Main Problems of Successor Selection in Family Business and Possible Solutions (the Bulgarian case)

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Abstract

Successful succession is a specific feature of family business and at the same time, the biggest challenge which it faced, especially between the first and the second generation. Succession plan has significant place in this process. The balance between interests of entrepreneur, his/her family and business is achieved on the basis of this plan. Subsequently, the most appropriate successor will be chosen – independently if he is from the family or not. In this regard the use of professional help is encouraged.

Although the family business is very discussed in Bulgaria, the problem of its succession is being ignored in contrast to developed countries where it is very important. One of the reasons is that family firms in our country are “young”. Another reason is that the Bulgarian entrepreneurs are getting older but they do not undertake appropriate steps in the succession process. For a variety of reasons (not only the mentioned), there is not available research for the problem. There are analyses, which are more impulsive and emotional than scientific.

The objective of the present paper is: to show necessity of timely succession planning in family business, to identify and analyse the main critical problems of heir/successor selection and to suggest possible ways to their overcoming. There is a practical example, which illustrates entrepreneurial behaviour, leading to (in) appropriate choice of heir/successor and therefore, (un) successfully succession.

Key words: family business; barriers in succession process; main problems of heir/successor selection; entrepreneurial behaviour