Theory & Evidence on

Examining the impact of elder-heir age gaps on family business succession in India and the United States

by

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Abstract

This thesis aims to analyze the impact of the age difference between the current leader of a family business and its heir on the succession process in two distinct environments, the United States and India. It hypothesized that a larger age gap between the leader and heir would foster organizational tension and adversely impact how the heir is perceived and consequently, the performance of the firm. It also hypothesized that a larger age gap would affect how the heir is perceived by Americans to a larger degree while it would have a smaller or even no impact on how the heir is perceived amongst Indians. 604 participants were asked to participate in an online survey on business and management and subsequently asked to rate how prepared, capable and authoritative they perceived an heir to be three different age-gap scenarios (narrow, neutral, wide). They were also asked to rate individual-difference variables that might moderate the relationship between age and perception. Our results indicated that while there was no two-way interaction between the age gap and culture, these variables did have independent significant effects on the way the heir was perceived such that Indians tended to perceive the heir more positively than Americans. This effect was most pronounced in the wide the scenario. The implications of our findings are discussed.

Introduction

Family businesses are perhaps the oldest and most prevalent form of business organization across the globe, constituting approximately 90% of all business establishments in the US. (Davis & Harveston, 1998) It is a type of organization wherein the majority of ownership and control rests in the hands of the founding individual or with members of his or her family. They can be found across a variety of different industries and a spectrum of sizes, from small and medium sized firms to large and diverse conglomerates. The Fiat Group, L'Oréal, LVMH & Samsung are just a few examples that highlight the potential of family business to achieve significant growth over time.

However, the ownership structure, management dynamics, and the involvement of family members creates an environment that fosters unique and complex challenges not seen in other more traditional business environments. The most significant of these is the transition from the older, management and ownership to a younger, more dynamic one (Gupta, n.d.). Attention must be devoted to the issue of succession in order for the value-generating family business to survive and be inherited by future generations. Perhaps for this reason, the majority of family businesses have an alarmingly short life span: only 30% of American family businesses survive to the second generation of ownership (Lank, Owen, Martinez, Reidel Visscher & Breul, 1994) while a mere 15% survive to the third (Morris, Jeffery & Avila, 1997). In fact, the average life expectancy of US family firms is estimated at 24 years, which is equivalent to the average tenure of their founders. (Beckhard & Dyer, 1983).

However, this phenomenon is witnessed in family businesses across the globe. The low survival rate of family firms across generations is typical of the organizational structure and is independent of the cultural or business environment (Birley, 1986). Family members possess the ability to influence the organizations operations. This lies in stark contrast to the traditional management dogma which discourages family involvement, “arguing that such involvement is antithetical to effective business practices, possibly leading to corruption and non-rational behaviour” (Perrow, 1972). The more family members that are employed and the more central their roles, the greater the influence these men and women will exert on critical decision processes in family businesses (Davis & Harveston, 1998). As a result, nepotism is considered to be primary reason why family businesses are inherited by direct descendants or close family members (Barach, Gatinsky, Carlson & Doochin, 1988).

Thus, one way to achieve a greater understanding of family businesses and what drives them is to investigate the succession process and effect that family members exert on it. The issue of bad succession planning is typically attributed to factors such as the inability of current leadership to accept its mortality and let go of power, generation envy and an unwillingness to choose between difference family members (Applegate, 1994).

This issue coincides with a growing, broader concern: The growth of generation gaps in society and in the workplace. Pragmatically, a defining factor of today’s workforce is the increase in the sheer number of generations: In fact, it is expected that by 2020, we will see five generations co-exist in the modern workplace (North, n.d). For this reason, age-based social perception has become a growing concern for organizations, epitomized by sectors such as Silicon Valley, where an ‘out-with-the-old-in-with-the-new’ culture has led to the propagation of age-based prejudice and discrimination, or ‘ageism’ (North & Fiske, 2015). Theoretically speaking, too, how to rectify the tendency to negatively categorize members of different age groups—stemming from classic social identity theory—has become a growing concern for scholars (Ibid). Family business provides a salient, organizational testing ground for understanding these social and demographic concerns.

Finally, it is important to acknowledge and research potential cross-cultural differences in these dynamics. Although the population is aging in India, it is also the case that family businesses are far more common there. All of the factors being studied here are prevalent in India, where 90% of business are estimated to be controlled by families (Gupta, n.d.) and where the proportion of older people is expected to rise from about 9% now to 19% by 2050 ("India to dominate,", 2016). Therefore, this thesis intends to explore the interplay between these key factors through the lens of the research question: *How does the age difference between leader and heir affect how the heir is perceived in family businesses in India and the United States of America?*

I decided to write this thesis because of the vested interest I have in family business management and succession. I come from community where families are the proprietors of well-established businesses, most of which have been inherited from previous generations. Additionally, I intend to be a part of and hope to pass on my family's business onto the next generation and thus, wanted to delve deeper into how transitions in leadership occur in this organizational environment.

Hypothesis

I expect that a larger age difference between the current leader(s) and the next generation of management and owners will complicate the transition process and foster intergenerational tension in the workplaces of all family businesses. This can be inferred by research that studies the relationship between age and leadership style. For example, a study on the influence of age on leadership styles and behavior of managers found that older managers consulted more widely and preferred more participation than their younger counterparts (Oshagbemi, 2004). Furthermore, current leadership also has more sources of positional and personal influence given their history with the organization. This gives them more control over rewards, resources and information, an important factor that shapes how they along with the next generation of leaders are perceived by their employees. Another important factor is the prescriptive age stereotype of succession, or the 'step-aside-and-pass-along' attitude. This encompasses the idea that the older generation should step aside and retire in order to pass along enviable resources (North & Fiske, 2016) and complements the idea of perceived authority, where people are more persuaded by people who possess more control, expertise and credibility, independent of the strength of their argument. In fact, people are even persuaded by extremely superficial cues such as gray hair and eyeglasses. All of these theories seem to suggest that a large age difference would yield greater workplace tension and reduce the ease with which a current leader is able to pass on authority and control to the next generation.

On the other hand, Indian society's hierarchical system is one where one's duties and obligations arise from being a member from a group and thus Indian's are very family-oriented and loyal to their group and to their employer (Nishimura & Tella, 2008). Moreover, nepotism is a widespread and accepted practice in traditional Indian companies, where family members are often given key positions and decisions are made in close unison (Lewis, 2006). This could lead to a case where the heir is perceived to be more prepared, capable & authoritative irrespective of the magnitude of the age gap between him/her and the current leader.

Procedure

I decided to address this area of research by recruiting an Indian and an American sample and comparing the two. In an online randomized survey, 604 adult participants obtained from Amazon Mechanical Turk were read one of three scenarios: (i) a "wide gap" version, in which the age difference between leader and heir is 30 years, (ii) a "narrow gap" version, in which this difference is 15 years and (iii) a 'neutral' version with no age gap mentioned. Participants ranged in age from 19 to 74 (M = 32.20, SD = 9.01) Other factors such as the name and size of the firm were the same across the three scenarios (see Appendix). Participants were asked to respond to questions that investigate how they perceive the two individuals. There questions were:

i. Do you think the heir is capable of taking control of the firm from the current leader?
ii. Do you think the current leader has adequately prepared the heir for succession?
iii. Do you think the heir has enough authority to become the firm's leader?

Participants were also asked a series of questions that allows us to explore individual-difference variables that might moderate the relationship between age perception and transitions in leadership, amongst other basic demographic information. These variables all used a Likert type response format (1 = *Strongly Disagree;* 7= *Strongly Agree*) and were designed to measure a participant's attitude towards the following issues:

1. *Collectivism vs. Individualism* (INDCOL; Triandis & Gelfland, 1998): A 21-item scale (α = 0.67) was designed and used to measure dimensions of collectivism and individualism. People in collectivist cultures, compared to people in individualist cultures, are likely to identify as members of and with aspects of groups and focus on context more than content in communication. Items 1, 3, 4, 5, 6, 7, 11, 12, 13, 14, 17, 18, 19, 20 and 21 had to be reverse scaled and the higher the participant scored on the INDCOL scale, the more collectivist he or she was deemed to be. Participants were asked to rate their level of

agreement with statements such as “One should live ones’ life as independently of other as possible” or “I like to live close to my good friends.”

2. *Ageism*: a 20-scale item (α = 0.91) was used to measure age-based prejudice along three prescriptive dimensions measuring “step-aside” expectations targeting older adults. The higher the participant scored on the ageism moderator, the more prejudiced he or she was considered to be against older members of society (North & Fiske, 2013). For example, a statement on the ageism moderator was “Most older workers don’t know when it’s time to make way for the younger generation.”
3. *Issues within family businesses*: this moderator used to measure a participant’s awareness of issues typically associated with family businesses such as distribution of work and resources. The 7-item scale (α = 0.83) was adapted from previous research conducted on predictors of family business tensions. (Danes, Zuiker, Kean & Arbuthnot, 2004) Here, participants who rated issues such as “unfair workloads amongst family members due to the business” or “competition for resources between the family and the business” were more informed of the problems family-controlled businesses typically experience.
4. *Nepotism*: Participants with a higher score on the nepotism moderator (α = 0.68) believe that most issues with family business arise due to the involvement of family members. There was asked to react to 6 issues such as “There is really no difference between hiring good employees and relatives of good employees”. Their ratings was used to assess whether participants consider nepotism to be a major contributor to issues that arise within family businesses. (Hayajenh, Maghrabi & Al-Dabbagh, 1994).
5. *Risk Propensity*: Here, an adapted version of the RPS with 7 items (Meertens & Lion, 2008) (α = 0.77) was used to measure general risk-taking tendencies. Items 1 & 4 had to

be reverse scaled to suit our procedure. The higher the participants level of agreement with expressions such as “Safety first” or “I prefer to avoid risks”, the fewer and smaller risks a participant prefers to take.

6. *Resistance to Organizational Change*: Here, an 8-scale item (α = 0.93) was used to measure employee cynicism and resistance to changes in business practices and management by asking participants to state their level of agreement with issues such as “Management is honest for conveying the reasons for change” (Stanley, Meyer & Topolnytsky, 2005). Items 3 and 8 were reverse scaled such that the higher the participant scored on this moderator, the more cynical he or she was considered to be or organizational change.
7. *Respect for tradition*: Participants were asked to rate the extent to 8 values serve as guiding principles in their life such as social power, authority and obedience. (α = 0.77) These were then used to measure a participants’ preference for convention. This was adapted from the work of Shalom H. Schwartz on the contents of human values.

A participant’s score on an individual difference variable was compiled by taking the mean of his or her responses across the items that formed that individual difference variable. The two studies were run in parallel; the first was run for 300 Americans and the second for 304 Indians. The name of the firm and the family were changed slightly between cultures in order to foster cultural appropriateness (see Appendix).

Results

Overall Analysis

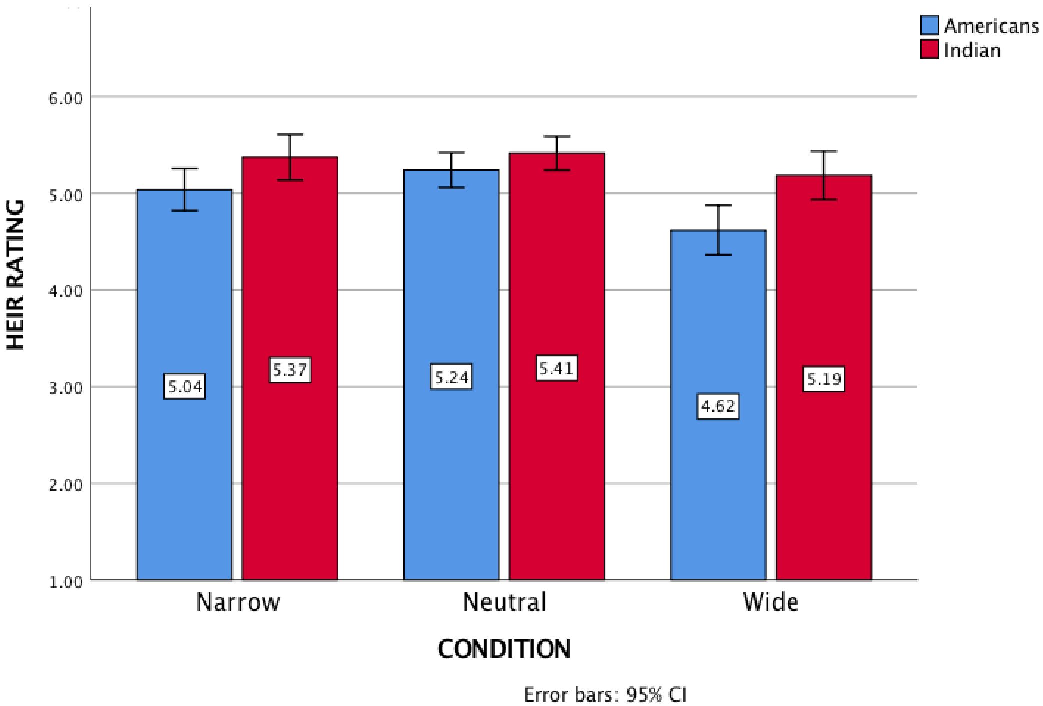
To test the hypothesis that the age gap would have smaller or no impact on Indians as compared to Americans, we formed the variable "heir rating" by taking the mean of the participant's responses to questions 1-3 (α = .87). This allowed us to discern how the heir was ranked on average in each scenario by Indians and Americans (The descriptive statistics for this variable are summarized in Table 1). This variable was the primary dependent variable for all subsequent analyses.

Using heir rating as the dependent variable, we conducted a 2 (American/Indian) x 3 (wide, neutral, narrow) ANOVA testing for a significant two-way interaction between these variables, as well as significant main effects of culture and/or condition. Inconsistent with our prediction, the test showed that there were no two-way interaction, though this test indicated a trend toward cross-cultural difference $F(2,604) = 1.56$, $p = 0.21$. However, this analysis did reveal a significant main effect of culture, $F(1,604) = 15.60$, $p < 0.005$, and condition, $F(1,604) = 7.68$, $p < 0.005$.

One-way ANOVA

Nevertheless, we decided to run a second omnibus test in the form of a one-way ANOVA testing for differences between the six possible experimental cells (Indian-Wide, American-Wide, Indian-Neutral, and so on). Per this analysis, there was a statistically significant difference amongst groups, $F(5, 598) = 6.87$, $p < 0.005$. This suggested that a significant difference existed between the six cells, so follow-up tests ascertained precisely where this difference might have occurred.

Figure 1: Mean Heir Rating across scenarios and cultures



Pairwise cross-cultural comparisons

Given a significant one-way ANOVA, post-hoc, follow-up t-tests ascertained whether cross-cultural differences emerged within each of the three experiment conditions.

First, a significant cross-cultural difference emerged under the wide scenario, $t(199)= -3.14$, $p <0.005$. Indians rated family business heirs significantly more positively ($M = 5.19$ $SD = 1.26$) than Americans ($M = 4.62$ $SD = 1.30$), mean difference = -0.57. A cross-cultural difference also emerged within the narrow scenario, ($t(200) = -2.09$, $p = 0.04$), American ($M = 5.04$ $SD = 1.10$) ; Indian ($M = 5.37$ $SD = 1.19$). However, this cross-cultural difference was not as large as within the wide condition, mean difference = -0.34. Finally, within the neutral scenario, no significant cross-cultural difference emerged, ($t(200) = -1.38$, $p = 0.169$). Although, Indians once again rated heirs higher ($M = 5.41$ $SD = 0.89$) than did Americans ($M = 5.24$ $SD = 0.92$), this difference was nonsignificant, mean difference = -0.18.

Moderator Analysis

Given the pronounced cross-cultural difference emerging within the wide condition, we ran a set of analyses exploring the potential moderating impact of the seven individual-difference scales included in the study. In essence, these analyses explored whether existing individual differences might help explain why Indians tend to view wide-age-gap heirs more positively than Americans. These moderator analyses utilized a standard two-step procedure (Aiken & West, 1991). First, we centered participant scores by subtracting the overall scale mean from each participant's score. Next, we dummy-coded cultural identification (Americans = 0, Indians = 1). We then created an interaction term for each moderator (seven total) by multiplying each dummy-coded cultural variable by the centered scale scores.

These variables were then entered into a two-step linear regression analysis. The first step entered the centered scale score and the cultural dummy variable. The second step included the interaction terms. I now present the results of these moderator analyses for each moderator variable.

Ageism: Indians ($M = 4.39$ $SD = 1.32$) tended to be more ageist in the wide scenario than Americans ($M = 3.03$ $SD = 1.00$) at a statistically significant level, $t(199) = -8.20$, $p < 0.005$. The regression results confirmed that there was a significant interaction between a participant's ageism score and his or her heir rating (β = 0.42, p < 0.005). Amongst participants who scored relatively higher on the ageism moderator variable, Indians rated the heir higher than their American counterparts. However, amongst participants who scored relatively lower on the ageism moderator, Indians rated the heir lower than Americans did in the wide scenario.

Family Business Issues: When we examined the family business issues moderator, we discovered that Indians (M = 3.71 SD = 0.54) seemed to be more aware of the issues faced by family business compared to their American counterparts (M = 3.52 SD = 0.68) at a statistically significant level, t(199) = -2.29, p = 0.02. The regression demonstrated that the interaction between a participants' culture and score on the family business issues moderator to be significant on heir rating (β = 0.35, p < 0.005). This interaction took the form such that amongst participants who were more aware of issues that arise within family business, Indians rated the heir higher. In contrast, American participants who were relatively less aware of issues within family businesses rated the heir higher than their Indian counterparts.

Nepotism: Indian participants (M = 4.80 SD = 9.03) scored higher on the nepotism moderator than American ones (M = 4.07 SD = 0.55) at statistically significant level (t(199) = -6.83, p < 0.005). The regression found the group and nepotism moderator score interaction tended towards significance on a participants' heir rating (β = 0.23, p = 0.10) such that Indian participants rated the heir higher than Americans did amongst both, participants who scored relatively higher and lower on the nepotism moderator

Collectivism: Indian's (M = 3.65 SD = 0.47) tended to score lower on the collectivism moderator than Americans (M = 3.93 SD = 0.52) at a statistically significant level (t(199)

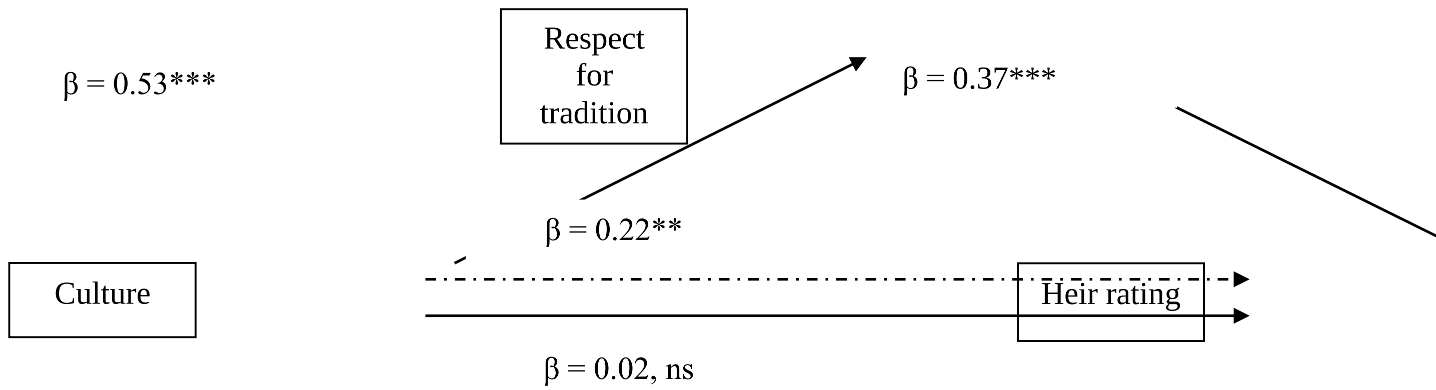
=3.95, $p < 0.005$). A participant's level of collectivism moderated the relationship between his or her culture and heir rating at a level tending towards statistical significance ($\beta = -0.16$, $p = 0.10$). Highly collectivist Indian participants rated the heir lower than highly collectivist Americans. This difference was reversed for participants who scored relatively lower on the collectivism moderator variable.

Resistance to Organizational Change: This was also the case for the individual differences variable measuring respect for tradition where the American participants ($M = 3.84$ $SD = 1.31$) were less inclined to hold conventional and customary business practices in high regard as compared to the Indian ones ($M = 5.33$ $SD = 0.94$) ($t(199) = -9.24$, $p < 0.005$) . The regression showed that the interaction between a participant's level of resistance to organization change and his or group was significant on how the heir was scored ($\beta = 0.26$, $p < 0.005$). Moreover, the Indian participants rated the heir higher than the American participants did irrespective of their level of resistance to organizational change.

Risk Propensity: Indians ($M = 4.28$ $SD = 0.58$) and Americans ($M = 4.30$ $SD = 0.56$) had very close scores on the risk propensity measure. This was not a statistically significant difference ($t(199) = 0.18$, $p = 0.86$). However, the interaction between risk propensity and group had an effect on a participant's heir rating at a level tending towards statistical significance ($\beta = 0.12$, $p = 0.22$). Both, risk-averse and non-risk averse Indians rated the heir higher than Americans did.

Respect for tradition: Americans ($M = 4.93$ $SD = 0.96$) scored significantly lower than Indians ($M = 5.71$ $SD = 0.81$) ($t(199) = -8.80$, $p < 0.005$) on the respect for tradition scale. The regression established that a participant's level of respect for tradition did not moderate the relationship between his or her culture and heir rating at a statistically significant level (β = 0.06, p = 0.54). We also found that a participant's score on the respect for tradition individual difference variable mediated the effect of culture on heir rating (*CL*: (0.28.0.78)). See Figure 1.

Figure 1: Respect for tradition Mediation effect.



Respect for tradition Mediation effect: CL: (0.28, 0.78)

None of the other variables had significant mediation effects.

Multiple Comparison within groups

At this point, it is also important to acknowledge differences in how the heir was rated across scenarios but within each culture. These were determined by one-way ANOVA and multiple-comparison post-hoc tests. For study 1, which was run on American participants, we found that there was a statistically significant difference across the three scenarios, $F(2,302) = 8.196$, $p < 0.005$. The heir was rated lower, and thus perceived to be less prepared, capable and authoritative in the wide scenario than in the narrow ($p = 0.02$) and neutral scenarios ($p < 0.005$). However, there was no statistically significant difference between the narrow and neutral conditions (*p* = *0.40)*. The same test produced very different results when run on the Indian participants. We found that there was no statistically significant difference in the way the heir was rated across the three scenarios, $F(2,296) = 1.173$, $p = 0.31$.

Discussion

As expected, our analysis showed that the age gap between the current leader of a family business and the heir apparent does have an effect on the way the heir is perceived by the firms' employees. While there was no significant two-way interaction between the scenario a participant was placed in the culture he or she belonged to, these variables did have significant main effects. Also consistent with our hypothesis, Indians did not discriminate against the heir in the wide scenario as compared to the narrow scenario—that is, they did not rate the heir lower at a statistically significant level in the wide scenario. Americans did. Moreover, there was no statistically significant difference by Americans and Indians in the neutral scenario, where no age gap was mentioned. This suggests that age did have a substantial effect in how the heir was perceived in the other two scenarios. Additionally, there were significant interactions between the individual difference variables and a participant's heir rating.

The finding that the age gap between the current leader and heir is significant is consistent with Nishimura, et. al (2008)'s findings that Indians tend to be group-oriented and prefer to be loyal to their employer. This is further complemented by the result of the regression run on the individual difference variable measuring a participant's level of ageism. The effect of culture on heir rating was strengthened amongst relatively more ageist participants in the wide scenario—that is, the mean difference in heir rating between Americans and Indians was negative amongst relatively more ageist participants. This is only partially consistent with our hypothesis since individuals with strong prejudices against older members of society would rate the heir higher in wide scenario. However, the mean difference in heir rating between Americans and Indians was positive for relatively less ageist participants—that is, relatively less ageist Indians rated the heir lower in the wide scenario than did relatively less ageist Americans. This suggests that there are other factors at play affecting the relationship between culture and heir rating.

Participants' respect for tradition could help explain these differences. While not significant, Indians scored higher on the respect for tradition moderator than Americans, which implies that they hold values such as power, obedience and authority in higher regard. Additionally, the significant mediation result indicates that Indians prefer less disruptive transfers of authority and influence and prefer not to question transitions since this would go against the social norm and hence would and did rate the heir higher in the wide scenarios. This is also in line with our hypothesis.

Additionally, it could be the case that Indians perceive an older heir to be more directly associated with the previous leader and hence expect him or her to continue with the same practices utilized the previous practices and processes employed by the previous leader. This is supported by the result that Indians scored higher on the individual difference variable used to measure how perceptive a participant is of the issues generated by practices associated with nepotism at a statistically significant level and the fact that the difference in heir rating between Indians and Americans was greater amongst participants who scored high on the nepotism moderator. It is also consistent with the result of Indians rating the heir lower in the narrow scenario than they did in the wide scenario.

The existence of the link between a relatively older heir and the current leader is substantiated by the fact that less collectivist Indians rated the heir higher in the wide scenario than did Americans, whilst the opposite was true for the subset of more collectivist participants. More individualistic individuals and cultures would prefer a younger heir, who correspondingly, would be expected to change established practice and processes.

Another potential finding supporting our hypothesis and the previous discussion is the difference between how Indians and Americans scored on the Risk Propensity Measure. Transitioning to a relatively younger leader is generally considered to be riskier than transitioning to a relatively older one, independent of their accomplishments. Thus groups with a lower risk tolerance i.e. Americans would rate an older heir relatively higher than a younger one as compared to Indians. Consequently, Indian participants with strong propensities to take risks rated the heir than Americans did in the wide scenario. This was consistent amongst risk-averse participants as well. Additionally, Americans scored marginally higher than Indians here and this difference tended towards statistically significance.

Limitations and Future research

However, this is contradicted by the fact that Americans scored lower on the individual difference variable used to scale resistance to organizational change. This finding implies that Americans should be less averse to a relatively younger leader. However, our moderator analysis showed that both, less and more resistant Indians still rated the heir higher than less and more Americans did respectively.

Finally, our hypothesis is also refuted by the results on the family business issues moderator. Indians were more aware of the issues faced by family businesses but did not rate the heir differently across the three scenarios. In addition, amongst participants who scored high on the family business issues moderator i.e. were more aware of the issues present in family businesses, Indians rated the heir higher than did Americans. Future studies could inquire into how Indians believe these issues affect the transition process to better identify their attitudes towards family businesses.

Another potential reason for this contradiction could be the typical limitations of an experimental setting. We only recruited participants with previous professional work experience. However, their experiences were dependent on the industries they worked in, the structure of the firms they worked at and other individual employment characteristics. These could introduce biases into how they perceived the heir that we did not control for. This could be addressed in future research in two ways; by either narrowing the scope of the study to focus on family businesses within one industry or by developing a statistical framework to account for the aforementioned biases.

Furthermore, participants could dismiss the test as being designed solely for the purpose of our experiment and consequently their responses would not be indicative of how the age gap between the current leader and heir affects how the latter is perceived in a family business environment. Additionally, a participants' scores on the individual difference variables could be affected by which scenario they were placed in. This could be addressed by splitting the survey into two parts, the first testing how a participant perceived the heir and the second testing the same participants scores on the moderators. The two parts could be tested at different times to reduce the possibility of such a bias.

Finally, the scope of this study could be expanded by using a two-pronged research approach. The second prong would involve collecting transition and financial data on transitions and the financial performance of Indian and American family businesses. This information would include the age difference between the actual leader & heir along with the financial performance of the firm. This data would then be statistically analyzed to see if the ease of transition (indirectly measured by the age difference) affects the financial performance of the firm.

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Table 1: Mean and Standard deviations of heir rating across groups and scenarios

Group	Scenario	Mean (μ)	Std. Deviation (σ)	Sample size (*n*)
	Narrow	5.04	1.10	101
Americans	Neutral	5.24	0.92	102

	Wide	4.62	1.30	102
	Total	4.96	1.14	305
Indians	Narrow	5.37	1.19	101
	Neutral	5.41	0.89	99
	Wide	5.19	1.26	99
	Total	5.32	1.12	299
Totals	Narrow	5.20	1.15	202
	Neutral	5.33	0.90	201
	Wide	4.90	1.31	201
	Total	5.14	1.15	604

Table 2: Individual difference variables: Descriptive statistics

Group	Scenario		Ageism	Family Business Issues	Nepotism	Collectivism	Risk Propensity	Resistance to Organizational Change	Respect for tradition
American	Narrow	μ	2.85	3.68	4.01	3.88	4.34	3.59	4.58
		n	101	101	101	101	101	101	101
		σ	0.96	0.85	0.71	0.56	0.62	1.26	1.04
	Neutral	μ	3.03	3.66	3.98	3.97	4.26	3.82	4.78
		n	102	102	102	102	102	102	102
		σ	1.02	0.66	0.59	0.58	0.60	1.16	1.05
	Wide	μ	2.97	3.62	4.02	3.93	4.30	3.84	4.63
		n	102	102	102	102	102	102	102
		σ	1.00	0.68	0.55	0.53	0.56	1.31	0.96
	Total	μ	2.97	3.62	4.02	3.93	4.30	3.75	4.67
		n	305	305	305	305	305	305	305

		σ	0.99	0.73	0.62	0.56	0.59	1.25	1.02
Indian	Narrow	μ	4.54	3.85	4.98	3.61	4.39	5.35	5.77
		n	101	101	101	101	101	101	101
		σ	1.40	0.57	1.04	0.47	0.49	0.97	0.89
	Neutral	μ	4.76	3.71	5.10	3.57	4.33	5.44	5.63
		n	99	99	99	99	99	99	99
		σ	1.21	0.61	0.89	0.48	0.59	0.74	0.83
	Wide	μ	4.39	3.72	4.80	3.65	4.28	5.33	5.73
		n	99	99	99	99	99	99	99
		σ	1.32	0.54	0.93	0.47	0.58	0.94	0.81
	Total	μ	4.57	3.76	4.96	3.61	4.33	5.37	5.71
		n	299	299	299	299	299	299	299
		σ	1.32	0.58	0.96	0.47	0.56	0.89	0.84

Appendix

Appendix 1: Copy of online survey

Consent form

You are invited to take part in a research study about family businesses. It is being conducted by Samyak Jain under the supervision of Pr. Michael North at the Leonard N. Stern School of Business, New York University. If you agree to be in this study, you will be asked to complete a survey on your beliefs.

Your participation in this study will take approximately **8 minutes**
This study involves no physical or mental risk to you beyond that of everyday life. In return for your participation, you will receive a payment of **80 cents** for your participation.

All of your responses are completely confidential. We will not collect any identifying information from you as part of the experimental stimuli, and these materials will not be handled by anyone outside of the research team.

Participation in this study is voluntary. You may refuse to participate or withdraw at any time without penalty.

If there is anything about the study or your participation that is unclear or that you do not understand, if you have questions or wish to report a research-related problem, you may contact Samyak Jain or Pr. Michael North at samyakpjain@gmail.com or mnorth@stern.nyu.edu. For questions about your rights as a research participant, you may contact the University Committee on Activities Involving Human Subjects, New York University, 665 Broadway, Suite 804, New York, New York, 10012, at ask.humansubjects@nyu.edu or (212) 998-4808.

By clicking on the button below, you indicate that you are above 18 years old, have read the above information, have been informed of the nature of the study, that you agree to participate in the study.

Task Overview

Thank you for participating in our survey. In this study, you will read and evaluate a scenario involving business succession. Please read it carefully and provide honest responses.

Narrow Scenario

Mattis Inc./Shruti Pvt. Ltd. has been owned and operated by the **Smith/Shah** family for 30 years. It is a medium sized firm. Its current chairman intends to retire soon and it is expected that **Mattis Inc./ Shruti Pvt. Ltd.** will be run by another member of the **Smith/Shah** family, who is 15 years younger than the current leader.

Neutral Scenario

Mattis Inc./Shruti Pvt. Ltd. has been owned and operated by the **Smith/Shah** family for 30 years. It is a medium sized firm. Its current chairman intends to retire soon and it is expected that **Mattis Inc./ Shruti Pvt. Ltd.** will be run by another member of the **Smith/Shah** family.

Wide Scenario

Mattis Inc./Shruti Pvt. Ltd. has been owned and operated by the **Smith/Shah** family for 30 years. It is a medium sized firm. Its current chairman intends to retire soon and it is expected that **Mattis Inc./ Shruti Pvt. Ltd.** will be run by another member of the **Smith/Shah** family, who is 30 years younger than the current leader.

	1-Not at all	2	3	4	5	6	7-Extremely
Do you think the heir is capable of taking control of the firm from the current leader?							
Do you think the current							

	1-Not at all	2	3	4	5	6	7-Extremely
leader has adequately prepared the heir for succession?							
Do you think the heir has enough authority to become the firm's leader?							

Ageism

Please rate your level of agreement with the following statements:

- Most older workers don’t know when it’s time to make way for the younger generation.
- Older people are often too stubborn to realize they don’t function like they used to.
- If it weren’t for older people opposed to changing the way things are, we could probably progress much more rapidly as a society.
- Older people typically shouldn’t go to places where younger people hang out.
- Older people are too big a burden on the healthcare system.
- At a certain point, older people’s maximum benefit to society is passing along their resources.
- The older generation has an unfair amount of political power compared to younger people.
- Generally older people shouldn’t go clubbing.
- Older people shouldn’t even try to act cool.
- AARP (American Association of Retired Persons) wastes charity money.
- Older people shouldn’t be so miserly with their money if younger relatives need it.
- Older people are often too much of a burden on families.
- Most older people don’t know when to make way for younger people.
- Doctors spend too much time treating sickly older people.
- Younger people are usually more productive than older people at their jobs.
- In general, older people shouldn’t hang out at places for younger people.
- Job promotions shouldn’t be based on older workers’ experience rather than their productivity.
- Older people probably shouldn’t use Facebook.
- Older people don’t really need to get the best seats on buses and trains.
- It is unfair that older people get to vote on issues that will impact younger people much more

Family Business

Please rate the extent to which you think the following items create issues in family businesses.(1- Not at all to 5- a great deal)

- Workload distribution amongst family members
- Competition for resources between the family and the business
- Ongoing business conflicts
- Unclear responsibilities
- Varying levels of compensation for family members
- Varying levels of authority between family members
- Unequal ownership

Nepotism Moderator

Please rate your level of agreement with the following statements:

- Having a family-dominated firm makes administering the human resource function difficult.
- Nepotism complicates personnel's role in training for executive succession.
- There is really no difference between hiring good employees and relatives of employees.
- Nepotism is alright as long as the people who are related do not work for the same supervisor.
- Nepotism is alright as long as the relatives are not boss and subordinate.
- Overall, organizations which allow nepotism are less effective than organizations that prohibit it.

Collectivism vs. Individualism

Please rate your level of agreement with the following statements.

- One should live one's life independently of others as much as possible.
- I would help, within my means, if a relative told me that he (she) is in financial difficulty.
- I would rather struggle through a personal problem myself than discuss it with my friends.
- I like to live close to my good friends.
- The most important thing in life is to make myself happy.
- It is important to me that I perform better than others on a task.
- I tend to do my own things, and most people in my family do the same.
- Aging parents should live at home with their children.
- What I look for in a job is a friendly group of co-workers.
- Children should live at home with their parents until they get married.
- One does better working alone than in a group.
- Individuals should be judged on their own merits, not on the company they keep.
- When faced with a difficult personal problem, it is better to decide what to do yourself, rather than follow the advice of others.
- It doesn't matter to me how my country is viewed in the eyes of other nations.
- I enjoy meeting and talking to my neighbours every day.
- I can count on my relatives for help if I find myself in any kind of trouble.
- What happens to me is my own doing.
- If the group is slowing me down, it is better to leave it and work alone.
- Even if the child won the Nobel Prize, the parents should not feel honored in any way.
- Children should not feel honored even if their father was was highly praised and given an award by a government official for his contribution and service to the community.
- In most cases, to cooperate with someone whose ability is lower than oneself is not as desirable as doing the thing on one's own.

Risk-Propensity

Please rate your level of agreement with the following statements.

- Safety first
- I do not take risks with my health
- I prefer to avoid risks
- I take risks regularly
- I really dislike not knowing what is going to happen
- I usually view risks as a challenge
- I view myself as a risk avoider

Resistance to Organizational Change

The management team at the firm you work at is planning some organizational changes. Please rate your level of agreement with the following statements.

- I believe that management's motives for this change are different from those stated publicly.
- I believe that management has a ‘‘hidden agenda’’ in promoting this change.
- Management has been honest in conveying the reasons for this change .
- Management is trying to hide the reason for this change
- There is more to this change than management is admitting.
- I question management's motives for this change.
- I believe that management's intentions in introducing this change are very different than they are telling employees.
- Management has been honest in stating its objectives for this change

Respect for Tradition

Please rate the extent to which these ideas serve as guiding principles in your life.

- Social Power
- Authority
- Social Justice
- Equality
- Obedient
- Honoring parents & elders
- Social Order
- Honesty