	4.4957	261.1378	0.0464
Residual	1	0.0172	0.0172		
Total	5	18			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Statistics</i>	<i>P-Value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	0.28	0.07	4.09	0.15	-0.60	1.16	-0.60	1.16
Education	0.15	0.05	3.31	0.19	-0.43	0.72	-0.43	0.72
Criteria	0.20	0.04	4.75	0.13	-0.34	0.75	-0.34	0.75
Security	0.84	0.06	14.11	0.05	0.08	1.60	0.08	1.60
Culture	0.15	0.07	2.03	0.29	-0.79	1.09	-0.79	1.09