

*Qualitative Study on the Problems of Successor Education in  
General Graduate Schools in Rural Area of Japan  
- A Perception Gap Between Parents and Children of Family Business*

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**Abstract**

The purpose of this paper is to examine the problems of general graduate school education in rural areas of Japan from the aspect of successor training in family business. In addition to working for their family business or other companies, some successors seek postgraduate education for succession training. However, some of them have to enter general graduate schools since there are not an adequate number of business schools in Japanese rural areas, which can offer education on business inheritance in family business, academic degrees, and human connections. To deal with this problem, general graduate schools have begun to put effort into recurrent education for working adults. However, few studies examined curriculums and educational problems/effects of general graduate schools from the point of successor education. Based on this background, we set a research question, “what are the problems of successor education of general graduate schools in Japanese rural areas?” and conducted a qualitative study for clarifying it. Semi-structured interviews were conducted on four pairs of parent-child (parents were managers of small businesses and children were their successors) and a modified grounded theory approach analysis was conducted on the obtained interview data. The result revealed several problems, including “general graduate schools are not aware of the importance of acquiring tacit knowledge by working for other companies,” “general graduate schools are not aware of a perception gap, which exists between parents and children regarding understanding/expectations of general graduate school education.”

Keywords: Successor Training, Graduate School Education, Postgraduate Education, Family Business, Business Succession

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## **1. Introduction**

Some successors of family business in rural areas enter general graduate schools since there are not sufficient number of business schools, which offer education of business succession in family business, degree programs, opportunity of building human network. (Note that 16 of 32 business schools locate in Tokyo (Ministry of Education, Culture, Sports, Science and Technology, 2023)). In order to cope with the need of business education of working adults, general graduate schools have begun to put effort in recurrent education. However there are few scientific studies examining curricula, educational problems or some other topics of general graduate schools, in which successors study.

Therefore the purpose of this paper is to examine the problems of general graduate school education in rural areas of Japan from the aspect of successor training in family business.

## **2. Literature Review**

### **2-1. Successor Education in Family Business**

Many researchers agree that business succession is the most important problem most family businesses face, its success is largely depends on successor education, and the current managers are responsible for the education. Moreover, if successors have strong personal power on family business, their business succession tends to be smooth (Handler, 1994).

### **2-2. Successor Education in Universities/Colleges/Graduate Schools**

Lloyd and John (2006) pointed that graduate schools teaching family business members were required to prepare curricula for family business different from ones for non-family business.

### **2-3. Knowledge Spillover from Universities/Colleges/Graduate Schools**

It is expected to clarify the kinds of knowledge universities or colleges produce and the heterogeneity in the various spillover mechanisms which companies employ for acquiring knowledge from universities or colleges (Audretsch, Lehmann & Warning, 2017).

## **3. Research Question**

Based on the research purpose and the previous studies explained above, we set a research question of this study as “what are the problems of successor education in general graduate schools in rural areas of Japan.”

## **4. Methodology**

### **4-1. Interview Survey Methodology**

We conducted 30-60 minutes semi-structured face-to-face and online interviews. Online (Zoom) was added owing to COVID-19. Obtained audio data was transcribed into text data, analyzed with M-GTA (Modified Grounded Theory Approach) and formed into process charts. See Table 1 for an interview survey overview.

Interview	Description
Structure	Semi-structured
Duration	30-60minutes
Method	Face-to-face / Online
Analysis	M-GTA

Table 1: Interview Survey Overview

#### 4-2. Interviewee

Interviewees were eight people, four pairs of current managers and their successors studying at graduate schools at that time. Their characteristics are shown in Table 2.

Code	Age	Gen der	Education	Previous Employment	Generation	Business Size	Establishment
AP	50s	F	Vocational School	Small/ medium sized Company	1 <sup>st</sup>	Large	1998
BP	70s	M	University /College	Big Company	1 <sup>st</sup>	Small	2001
CP	50s	M	University /College	Big Company	2 <sup>nd</sup>	Small	1953
DP	50s	M	University /College	Big company	2 <sup>nd</sup>	Medium	1980

Code	Age	Gen der	School Year	Graduate School	Siblings	Family Business	Will of Succession
AC	20s	M	Research Student	General	None	Not Entered	Has
BC	40s	M	First <sup>1)</sup>	Professional <sup>2)</sup>	None	Entered	Has
CC	20s	M	Second <sup>1)</sup>	General <sup>3)</sup>	Elder Brother	Not Entered	Has
DC	20s	M	First <sup>1)</sup>	General	Younger Brother	Not Entered	Has

Table 2: Interviewees Overview

A~B: families, P: current manager, C: successor

1) master course, 2) not MBA, 3) not rural area

#### 5. Results

Current managers recognized arduousness of management, and amount and depth of knowledge required for management from their own experience. Moreover, although they had two wishes for their children (to succeed their family businesses and to live stable lives), they also recognized these two were in the relation of trade-off, and it is hard to achieve both of them.

Therefore for business succession, they strongly felt the necessity of a new business, which required strong knowledge absorption capacity of successors. However working at other

companies might not lead to an enhancement of the capacity, thus they expected postgraduate education to complement or substitute it (Figure 1).

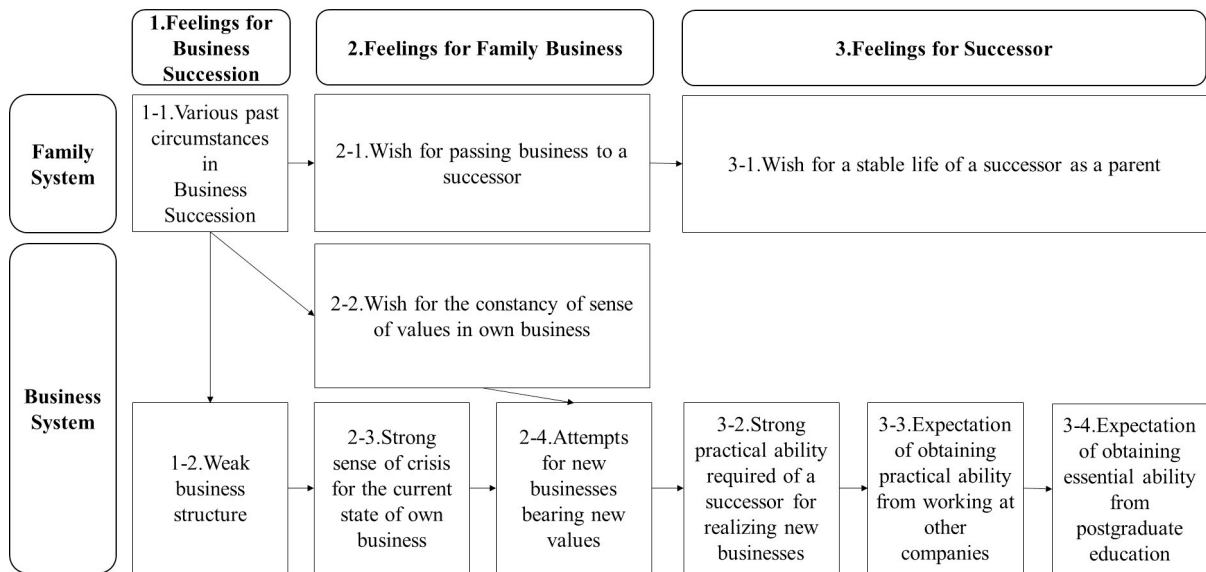


Figure 1: Result of M-GTA (Current Managers)

Although successors felt strong pressure for business succession, they understood the necessity of a new business, and looked for fields where they could acquire necessary tacit knowledge or gain experience. They supposed other companies and graduate schools as appropriate fields, and felt postgraduate education was effective for acquiring explicit knowledge, enhancing knowledge absorption capacity. However, the recognition of effects and necessity of postgraduate education varied among them (Figure 2).

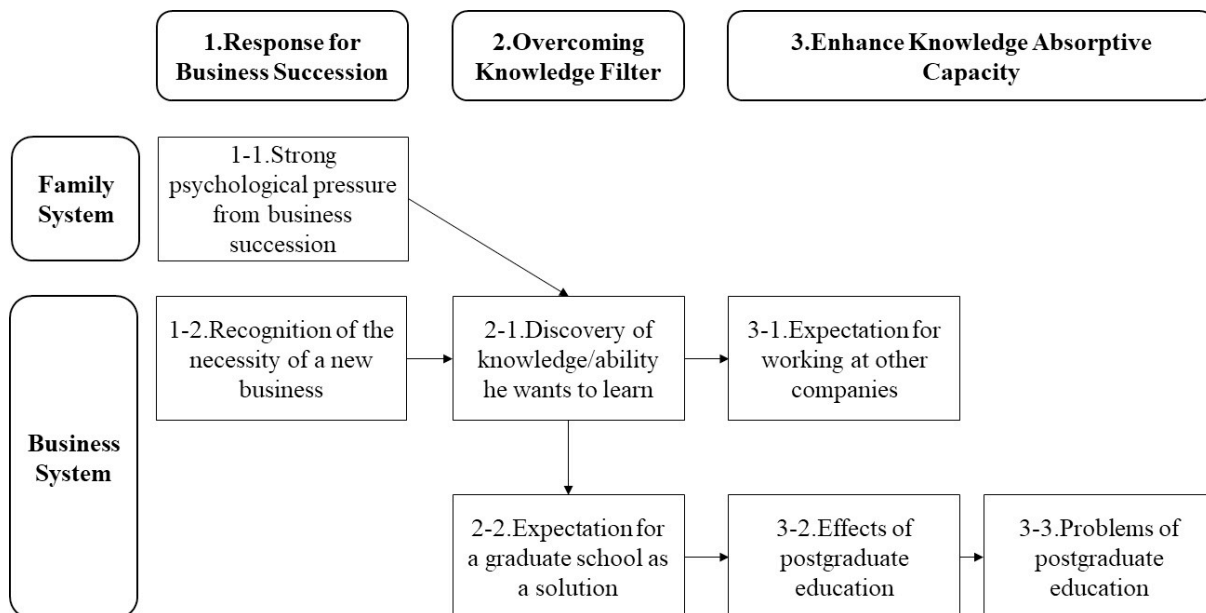


Figure 2: Result of M-GTA (Successors)

## **6. Conclusion**

Japanese postgraduate education offered an opportunity for acquiring explicit knowledge, but not one for tacit knowledge except internship. Although working at other companies for acquiring tacit knowledge was a common expectation (need) of parents and children of family business, its importance was not recognized by graduate schools. In addition to this, there was a gap between current managers and their successors regarding the degrees of understanding and expectation of postgraduate education.

Our answers to the research question of this study, “what are the problems of successor education in general graduate schools in rural areas of Japan” are “general graduate schools are not aware of the importance of acquiring tacit knowledge by working at other companies, and have not taken necessary actions” and “general graduate schools are not aware of a perception gap, which exists between parents and children regarding understanding and expectation of general graduate school education.”

### Appendix A. Categories and Concepts Obtained from Interviews of Current Managers

Category		Subcategory		Concept				
1	Feelings for Business Succession	Family System	1-1 Various past circumstances in business succession	1	Entering family business through business succession			
				2	Starting a business through succession by a non-family member			
				3	Entering family business through marriage			
				4	Starting a business at hometown			
	Business System	1-2	Weak business structure	1	OEM centered business structure			
				2	Export centered business			
				3	Local community based business			
				4	Planning centered business			
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Category		Subcategory		Concept				
2	Feelings for Family Business	Family System	2-1 Wish for passing business to a successor	1	Strong desire of passing business to a successor			
				2	Wish for passing business after overhaul			
				Business System	2-2	Wish for the constancy of sense of values in own business	1	Management based on responsibility and ethics
							2	Management based on inherited management philosophy
	2-3	Strong sense of crisis for the current state of own business	1				Current situation foretelling death of own business	
			2				Necessity of enhancing attractiveness of own company	
			3	Necessity of providing goods selling timely				
			4	Low level of family business management				
	2-4	Attempts for new businesses bearing new values		5	Company not chosen by talented people			
				1	Active attempts for new businesses			
				2	Going into other industries			
				3	Attempts for development of original brand products			
4	Overhaul of business damaged by COVID-19							

Category		Subcategory		Concept	
3	Feelings for a Successor	Family System	3-1 Wish for a stable life of a successor as a parent	1	Happiness of a successor is more important than work
				2	Consider a way of life and happiness of a successor important
				3	Pleasure of a successor is the best
	Business System	3-2	Strong practical ability required of a successor for realizing new businesses	1	Importance of collecting original information and taking actions
2				Importance of acquiring basic knowledge and being energetic	
3-3		Expectation of obtaining practical ability from working at other companies	1	Working at other companies effective for business succession	
			2	Transfer of knowledge from big companies by working there	
3-4	Expectation of obtaining essential ability from postgraduate education	1	Expectation of enhancing thinking skill at graduate schools		
		2	Satisfaction and expectation for postgraduate education		

## Appendix B. Categories and Concepts Obtained from Interviews of Successors

Category	Subcategory		Concept
1 Response for Business Succession	Family System	1-1 Strong psychological pressure from business succession	1 Talking with the predecessor about business succession is taboo
			2 Respect for father's ability
			3 A gap in the sense of values between a parent and a child
			4 Business succession is becoming psychological pressure
	Business System	1-2 Recognition of the necessity of a new business	1 No breakthrough during the covid-19 pandemic
			2 Need to build new business core pillars
			3 Need to establish private brands in the future
			4 Recognition of the necessity of addressing business diversification
Category	Subcategory		Concept
2 Overcoming Knowledge Filter	Business System	2-1 Discovery of knowledge/ability he wants to learn	1 Sales techniques or know-how
			2 Basic ability of addressing management or new businesses
			3 Basic knowledge in own business field
			4 Decision making ability based on experience
	2-2 Expectation for a graduate school as a solution	1 A means of winning trust	
		2 Self-improvement	
		3 Exploiting what he learns for business	
		4 Studying own business field	
		5 Searching trends of other companies	
		6 A feeling of wrongness for obtaining MBA	
7 Securing time for resolving himself for business succession			
Category	Subcategory		Concept
3 Enhance Knowledge Absorptive Capacity	Business System	3-1 Expectation for working at other companies	1 Information of other companies in the same business field
			2 Know-how of big companies
			3 Business experience in other companies
	3-2 Effects of postgraduate education	1 Power of observing society	
		2 Awareness of the importance of thinking deeply	
		3 Perspectives or the way of perceiving things	
		4 Practical attempts	
		5 Realizing a direction of own business	
		6 Mental growth	
3-3 Problems of postgraduate education	1 Individual Difference in the effects of postgraduate education		
	2 Individual Difference in the necessity of postgraduate education		



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