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The effect of planning managerial and ownership transfers on successful succession in family-owned business: A Tunisian Case

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Abstract

Research on both planning managerial and ownership transfers in family businesses is almost nonexistent. The purpose of this study is to shed light on the importance of managerial and ownership planning in the succession process and its significance to sustain firm performance in the long run. The research has used a qualitative unique case study. Semi-structured interviews were conducted with two effective* successors *in* family-owned *businesses. Event history analysis method is used to study the speeches. This research shows that both managerial and ownership planning are interrelated strategic issues that merit thought and action. However, many business owners make the mistake of creating one plan without accounting for the other. Management succession planning should include development, training and support of successors. Furthermore, findings also showed that the existence of internal governance mechanisms reduces conflicts and therefore has a positive effect on succession in family-owned business.

Key words
Family firms, succession, ownership transfer, managerial transfer, governance.

1. INTRODUCTION

Succession planning has captivated researchers for decades in fact of most family businesses are ill-prepared to replace a CEO who wants to retire. More, succession planning can have a direct effect of causing family-owned business to collapse upon departure of the current business owner. It is considered as a significant challenge for many family businesses because of its complicated process between family and business issues (Bozer et al., 2017; Chanchotiyan & Asavanant, 2020). In fact, succession is a delicate step since only one third of family businesses survive to the second generation (Bozer et al., 2017; Drewniak et al., 2020; Gagné et al., 2019; Rosen et al., 2019) . On the other hand, the rate is still very low for the third one (Bozer et al., 2017; Freyman & Richomme-Huet, 2012;Gagné et al., 2019). Many studies showed that, in many countries, most of the family business gets terminated or set off after the founder's death. Literature on planning succession is focused on planning managerial transfer (Cadieux, 2007; Cadieux et al., 2002) and the significance of transfer of ownership is less studied by researchers.

In Tunisia, family firms can be considered as the backbone of the economy. A wave of business creation began in the 1970s. But a generational change is necessary for the continuity of the company. The company's preparation of transmission is crucial because it's a very delicate step (Alayo et al., 2016; Daspit et al., 2016; Handler, 1994; Mussolino & Calabrò, 2014; Venter et al., 2005) and its failure could cause the disappearance of the company and subsequently the disappearance of several jobs. Tunisia is evolving in a specific environment that is characterized by modernity on the one hand and by traditional culture on the other hand. Moreover, religion influences the succession process and has an effect on decision making. Hence, the majority of FOBs are considering transferring ownership equally to the different descendants. The majority of these studies have showed the effect of managerial succession on the company's performance (Bauweraerts & Colot, 2015; Buang & Sidek, 2013; Cadieux, 2005; Chaimahawong & Sakulsriprasert, 2012; Cucculelli & Micucci, 2008; Duh, 2012, 2014; Fattoum & Fayolle, 2008; Molly & al., 2010) while ownership transfer was a little neglected by literature. Few researches concerned both managerial and ownership transfer. Hence the central question of this research is:

To what extent does both the planning of the managerial and ownership transfers effect the success of the succession in family-owned business?

The aim of this research is to contribute to a more coherent understanding of the importance of planning both managerial and ownership transfer in family businesses based on the managerial transfer process of Cadieux et al., (2002) and the ownership transfer process of Sharma et al., (2003a).

This research is divided into three parts:

The first part offers an analysis of the literature on planning succession in family businesses and internal governance mechanism. The second part deals with the methodological aspects of our unique case study. The final part is devoted to the analysis and discussion of our findings.

2. SCOPE OF THE REVIEW

1. Planning succession in family businesses

Definitions of family firms are relatively close to each other. They can be defined as an open and structurally complex system comprising three interacting subsystems which are family, business and ownership (Hammouda, 2017). It's a business in which the capital is majority owned by one or more family members and of which at least two directors are members of the same family (Tobak, 2018). It usually includes a founding father, a wife and children for whom there is a prospect of succession.

Several studies have placed great importance on the succession of family businesses in developing countries (Fattoum & Fayolle, 2009; Hines et al., 2019; Sharma et al., 1997, 2003a; Venter et al., 2005). Most succession studies revolve around planning (Mokhber et al., 2017; Morris et al., 1996, 1997; Rue & Ibrahim, 1996; Sharma et al., 2003a, 2003b; Umans et al., 2020). The succession is a delicate operation since it represents a dying situation for the company's members and thus a threat for its future (Drewniak et al., 2020; Rosen et al., 2019). Hence, the company must plan its succession three to five years in advance. It includes actions realized in the present and that will have future consequences, and thus affect the sustainability of the enterprise (Bayad & Barbot, 2002; Breton-Miller et al., 2004; Cadieux et al., 2002; Fahed-Sreih & Djoundourian, 2006; Morris et al., 1997; Sharma et al., 2003b). This period may be insufficient because succession planning is not a one-off event, but is a lengthy process (at least ten years) of transferring management and ownership of the business to a successor (Umans & al., 2020). It is treated as a long-term process that affects several activities separately. And it is in this sense that Lansberg (1988) defines planning as the necessary preparations to ensure business continuity and harmony for the next generation. The opinions of the researchers on managerial transfer converge on the fact that it is a process and not a succession event. There for, this transfer requires previous preparation for the years ahead and, the development of the needed steps that allow its progress. It includes ownership, management, power and assets continuity (Sharma et al., 1997).

Concerning managerial transfer, it began early in the family businesses. It is explained by transferring the company's operations and the strategic direction (Cadieux, 2005). This transfer starts when the owner wants to integrate his heirs into the company and ends with his disengagement from the company by leaving a successor ready to take over. Hence, and in order to transfer management, a four-step process takes place where the roles of those involved (i.e., the owner and his heirs) evolve. The first step which is initiation, is characterized by the fact that the predecessor is the only responsible for decisions. He handles for the day-to-day management of the company, while the future successor has no tasks during this phase. At this step, the successor is initiated within the company (Churchill & Hatten, 1987; Davis & al., 1997; Handler, 1990; Longenecker & Schoen, 1978). During the second phase of integration, where the successor occupies a temporary position to familiarize himself with the professional environment, to learn and develop his managerial skills, he is integrated to the company (Churchill & Hatten, 1987; Handler, 1990). The third phase, during which the successor is officially part of the family business, is the joint management. The predecessor and successor work together to transfer powers and responsibilities (Handler, 1990; Holland & Olivier, 1992; Hunt & Handler, 1999). This phase ends when the successor becomes autonomous in his decision making as well as his familiarization with his new environment. The last phase of this process is the disengagement of the predecessor. It makes up the complete disengagement of responsibilities (Churchill & Hatten, 1987) from leadership and authority.

Concerning the ownership transfer planning process, it may can affect activities and operations of the company (Hines et al., 2019). It consists of four main phases in which the role of both the predecessor and the successor evolve in a dependent and interlocking manner, with the ultimate goal of transferring the management and ownership to at least one member of the new generation (Breton-Miller et al., 2004; Cadieux, 2005). According to Sharma et al. (2003a), the steps in the process of ownership transfer planning are the selection and training of the future successor which must be qualified and trusted, the development of the strategic vision for the post-succession enterprise. The successor must have objectives for keeping the business performing. The next step is the definition of the successor's role at the beginning. It includes tasks he will do in the future and finally communicating decisions to stakeholders so that they are aware of the implemented changes. Hines et al., (2019) on his part confirms that ownership transfers can’t be done if there is no trusted successor.

Succession planning contributes to its success (Breton-Miller & al., 2004; Morris & al., 1997; Sharma & al., 2003b). It facilitates the disengagement of the predecessor (Marshall & al., 2006) by leaving a qualified and trusted successor (Sharma & al., 2003a, 2003b) who was elected by the predecessor during succession planning. Planning preparation reduces potential conflicts between family members (Lansberg & Astrachan, 1994; Morris & al., 1997; Sharma & al., 2003a; Ward, 1997). In fact, planning for transmission depends on three major variables, the predecessor’s level of preparation, the presence of a qualified person capable of taking over and, the family member’s involvement (Sharma & al., 2003a).

2. The level of progress both managerial and ownership transfers on the success of succession

The boundaries between ownership, management and the bord of directors are unclear in family businesses (Endo, 2020), members of the circle of property exercise functions of management. In the most cases, the management will be passed on to the most qualified of the family members (Rosen & al., 2019), but ownership is generally transmitted according to two principles: first, the principal of equality from which the company is transmitted equally to all descendants. The second one is the principle of primogeniture from which the company is transmitted to the elder child (Calabrò et al., 2018).

Any act in the company is controlled by the predecessor, even the act of planning of the managerial and ownership transfers to one of the descendants (Sharma & al., 2003a). The theory of planned behavior, such as Ajzen (1987, 1991), was also adapted by Krueger &Carsrud (1993), to explain entrepreneurial behavior and by Stavrou (1999), to explain the intentions of successors to take over a business. In most cases, the entrepreneur has a psychological reluctance when transferring power because it means not only the end of his career but also the end of a life (Drewniak et al., 2020). In addition, it is sometimes difficult for the entrepreneur to separate from the power and other privileges that accompany its exercise (Colot, 2009).

Chrisman & al (2003) state also that succession planning can be influenced by the predecessor's attitude and intent to succeed and keep the business in the family. But this is only possible in the presence of a qualified successor who would be able to ensure the continuity of the family business (Koffi & al., 2014; Morris & al., 1997; Sharma & al., 1997, 2003a) trusted, honest and has more skills than others (Bayad & Barbot, 2002; Chanchotiyan & Asavanant, 2020; Koffi et al., 2014; Mokhber et al., 2017; Sharma et al., 2003b). A motivated successor, with the required skills and knowledge, will ensure the sustainability of the family business (Breton-Miller et al., 2004; Chanchotiyan & Asavanant, 2020). Another determining factor is the age of the predecessor (Colot, 2009; Marshall & al., 2006). Previous studies have shown that the older the predecessors, the more they become incapacitated, and more they anticipate succession planning. Then they formalize succession plans (Breton-Miller & al., 2004; Marshall & al., 2006). The existence of succession planning shows that there are no conflicts between family members. In fact, whether relationships between family members are friendly and harmonious, based on trust, respect and communication (Dyck & al., 2002; Handler, 1991; Morris & al., 1996, 1997). Furthermore, family involvement in business management positively influences risk-taking (Gudmundson & al., 2003; Mccann & al., 2001; Miller & Breton-Miller, 2005; Miller & Le Breton-Miller, 2006; Webb & al., 2010). This brings us to a first proposition:

P1: The level of the progress of the managerial and ownership transfers planning favors the success of the succession.

Planning is a decisive strategic process in a company's life and survival (Bayad & Barbot, 2002). An absence of this planning can lead to conflicts between the heirs and subsequently the failure of transfers if the successors do not agree (Handler & Kram, 1988; Morris & al., 1997). A planning of ownership transfer is done after the managerial transfer in the majority of the companies since the managerial transfer will facilitate the choice of the successor as well as its integration in the company. The success of the succession can be measured by the survival of the business after succession or by its post-succession performance. Indeed, the company can continue to survive if the successor assumes his responsibilities, has a strategic vision for the company and good relations with the environment.

Even if the owners of family businesses try to reconcile family and professional life. The relationship between the predecessor and the successor implicitly influences succession planning and subsequently success. During this stage, the future successor is in charge of temporary tasks in the company, and the predecessor plays the role of a supervisor to control his actions and decisions. During the phase in which the successor works on behalf of his father, problems may arise on how the work should be done. Then he begins to learn and better execute his given tasks, hence, the relationship between the predecessor and his successor will soften. During this period the two parties work together for the good of the company (Fattoum & Fayolle, 2008). Finally, the third phase is the disengagement of the predecessor. It can be a phase of tension. When the predecessor feels that he will lose his notoriety and his power, he could delay the succession. Based by what precedes, we will be able to formulate the second proposition:

P2: The quality of interpersonal relationships between predecessor and successor favors the succession's success.

3. Governance mechanism in family businesses

A family business is not governed by one person, but by a complex system of relationships. Several actors are involved in post-succession governance. The family owners are responsible for keeping the ownership within the family, keeping a better performance, and achieving the set goals. They are responsible for the management, supervision and control of everything that works in the company. In fact, research on governance mechanism in family businesses can be internal or external, formal or informal. Formal mechanisms are codified by laws, and informal mechanisms are not codified. It is like society's norms and values or accommodations (Chrisman et al., 2018). Each family business seeks governance mechanisms that are considered appropriate for each case (Van Aaken et al., 2017). Several studies have shown that most of family firms adopt family-governance mechanisms, which is a family mechanism of control to arrange conflicts. The family-governance mechanism can be an arrangement between family members, family council, family assembly and the board of directors (Van Aaken et al., 2017). Literature on governance mechanisms has shown the effectiveness of bord of directors but, few studies showed why family businesses adopted theses mechanisms and if they are specific for family businesses (Parada et al., 2020). In most of family businesses, strategic decisions are made by family members without resorting governance mechanism (Parada et al., 2020).

3.1 Internal governance mechanisms in family businesses

Governance in family businesses can be considered as results of decisions made by the owners to control family and business behavior (Parada et al., 2020). Governance mechanism of family businesses differ from those of nonfamily businesses (Chrisman et al., 2018; Parada et al., 2020). The first governance mechanism is the arrangement between family members. The majority of family businesses are passed on and governed by members of the same family. It is known by the interrelationship between the company and the family, which can be a source of conflict. Therefore a verbal and non-formal arrangement is made between the members (Berent-Braun & Uhlaner, 2012; Umans & al., 2020).The arrangement specifies the way in which the family ensures the circulation of information relating to the company, to bring about unanimity within the circle of family shareholders, whose positions can be relayed to the company to ensure effective management. The arrangements are potentially more conflictual, when the family patrimony is essentially composed of the professional capital to share among several heirs.

The second governance mechanism is the family council which is unique to the family firm (Arteaga & Escribá-Esteve, 2020; Parada et al., 2020). It is a meeting in which all "qualified" members of the family must be present. Each family determines its own qualification criteria. Its key role is to ensure the equality of information between the different family members. A family council might promote cohesion among shareholders and reduce information asymmetry and can ensure the continuity of the business (Arteaga & Escribá-Esteve, 2020). When a family becomes large, finding a compromise at a family gathering can be a challenge. Like the board of directors, he represents the family and will act as an intermediary between the family and the governance bodies of the family business.

The third mechanism is trust (Chrisman et al., 2018). Literature on governance mechanisms neglected trust in favor of the agency theory (Eddleston et al., 2010). This neglect of trust in the governance literature may provide an opportunity for our research. Researchers recognize that trust contributes to lower transaction costs and good coordination with shareholders. The nature of the firm's control provides additional insight into the study of the sustainability of the family business.

A last form of governance is the board of directors. The central role of the board of directors in the theory of agency is that of controlling the leaders (Fama, 1980; Schulze et al., 2002; Umans et al., 2020). It involves ratifying decisions and then monitoring their implementation. Boards of directors act as "control mechanisms that help align the interests of shareholders and those of the managers" (Fama & Jensen, 1983). Also, Jensen, (1993) states that the board of directors is responsible for recruiting, remunerating or dismissing and that it is necessary for the CEOs to have a high-level board. The second role is strategic. It consists of assisting management with strategic advice, ratifying and controlling strategic decisions and providing access to additional resources (Charreaux, 2000). That is why we made the third proposition:

P3: The existence of internal governance mechanisms reduces conflicts and therefore has a positive effect on company's performance**.**

3.2 Governance adjustment between the predecessor and successor post succession

The family is a governance mechanism at the level of the family business (Umans & al., 2020). It implies the existence of strong and lasting relationships. These relationships allow family businesses to effectively control the behavior of the family agent and settle disputes (Fama & Jensen, 1983). In fact, the governance structure is composed of three main elements: family, board of directors, and senior management. In family businesses we can find asymmetries of information or a rise in conflicts of interest, which can lead to an increase in agency costs and consequently to a decrease in the value created by the company (Chrisman & al., 2003).

Ampenberger et al., (2013) argue that the literature and the empirical findings on the financing theory and capital structure of family businesses are inconclusive. Capital structures in family businesses are characterized by a weak separation between ownership and management. This structure is based on the relationship between predecessor and successor (Bayad & Barbot, 2002). In the literature, several authors have studied the effect of capital structure on post-succession performance.

According to the theory of agency, deviant behavior of agents is reduced in family businesses (Eddleston et al., 2010). In the case where the successor is the major shareholder, the opportunistic behavior is almost absent since he assumes all the charges. The concentration of capital in the hands of one person will lead it to be more efficient and, in other words, to ensure its sustainability. In this case, the company can evolve in a context of the leading actor's opportunism, incomplete contracts and information asymmetry. He will pursue the goal of maximizing his own wealth without focusing on the collective interest of agents. The successor seeks to satisfy his utility function, which includes aspects such as higher remuneration, higher prestige, and lower personal risk of being fired (Hernández-Trasobares & Galve-Górriz, 2020; Parada et al., 2020). To prevent this, governance mechanisms are put in place to reduce opportunistic behavior.

In cases of non-existence of succession planning, major problems such as post-succession governance issues, arise. The death of a parent is often accompanied by ownership transfers (Chanchotiyan & Asavanant, 2020). Since the succession can't be done in a few days, the company is in a situation of indivision for a period. In this case, two solutions are possible, if the heirs appoint a representative (this delegate will make the decisions throughout this period in the place of the other heirs), if the heirs are not in agreement on the person in charge of the family business, and that each person wants to be designated, an extension of the undivided ownership will take place. After this period, a distribution of the inheritance will put an end to a chronic indivision. The faster the steps are taken, the less the risk of conflict exists. This distribution can be made amicably between the heirs or a distribution by the judicial way. The first solution is the most preferable since it puts in agreement all the heirs on the goods to divide and the modalities of division. The second alternative is when the heirs do not find an agreement on the valuation of the assets between them. So, a lengthy and expensive legal procedure is necessary, even if the individual shares are modest. This procedure will leave resentment in the predecessor's family. That is why the first solution is desirable. All this brings us to a fourth proposition:

P4: The ownership transfer's adjustment to the managerial transfer decision reduces the risk of conflict, which increases the chances of success of the succession.

3. METHODOLOGY

This research is based on a qualitative approach in order to, on one hand, further refine the explanation, and on the other hand, determine the best explanation for the effect of planning the managerial and ownership transfer on the success of the succession. A descriptive case study is a means to explore problems in a workplace setting (Hollweck, 2016). We carried out a unique case study with a Tunisian family business located in the Sahel region. The qualitative method makes it possible to explore a phenomenon in depth, to understand the structure and the role of the context in its functioning (Mariotto & al., 2014). The major problem in the case studies is the choice of the number of cases. The concern of the generalization of the results for certain researchers will push them to multiply the number of studied cases. Although the researcher can limit himself to a single case if it is extreme, critical or revealing (Gustafsson, 2017; Mariotto & al., 2014; Yin, 1994).

We are interested in a family business which has overcome a succession and which is managed by two brothers. However, we interviewed the two executives of the company to be able to compare between the two responses. For the relevance of our research, and seeing that the CEO is the majority successor, we have placed him at the center of our theoretical reasoning and tried to compare his answers with those of the minority successor.

A semi-structured interview is used to collect data. According to Liberman-Yaconi & al. (2010), semi-structured interviewing is best used when you want to analyze a subject in detail and to better comprehend the responses given. The interview was under a semi structured model because we wanted the respondents to respond freely, which would then allow us to identify criteria that are actually used in succession planning. The questions were specific but open-ended, resulting in flexible responses from interviewees, the objective being to establish the factors involved in the succession on the one hand and to verify the propositions on the other.

The interview guide consists of two main phases, the first of which is a preliminary phase determining the framework of the research and making it possible to identify the firm in its life cycle and in its environment. A second phase consists of five main themes, each with a specific goal. The following table presents the process of obtaining interviews in a structured way:

Themes of the interview	**Rules for the interview**
Succession planning	The asked questions allowed us to know the involvement degree in the family business, as well as the perception of the legitimacy of the future successor by the predecessor and stakeholders.
The quality of relationship between predecessor and successor	Consisting of three questions, aims to know the psychological and cultural factors related to the transfer process of the family business.
The relationship between	This part sheds light on the family system that can influence

successors and business environment	the transfer process.
The quality of the relationship between the predecessor and successor.	These eight questions allow us to learn about the process of control and post-succession governance.
The perception of performance of the family business	Composed of the three essential questions that help to determine the company's level of advancement and performance according to the perceptions of the successors.

Table1: main phases of the interview

Information on the interviews being carried out was collected by hand-written notes. The meeting with the CEO lasted about an hour and a half, while the meeting with the minority successor lasted about an hour and 15 minutes. The interviews were transcribed in their entirety (verbatim) for analysis. The data analysis technique is the study of the chronology of events. This method allows the researcher to causally link two events. It is a question of comparing the chronology of an event in a theoretical construction. The processing method was used in the analysis of the interviewed actors' speeches. This method assumes that the texts reflect the views of the interviewees. This speech reflects their representations of reality, visions, and observations. This will allow us to build explanations. But this explanation suffers methodologically from a problem of statistical generalization.

4. SIGNIFICANT RESULTS

The analysis of the two successors' life stories allowed us to highlight certain recurring elements in the process of managerial and ownership transfers. At this level of work, we have specified in the formulation of propositions that succession planning promotes its success, in accordance with the work of Santiago, (2000), and Mouline, (2000). Therefore, we can generalize this result theoretically and mobilize it as part of this research. Succession planning is a key component for success in the family businesses. This reasoning leads us to assume that the good relations between the predecessor and successor promote the succession's success. Thus, the adjustment of the ownership transfer to the decision of the managerial transfer has an effect on the success of the succession. Similarly, the existences of internal governance mechanisms such as the board of directors and trust have an effect on the post-succession performance of the company. An interaction between these arguments can lead to the success of the succession and an overall performance of the post-succession enterprise.

The survey was conducted in the Sahel region with the CEO and the DG who are the two shareholders of a family-owned leading company in its industry. We believe that their perceptions of succession are important for our study, as it will be handled from two different angles: the view of the majority successor and that of the minority successor holding the position of a general manager. The attention we pay to the apprehension of the specificities of this context is, in our opinion, of double importance, both on the methodological and on the theoretical level.

Methodological interest lies in the appropriateness of access to contextual specificities, in addition to the measurement of explanatory and model-dependent variables. This is only offered from the case study strategy as the type of study being chosen.

Succession planning and the quality of the relationship between the predecessor and successor

Family businesses are characterized by the fact that family members are involved in the family business from an early age. The predecessor plans the succession informally. He prepares his children to take over the family business. This vision seems more adapted to the context of the Tunisian family business. In our case study, the successor (current CEO) confesses: "*We entered business life at a young age… as soon as the other shareholders wanted to sell their shares, my father thought for our future by buying me shares, which made the business family (composed of father and son) ... At that time, my sister (current DG) was not a shareholder but took on management duties…".*

The current DG stated in the same sense: *"In 2000, the business became family, composed of two main shareholders, the owner and his son who bought shares. In 2003 I became a shareholder and the capital increased by 700000000 dinars to reach 1120000000 dinars».* In this sense, we can deduce that the father wanted to integrate his sons into the company by purchasing shares from other non-family shareholders, which made his sons children shareholders in the company.

The managerial transfer is made after the transfer of the ownership. This can be explained by a great confidence in the managerial skills of the future successors on the part of the predecessor. But this managerial transfer is complex. It is made up of certain stages including incubation, where the owner tries to integrate his sons in the enterprise and make them known in the internal as well as external environment of the enterprise. The present shareholders are already involved in the family business from a young age, but they only held important positions after a certain period during which they gained experience.

Haddadj & D'Andrea, (2001) report that the manager never comes into the company with innate skills. But it is with the effect of learning that he becomes competent in business management.

This is what the minority successor (current DG) confirmed by entrusting us *with "… From our young age, my brother and I hold positions in the management of the company... then my late father bought shares for my brother in 2000 and he designated him as co-builder for the company. I was at this time remunerated and occupied a direction task. In the year of 2003 my father bought me shares... By buying these shares I became the third shareholder after my father and brother…"*. In addition, the majority successor (current CEO) told us: *"We were* *employees in the company from a young age, we held positions in the general management of the company. They were doing specific things, but they weren't making strategic decisions. Then my father wanted someone to take over. He wanted the company to continue to survive as a family business, and someone from the second generation took over. At that time, he was 70…".* This is confirmed by Churchill & Hatten, (1987) literature that the successor will play only a minimal role during this phase if the predecessor wishes to pass the business on to one of his children.

The successors in our sample have experienced changes in responsibilities over time based on the stages of management succession processes. A good relationship between the owner and successors encouraged succession planning. The owner's sons are shareholders in the family business, but they represent the minority. They have shares, but the strategic decisions are always in the hands of the owner. *"The company was not family at first… It started with a capital of 70,000 dinars. Over the years, my late father tried to buy all the shares from the partners so that the company would become composed only of family members… It was in the 2000. That was composed only two main shareholders: the owner and me (the descendant (current CEO)) …".*

After the incubation phase comes the joint-reign phase where the successor becomes manager and the predecessor is a supervisor. The two main actors work side by side for the purpose of devolution (Handler, 1990; Holland & Olivier, 1992; Hunt & Handler, 1999) current CEO confirmed this*: "In 2001 the board appointed me* a co-*coordinator for the company… I'm now a decision-maker, with my decisions are still controlled by the CEO who owns. I was obliged to provide and organize the training process concerning the tasks of the new position and to enter the company environment.".*

Finally, we move on to the phase of disengagement of the company's predecessor and the complete transfer of management (Churchill & Hatten, 1987) and ownership to the successor (Barnes & Hershon, 1976; Churchill & Hatten, 1987; Handler & Kram, 1988). In our case study, that the withdrawal was made in 2007.

We asked the current CEO to recap this phase. He said that "*My late father wanted to disengage from the business "step by step"… but leaving a competent and qualified successor… He wanted to test us in terms of decision-making and improve our experience, show us in the professional environment to have eight in the business environment… All decisions that had been made at that time were controlled by the owner (our father)… He wanted us (CEO and DG) to have experience so that we could occupy positions in senior management".*

Adjustment of ownership transfer to the decision of the management transfer

In Tunisian family businesses, the capital structure depends on the relationship between the predecessor and his sons. If these relationships are good, where there exists a harmonious environment based on trust, along with the absence of opportunistic behavior, a managerial transfer followed by a transfer of ownership is conceivable. Otherwise, the capital will be divided between the different heirs and the ownership of the enterprise will be divided between the different members.

In the case of our study, the company was transferred to two brothers while the deceased had 3 children. The third heir inherited real estate. It is in this sense that the successor (current CEO) announces: *"In 2007 the owner died. Since we have been already involved in the company (the current CEO and the current DG), we did not face any problems with the inheritance division… My sister was always away from business so, it was decided to give her other assets than the business and to keep the business in the hands of the two who are already involved…".*

The ownership structure of the enterprise would, in general, have a significant influence on strategic decision-making, choices and resulting strategic behaviors Zahra, (1996). It is, moreover, in this sense that the current CEO entrusts us with the fact that, "*following the succession, a change of positions has been imposed. I became the CEO and the chairman of the board of directors. The minority successor is appointed as co-coordinator... A correction in the hierarchical structure is made, and a position of Deputy Director General has been added… Attempts have been made to keep strategic positions in the hands of the family…".*

Indeed, the development of ownership strategy allows for better succession planning. The idea is to identify the people who will inherit the business. For this, several principles of succession are defined by the family and each generation can define its own. On this basis, several shareholder scenarios can be a solution to the problem. When there is only one heir, the choice is easy, but when the number of heirs is large, it becomes more difficult to choose.

Indeed, some researchers state that it necessary to select an only one person to protect the case from family conflicts, while others believe that it would be more appropriate to distribute shares equally among the various members of the family.

The current DG explained to us the situation of the company being studied during the division of inheritance: *"… All the heirs agree on the decisions taken during the division of inheritance… the company cannot survive in isolation. The environment has a determining role in the business. Of course, every company is in contact with various economic, financial and institutional partners… The relationship between the deceased and his environment was stable… These relationships have to be formalized but since he was a trustworthy person, the bank and leasing granted him loans without guarantees… It is itself a joint and several guarantees for the company since it is very honest. We learned these valuable qualities from our father, and relations with the company environment continued on the same basis… Nothing changed after the succession…".*

The effect of the existence of internal governance mechanisms on the shareholder relationship

The relationship of the post-succession shareholders depends on the preparing succession, the planning and arrangements made at the time of succession between the heirs with respect to the patrimonial division. If everything is clear at first, there is nothing to fear. Successful post-succession governance has an effect on the relationship of post-succession successors. Indeed, an environment based on trust, flexibility, team spirit and efficiency between members of the company (Fattoum & Fayolle, 2008) will foster a good relationship between successors. The current CEO *"The company continues to survive as a family business… It is more efficient than before; all the partners are in agreement… A collective spirit reigns in the company… We tried as a shareholder to integrate the third generation to fill positions in the company. We will try to improve their experience and skills in the field that the company operates…".*

The family business, characterized by a special character, combines both professional and family character. Only good management and planning of the various operations can deal with the various problems of confusion between family relations and working life. In this regard, (C) testifies: "*You know, the family business is different from other businesses… The family aspect is always present… Even if the ideas differ, we always remain a family… We try to reconcile family and professional life…".*

Thus, the governance of the family business is different from other businesses. It is generally based on trust and the spirit of decision-making in small companies and formal governance mechanisms such as the board of directors in large companies. The current CEO ensures, in fact, that "*As two brothers who own the same company, we are in the same boat so we are not afraid of the opportunistic behavior of one of us… Regular monitoring is necessary, of course… since it is a large company… Strategic and important decisions are discussed at the seven-member Board of Directors meeting, including the owners… The CEO is the Chair of the Board of Directors who meets regularly (on average twice a month)…".*

It is also based on the responsibility and integrity of officers and directors and the respect of shareholders' rights. The current DG says, *"… As I said before, the family business is different from other businesses. It is characterized by the collective spirit of decision-making and acting in a manner that protects the interests of the company and not the personal interests. All the players are in the same boat… There is no doubt about the opportunistic behavior of the various shareholders… All members are trustworthy. Thus, the strategic positions of the company are occupied by employees who are family members we trust, and who are trained and involved in the company in order to take over one day after us (the second generation) …".*

The company's governance is composed of shareholders, as we saw in the previous paragraph: management, stakeholders and the board of directors which plays a crucial role in the smooth running of decisions. A harmonious climate based on trust, transparency and information sharing, and the integrity of leaders does not preclude the existence of formal governance mechanisms. The current CEO clearly states, *"… Regular monitoring is obviously necessary, the company has a board of directors composed of seven senior directors, chaired by the CEO. The meetings take place every two weeks, roughly…".*

The effect of succession planning on post-succession performance

The planning of the ownership and managerial transfers will facilitate post-succession tasks, as well as the process of the succession itself. Indeed, since the transmission is planned, the succession will take place without conflicts between the inherited. This is what will subsequently influence the governance of the post-succession company, and subsequently the performance of the company.

A successful company is sustainable, profitable, and efficient. A company that achieves its goals and objectives in time, that relies on staff flexibility and quick decision-making, is a company that improves and progresses. The Company's performance is global, it must be efficient financially, socially, environmentally, technologically and qualitatively. The successor (the current DG) was asked for his opinion on the post-succession performance of the company being studied and he told us that "… a company that performs on all axes… we are practically the leaders in the real estate market.... We have about 12 branches in various sectors of activity. We opted for an activity's diversification to reduce the costs of subcontracting… They set a target of 40 billion in 2016, 50 billion in 2017, and 60 billion in 2018. The company's objective is to set up a holding company, internationalize and partner with foreign partners…".

In addition, it was desired to compare the opinion of the current DG who is the minority successor with the current CEO who is the majority successor. Our contact said: *"You know, performance is evaluated according to several criteria, namely the material, organizational performance, the performance of the equipment acquired, and by the movable and immovable security. This performance has helped to improve the level of the company… After 40 years of experience, the company is profitable and performing at all levels… It is expanding. We intend to partner with foreign partners and diversify the company's activity in other sectors related to the main activity of the company… Its turnover is growing… It started with a minimum staff and now it has 200 incumbents and about 200 casual employees…".*

Even if the succession is planned, unintended behaviors can occur as well as undesirable decisions. Wanting to know if he had remorse, the current CEO replied: *"Yes, of course! During the succession, attempts were made to fill the vacant positions by family members who are trustworthy but who are not competent and who have not assumed their responsibilities. Because they don't have enough experience in the business, they've made decisions that have cost the business. These decisions risked disrupting the company's progress… As a result, quick and sloppy decisions were made regarding subcontracts that were costly for the company. Billions have been spent on subcontracting when they should have been invested in equipment that will add value to the company and subsequently* *increase the company's assets… After this error, the company opted to purchase its own equipment…".*

5. DISCUSSION

After analyzing the speeches of two effective successors of the family business being studied, a confirmation between the synthesized observations and the theory will allow us to examine the veracity of our propositions inspired by the literature review. The collected data enabled us of analyzing the case of planning ownership and managerial transfers in the context of a Tunisian family business through four main themes that allowed us to better understand this phenomenon and to better show the relationships between these four main themes. First, we were interested in the progress of planning ownership and managerial transfer.

Indeed, the steps involved in the planning ownership transfer carried out by the enterprise under study follow the steps cited by Sharma & al. (2003b), hence the strong similarity of the process. Thus, the steps of managerial transfer are close to the managerial transmission of Cadieux, (2005). Then, we looked at the quality of the pre-succession relationship between the predecessor and the successor that influences the transfer of the company. A good relationship between the predecessor and the successor will lead to a managerial transmission associated with a patrimonial transfer. This transmission is based on trust between the two parties. This factor will result in the absence of opportunistic behavior. However, if the relationship is bad, the transmission will only be made when an unexpected event happens. This situation is the case for the majority of Tunisian businesses; this will generate a division of capital and subsequently the establishment of governance mechanisms.

Theoretically, our results converge with those of Fattoum & Fayolle, (2008) concerning the survey of six Tunisian family businesses that were observed at different stages of the succession process and which confirmed that the quality of the relationship between the predecessor and the successor before the succession is essential for the smooth running of the succession and that the success of the latter depends not only on the will of the founder but also on the predecessor's learning ability.

Thus, our results are identical to those of Hamrouni & Mnasser, (2013) on five Tunisian family businesses whose study showed that to succeed in a succession, relations between the predecessor and the successor must be healthy, clear and based on collaboration, communication, mutual respect and above all trust. In addition, our results converge with (Cabrera-Suárez, 2005; Morris & al., 1997; Venter & al., 2005) concerning the relationship between the predecessor and successor before succession, which has a positive effect on the success of the succession.

In a third part, we treated the adjustment between the ownership and managerial transfer. Even if the two transfers are not adjusted on the same date, this does not constitute an obstacle to the success of the succession because the persons concerned are informed of any changes.

The relationship between the two effective successors is based on trust and control mechanisms such as the board of directors and the external auditors. This refutes our third proposition which is "the adjustment of the ownership transfer to the decision of the managerial transfer reduces the risk of conflict which increases the success of the succession". The declaration of the two effective successors allowed us to note that a good relation between the successors post succession has a positive effect on the overall performance of the company.

6. CONCLUSION

Though the family-owned businesses are over-researched, there are still some gaps. Therefore, it seemed interesting for us to study the impact of both planning managerial and ownership transfers on family-owned businesses. In order to study the effect of planning management and ownership transfer on the success of succession in Tunisian family-owned businesses, an empirical study was developed. We opted for a single case study because of the inexistence of a valid sample of family businesses that have experienced succession to the second generation. Data was collected using a semi-direct interview guided with the two effective successors.

Our results confirmed the level of progress of both the managerial and ownership transfer planning, as well as that of the relationship between the predecessor and the successor, and they showed their effect on the success of the succession. Nevertheless, the third proposition, which relates to the adjustment of the ownership transfers to the decision of the managerial transfers and its effect on the success of the succession, was refuted. Furthermore, we were able to confirm our fourth proposition, which states that the existence of internal governance mechanisms such as the board of directors and trust reduces conflict and therefore has an effect on business performance.

This paper is distinguished compared to the majority of the researches undertaken on this subject. It proposes a study dealing with both ownership and managerial transfers. Hence, it was possible to have a new clarification on the ownership transfer of Tunisian family businesses. With regard to practical implications, the study highlights the importance of planning both managerial and ownership transfers and the importance of internal governance mechanisms for keeping the business performing. However, this did not prevent the existence of some limits. Nonetheless, limits on access to knowledge can be justified by the immaturity of family-owned businesses towards scientific research. Thus, the single case study, even if it seems relevant, can have a certain number of shortcomings. Its first limitation is that it can provide us with unexpected answers as well as the difficulty in transcribing interviews. Secondly, even though the interview was conducted in French, the conversations took place in Tunisian Arabic language, which led to some difficulties in translation and coding. Still, we believe that this study is far from giving definitive results. Hence, the field remains open to future research. It might be interesting to redress the study with a larger sample to verify our results in diverse cultural contexts of succession planning in Family-Owned Businesses.

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