

initiatives during his tenure. C. A. Harischandra was the first industrialist to have introduced the “Employee Provident Fund (EPF) for his employees in 1952 and ended up becoming the local business pioneer in the Southern province, by allotting 40% of the business- shares to its employees. Therefore, he could be referred to as the ‘God Father’ of CSR in Sri Lanka. C. A. Harischandra died in 1985 at the age of 74 years. He had always been maintained close rapport with the employees and with the general public. Hence, the company’s culture developed based on those relationships. After the demise of C. A. Harischandra, his wife Cornelia Harischandra became the Managing Director of Harischandra Mills PLC. Cornelia Harischandra passed away in 1989. Afterwards, the post of Managing Director (MD) was passed on to Senaka Samarasinghe, the Grand Son of C. A. Harischandra, and to-date he is holding the MD position. The present headship seems to be not maintaining close rapport with the employees and with the general public. Thus, the company’s culture has been transformed under the present leadership.

When considering the period starting from 1982 to 2016, a significant drop can be identified in Return on Equity (RoE), where at the places of the transition of the business leadership. Within the same period, the company’s Current Asset Ratio had fluctuated remarkably 2:1 to 4:1, dropping some culinary household products from the manufacturer to market. The oil mill had remarkably shut down in 2003.

The founder of the company had spent so much time on building and running the business and in the process of which he lost the attention in planning the succession. Therefore, at the time of the death of the founder, the next generation was not prepared to take over the business. Any postponement of the succession plan diminishes the value of the succession process. If the family has not planned and identified a proper successor to take up the business after the death or the retirement of the incumbent, the members of the family will have to face a serious problem of appointing a new successor.

The success of a family-oriented business entirely depends on its ability to maintain the stability of the business. The planning of the succession process is vital for family-oriented businesses. Today, most of the family-oriented businesses give less attention for grooming future successors and succession planning responsibilities. The Harischandra Company needs a solid succession plan to ensure long-term success and smoother transition of leadership. A good business strategy