

## **THE IMPORTANCE OF SUCCESSION EXPERIENCES OF FAMILY BUSINESS LEADERS: A STRUCTURED INTERVIEW INVESTIGATION**

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### **ABSTRACT**

This study investigates the succession experiences of second generation family business successors (children of the founder) and how these experiences influence their approach to planning and implementing the next generation succession process. A multi-case qualitative study approach is employed, using structured interview data collected from twelve second generation family business owners/leaders located across South Georgia. The exploratory study focused on succession planning, successor development, individual learning, and the culture of stewardship of firm leadership. The focus on second-generation leaders of family businesses and the depth of description of their experiences offers important additions to the family business literature.

*Keywords:* family business, second generation successors, succession, succession planning, successor development, individual learning, culture of stewardship

### **INTRODUCTION AND LITERATURE REVIEW**

Family businesses represent approximately 90% of all business enterprises in the United States (Davis & Harveston, 1998). Family businesses pursue performance and success in the traditional sense, but also seek the successful transitioning of management and ownership from one generation to the next (Gersick, Davis, Hampton, & Lansberg, 1997; Handler, 1994). Succession planning or the lack thereof is greatly impacted by family roles (both in the business and within the family structure), family dynamics, successor development, and individual learning (Daspit, Holt, Chrisman, & Long, 2016; Van der Merwe, 2010). This multi-case qualitative study investigates the experiences of second generation successors throughout their own succession process and how those experiences influence their approach to planning and implementing the next generation succession process. Specifically, this study focuses on succession planning, successor development, individual learning, and the culture of stewardship within the leadership of the organization. A key motivation of this research is to help address the finding that while 30 to 35% of family businesses transition successfully from the founder to the next generation of leadership, only about 10 to 15% successfully transition beyond the second generation (Handler, 1994; Le Breton-Miller, Miller, & Steier, 2004). A key goal is to uncover the lessons second generation leaders gleaned from their succession experience dealing primarily with the firm founder and how that experience impacted their leadership of the firm and their approach to succession planning and implementation (Helin & Jabri, 2016). The study contributes to practice by providing detailed descriptions by second-generation leaders of their succession experience

and perhaps offering insights into why some family firms are successful at moving beyond the second generation and why others are not.

The successful transfer of leadership (both management and ownership) is considered an important test of a family business (Gersick, et al., 1997; Gilding, Gregory, & Cosson, 2015). Parents often have as a key goal that children will one day take control of the business and operate it (Gersick et al., 1997). Having capable willing successors prepared to take control is a significant factor in determining the survival of the business. Of equal importance is the impact that the leadership transition and subsequent success has on the family. The level of mutual respect and understanding between current and next generation family members is viewed as critical (Cabrera-Suarez, De Saa-perez, & Garcia-Almedia, 2001; Helin & Jabri, 2016). Handler (1990, 1991) described five indicators that exist in good working relationships: trust, support, communication, feedback, and mutual learning.

Many have investigated the ability of first generation owners to let go of the businesses they have created (Bjuggren & Sund, 2001; McMullen & Warnick, 2015; Schein, 1983). Handler's (1994) research revealed that timing plays a part in how smooth the leadership transition occurs. Building upon several insightful studies (Bizri, 2016; Fiegner, Brown, Dreux, & Dennis, 2000; Handler, 1994, 1992; Lansberg, 1999; Sharma et al., 2003; Van der Merwe, 2010), this study aims to probe deeper into the reflective perceptions of second generation owners concerning their own succession experience. This broad exploratory study looks at four key elements of the succession process: succession planning, successor development, individual learning, and the culture of stewardship that exists with regard to the success of the firm.

### **Succession Planning**

Lansberg (1988) defined succession planning as a family business making the preparations necessary to ensure the harmony of the family and the continuity of the enterprise. Research has shown that having a clear plan for succession is one way in which family businesses can ensure consistency and coherence in achieving family objectives and goals (Ambrose, 1983; Dyck, Mauws, Starke, & Mischke, 2002; Sharma, Chrisman, Pablo, & Chua, 2001). Succession planning is not just a process to find a successor and does not happen spontaneously. A process must be put in place to transfer leadership from one individual to another (Ghee, Ibrahim, & Abdul-Halam, 2015). It is a conscious process to ensure the continuity of the business operations, the organization's policies, and the organization's culture. Succession planning ensures that there are highly qualified candidates for all important positions, not just for today, but for future years.

Sharma et al. (2003) found that there are significant differences in the perceived satisfaction of the succession process by the incumbent and the successor. The two areas found to have the highest degree of perceived disagreement are the propensity of the founder to step aside and the level of communication about the details of the succession plan itself. First generation leaders of family firms (founders) often have significant financial and emotional investment in the firm, providing them with legitimacy and power (Bjuggren & Sund, 2001; Lockamy, Carson, & Lohrke, 2016). First generation owners often find it difficult to separate the business from their own identity (Handler, 1990; Sharma et al., 2003), and, therefore, are resistant to step aside.

Sharma et al. (2003) found that incumbents had a higher propensity to step aside than what was believed by the successors, but were poor at communicating their intent. Sharma and Irving (2005) identified four bases of successor commitment – perceived desire, sense of obligation, perceived opportunity cost, and perceived need. The degree of satisfaction or dissatisfaction with the succession process on the part of the successor could influence how the successor intends to approach succession planning in the future, if at all.

Emotions are a part of the leadership transition for all family members, and can make transition very difficult. Founders have been found to refuse to relinquish power and reassert authority, and potential successor candidates (the founder's child/children) have multiple demands of adulthood (marriage, parenthood, and career). Potential successors want to establish their own personal and financial independence and they may even feel guilty about pushing out a parent (Daspit, et al., 2016; Lansberg, 1988). Incumbents can be jealous, may consider the successor as a rival, and even be distrustful in the successor's competencies and abilities. Families frequently exert pressures to avoid the emotion-laden issues of succession. Lansberg (1988) added that in some cultures, succession planning can be viewed as a sign of weakness.

### **Successor Development**

Family firms have been said to develop competitive advantage with their lengthy leadership tenures, shared value system, and overlap of family and business interest and interactions. All of these can be nearly impossible for nonfamily firms to replicate (Chrisman, Gilding, Gregory, & Cosson, 2015; Sharma, & Taggar, 2007). Predictors of successful succession commonly include the nurturing and development of the successor (Lansberg & Gersick, 2015). Career development, outside work experience, formal education, apprenticeships, and training programs are viewed as being critical to successful succession. Fiegener, Brown, Prince, & File (1994) compared family businesses to nonfamily businesses, noting that family firms have less formalized systems for successor development. Family firms rely upon countless unplanned on-the-job experiences and conversations that shape and develop successors (Gersick, Lansberg, & Davis, 1990; Helin & Jabri, 2016). Founders tend to utilize frequent, informal communication rather than formal policies as the predominant means of giving direction. Longenecker & Schoen (1978) argued the conditioning required for future leadership occurs within a lifetime of learning and socialization experiences that expose the individual to a variety of meaningful challenges and opportunities. The founder is not limited strictly to business hours to mentor, coach, and informally share knowledge with the appointed successor. These critical interactions are influential in determining the success of family owned businesses surviving succession (Cater & Justis, 2009; McMullen & Warnick, 2015; Ward, 1987).

Founding leaders of family firms are described as having authoritarian management styles and foster paternalistic cultures (Fiegener et al., 1994) and may prefer close supervision. Second and later generations may have less ego involvement in the original culture and vision of the company than did the founder and so may lead and manage differently, and this may be reflected in their future approaches to successor development and the succession process (Fiegener et al., 1994; Vlachakis, Siakas, Belidis, & Naaranoja, 2014).

Fiegener et al. (1994) stated that there are two general types of development experience within the realm of successor development – on-the-job training (task experiences) and relationship-centered experiences. Following the Fiegener et al. (1994) study, the specific measures of successor development explored by this research are education, on-the-job training activities, and professional development opportunities.

### **Individual Learning**

Koopmans, Doornbos, and Van Eekelen (2006) as well as Lansberg and Gersick (2016) concluded that learning from other people and performing the work itself proved to be the most important dimensions of individual learning among successors. Eraut's (1999) study found that work experiences and interactions with colleagues contribute to the continued development and refinement of an individual's knowledge base. Understanding the succession experience of second generation family firm owners will determine what was retained as part of their individual knowledge as well as what became part of the organization's knowledge, each viewed as important sources of competitive advantage. Norman and Hyland (2003) highlighted that although the individual learner can affect his/her own level of confidence, others in the organization can help increase the learner's confidence by providing support, encouragement, and constructive feedback.

The role of the founder as trainer needs to be that of an architect of the learning environment and a developmental facilitator of learning, rather than just an expert of subject matter (Kersh, Evans, Kontiainen, & Bailey, 2011; Lansberg & Gersick, 2015; McMullen & Warnick, 2015). Founders generally assume the role of developmental facilitators when considering knowledge transfer and training of the successor (McMullen & Warnick, 2015). Franz (2005) stated that the developmental facilitators must be learner-centered more than content-centered, create transforming learning environments, use a variety of facilitation methods, be flexible, and also critically reflect on their own learning. Individual learning opportunities are guided by the ability of the founder to encourage and support the learning opportunities.

Learning support, encouragement, and meaningful feedback often happen through a communication process that facilitates a culture of collaboration and information sharing (Slotte, Tanjala, & Hytonen, 2004) and provides transfer (Taylor, Ayala, & Pinsent-Johnson, 2009) and recontextualization (Evans, Guile, & Harris, 2010) of learning between work and educational settings. Zellweger, Kellermanns, Chrisman, and Chua (2012) discussed that through early involvement of the successor, emotional attachment to the family business and trust of and from stakeholders are allowed time to develop. It appears very important to reinforce the individual learning over time through conversations with the founder. Handler's (1991) research listed communication as one of the five indicators that exist when individuals have a good working relationship. Crossan, Lane, and White (1999) emphasize the importance of intuition and tacit knowledge to the institutionalization of strategic knowledge. Their discussion implies that the extensive formal and informal interaction of the successor with the founder facilitator, along with specific experiences, transfers this intangible tacit knowledge and creates concrete and applicable understanding within the second-generation successor.

## **Culture of Stewardship**

Stewardship theory was designed for researchers to examine situations in which executives, as stewards, are motivated to act in the best interest of their principals (Chrisman, Sharma, & Taggar, 2007; Donaldson & Davis, 1991, 1989). Zahra, Hayton, Neubaum, Dibrell, and Craig (2008) stated that identification with and achievement of the organization's strategic mission can lead to intrinsic satisfaction and provide a significant source of personal unity for stewards. Managers have interests extending beyond purely individualistic and purely economic goals (Zahra et al., 2008). Specifically the steward's interests are directed towards organizational objectives rather than personal objectives (Davis, Schoorman, & Donaldson, 1997; Miller & LeBreton-Miller, 2006). In family businesses, all family members are key stakeholders in the succession process and subsequent firm success. According to Baeten, Balkin, and Van de Berghe, (2011), the steward in a family owned business may be highly motivated to preserve the business for the next generation of the family and gain satisfaction from being an effective steward to the business. A steward's behavior is ordered such that pro-organizational, collectivistic behaviors have higher utility than individualistic, self-serving behaviors (Eddleston, 2008; Gilding, et al., 2015). Even when the interests of the steward and the principal are not aligned, the steward places higher value on cooperation than defection (Davis et al., 1997). The collective behavior of the steward, for example, will focus on organizational growth, profitability, and sustainability. Therefore, an appropriate criterion for assessing the impact of stewardship may be found in variables associated with long-term family ownership.

We examine whether a stewardship culture is associated with the succession experience of second generation family owners. It is expected that the culture of stewardship in family businesses include high levels of family identification with the business, shared values, and orientation toward the long-term success of the business. Stewardship is characterized by cooperation, rapid knowledge sharing, adaptability, and helpfulness within the organizational culture with high levels of mutual trust (Collins & Smith, 2006). This leads to the argument made by Zahra et al. (2008) that family commitment to the firm interacts with a stewardship oriented culture with regards to its influence on succession development and individual learning.

## **RESEARCH METHODOLOGY**

This is a multi-case, qualitative, exploratory study of the succession planning efforts, successor development activities, individual learning aspects of the second generation owners of family businesses, and potential attributes that demonstrate a propensity towards stewardship. Miles and Huberman (1994) pointed out that qualitative data are fundamentally well-suited for locating the "meanings" people place on the events, processes, and structures of their lives; their perceptions, assumptions, prejudgments, presuppositions, and for connecting these meanings to the social world around them. More specifically this is an exploratory study with the objective of discovering the relevant features, factors, or issues that might apply (Myers, 2009). The study is also retrospective. As such, it had the advantage of knowing the "broad picture," how things developed and outcomes that resulted. This *post hoc* knowledge is helpful for interpreting events and constructing a narrative.

Qualitative research, rather than traditional quantitative empirical research, is particularly useful for exploring implicit assumptions and examining new relationships, abstract concepts, and operational definitions (London & Hart, 2004). Furthermore, with a qualitative research method design the quality, depth, and richness in the findings will enhance the results (Marshall & Rossman, 1989). Interview questions are structured, but are adaptable to allow for more probing and change based on the participant's responses to previous questions. However, as McNamara (2009) pointed out, the strength of the interview guide approach is the ability of the researcher to ensure that the same areas of information are collected from each participant. Myers (2009) stated that interviews are an excellent "window" into an organization and can help the researcher find out what people are thinking.

### **Data Collection Strategy**

Qualitative data was collected from in-person, semi-structured interviews with twelve second generation family business owners. Respondents were all second generation family firm owners, meaning that one leadership transition had taken place (founder to second generation). Chambers of Commerce across southern Georgia were utilized to locate usable family businesses under the current leadership of second generation successors. Each interview took approximately two hours. The initial questions focused on the background of the interviewee as it pertained to involvement with the business as well as some demographic information. There were sets of questions that focused on areas of their succession experience, successor development, individual learning, and potential attributes that demonstrate a propensity towards a culture of stewardship. In closing, the participant was provided time to make additional comments or ask questions of the interviewer.

While the sample cannot be considered random, the businesses represent a useful cross-section of small firm types and sizes. Eight had 20 or fewer employees; three had between 40 and 60 employees; and one had over 70 employees. Ages of interviewees ranged from 34 to 63. Second generation owners had, on average, been involved with the family business 30 years (from earliest involvement), with the least amount of time being 10 years and the greatest being 46 years. Of the twelve participants, two became active with the business as pre-teens, nine became involved during teen years, and one became active as an adult. As seen in Table 1, second generation successors in this study have been in a position of control for as few as four years to as many as 36 years, with the average being 14 years. The businesses represent a spectrum of industry categories: six retail, three service, one construction, one media/communication, and one manufacturing.

The interview script consisted of standardized open-ended questions: each interviewee was asked identical questions, but the questions were worded so that responses were open-ended (Yin, 2009). This open-endedness allowed the participants to contribute as much detailed information as they wished and it also allowed the researcher to asking probing questions as a means of follow-up (Turner, 2010). A pilot test was conducted in order to inform the full-scale data collection effort. For confidentiality purposes, the study concealed the real names of participants and their firms. Therefore, the study refers to them as Cases 1 through 12. The cases are similar in that they have all successfully transitioned leadership from first generation to second and all continue to operate under family control. Employment numbers range from seven to seventy-six with the average number of employees being twenty-eight. In the study, the businesses ranged in

age from twenty to sixty-six years of operation. Other descriptive categories for the twelve cases are found in Table 1 below.

Table 1. Case Descriptions

Case Number	# of Family Employed	Total # Employees	Years of Operation	Years Successor Control	Industry Category
1	5	60	20	6	Hospitality
2	6	20	21	14	Retail Pharmacy
3	1	10	66	26	Retail Men's Clothing
4	2	7	39	4	Construction
5	3	7	52	17	Media – Radio
6	3	15	37	8	Retail Agri-business
7	7	76	48	7	Whsl-Retail Fuel
8	3	15	54	14	Insurance
9	2	19	65	24	Retail – Lumber/Const.
10	6	55	36	36	Manufacture
11	1	8	29	5	Interior Plant Design
12	5	45	49	4	Retail – Food/Fuel/Convenience
<b>AVG</b>	4	28	43	14	

In such an iterative process as qualitative research, data is reduced through coding and summary display, and preliminary conclusions are drawn and verified via emerging patterns and commonalities within-case and across cases (Bingham & Eisenhardt, 2011). The first step of data reduction was to transcribe the interviews verbatim. Then the process of selecting, coding, simplifying, abstracting, and transforming the data was undertaken (Miles & Huberman, 1994). A coding scheme based on the interview protocol was developed and was applied to all the interviews. Interview transcripts were then coded according to this scheme. Trends and themes between the interviews were tracked and compared. This data was organized onto a comparative grid to establish patterns. The analysis identified a set of themes and clusters of thoughts and

phrases which were read and reread for connective language to build a framework for analysis (LeCompte & Goetz, 1983).

Inter-rater reliability statistics are a quality indicator of measurement reproducibility. Coding reliability was conducted with the assistance of two independent coders who were asked to read three case transcripts and then score the interviews with the designated coding scheme. Kendall's coefficient of concordance was used to quantify the extent to which the raters agreed in their assessment (Gwet, 2012). The coding from the independent coders was checked against each other and the coding of the lead researcher for agreement. Overall the results indicated a very strong degree of coder agreement and are all significant with p-values well below .01 level.

Miles and Huberman (1994) referred to data reduction as a process of focusing, simplifying and organizing the data that appears in transcriptions. As suggested by these authors, when appropriate and in order to improve validity and help in analysis, the researcher used methods for summarizing (paraphrasing, teasing out themes and patterns); methods of thinking about data (marginal and reflective remarks); different approaches to coding (at both descriptive and inferential levels); and most-importantly methods for producing extended reports (vignettes). For this study the data was coded, patterns were noted; themes were organized into vignette tables, such that plausible explanations for why things happened could be drawn. Through a continued process of review and sense making the data was compressed and ordered into summary vignettes with tables included here for each major area of inquiry.

## RESULTS

### Succession Planning

The failure to plan for succession is one of the greatest threats to the survival of the family firm (Van der Merwe, 2012). Having the founder plan to disengage from the business is necessary but by itself is not sufficient to ensure a successful transition. Other specific factors explored by this study were successor selection, timing of the decision, and communication of the decision. Contrary to the assumptions of earlier family business research in the area of succession planning, the effect of the founder's resistance to let go of the reins was not evident in the sample set of this study. Eleven of the twelve (92%) businesses who participated in this study did not indicate that the founder was unwilling or resistant to pass off control of the business to the next generation. The study indicated that founders embraced the role of mentor and were actively engaged in the development and preparation of the successor, sharing their personal knowledge of the business. They also encouraged and actively sought on-the-job training opportunities within the boundaries of the family business. Founders enjoyed teaching the successor and in fact encouraged successor employment with the family business.

When respondents were asked questions about the communication and timing of the succession, several interesting findings emerged. One interviewee remarked, "You know I never expected him to just completely back off and retire like he did but he has enjoyed his retirement" (Case 5). Another participant acknowledged that she didn't expect the founder to break all ties with the business once the decision had been made. However, that was exactly how it happened; "One day she was in charge and the next day I was in charge" (Case 12). Other second generation

leaders described the timing of the succession decision experience as, “I got it by default” (Case 1); “I was the sole heir apparent so to speak” (Case 9); “He [founder] always hoped I would work here and take over the company” (Case 7).

A follow up question to the timing of the decision was how the decision was communicated. In most of the cases the communication was done through general conversation over time. The founder and successor did not engage in formal meetings until they had worked through the decision by simply having day-to-day open conversations. Case 2 described their communication as follows: “He never pressured me to do it and he was always open to me doing anything else so I knew he wanted me to but he never said go be a pharmacist, I need someone to pass this down to. Because he would have been content selling it to somebody else I think. I think he was happy when I decided to take this route.” Statements such as these indicate also that second generation family business owners perceive the successor selection decision as not being a difficult one to make for the founder.

In each of the twelve cases the founder did not struggle with letting the second generation successor move into the leadership role. But in most of the businesses (nine of the twelve) there was indeed a critical event that triggered the transition. In contrast to prevailing thought, neither age, health concerns, nor death were cited as being the most common critical event that signaled the change in leadership. In one case it was a natural disaster and in another it was the successor returning after completing college. Interestingly, the founder’s lack of knowledge in the area of information technology was found to be a major triggering event for succession. Six of the twelve cases named the growing push to use information technology as the critical event which led to the successor’s rise to firm leadership. One successor stated, “The computer age was kicking in ... he [the founder] didn’t want any part of computers, you know he still had all manual systems” (Case 9). Another interviewee remarked, “...with this new technology, everything changed. Dad still did the books by hand. He didn’t want to learn how to do it on an Excel spreadsheet” (Case 6). One participant noted that once he joined the business fulltime their financial resources had to be managed and used more wisely, especially when the business was upgrading computer hardware systems (Case 5). In this particular case, media/radio communication, the industry was changing and the successor was aware that in order for the business to survive, a technology conversion was necessary. The founder, as described by the successor, was “just tired” and pushed the successor to take the lead on the conversion and the company overall.

As demonstrated by the cases in this study, succession does not happen spontaneously, even when it takes a less formal structure. Succession was a process, but not necessarily a formal one. One successor commented that he wished his succession had been more formal; that he felt as if he was a victim of circumstance (Case 4). Even though leadership succession in family business is an emotion-bound issue, the study revealed that from the perspective of the successor they desired a more formal, even step by step, plan for the transfer of leadership. A successor who had been in control of the family business for 15 years still reflected upon her succession saying, “I think if there is a successor, like me, it would have been good to know at what point the roles kind of change. Having a process, what’s first, what’s second would have been good just to know at what time it’s going to happen” (Case 12). Interestingly, despite these wishes for more

formality in the succession plan and process, none of the respondents had formulated a formalized succession plan for the next generation.

A majority of the cases expressed that the communication of the decision was also done informally. Three of the interviewees described the communication of the decision as just being understood. They shared comments such as, "... it was kind of one of those things that was always known" (Case 4); "Daddy just didn't talk much about that kind of stuff. We pretty much knew how things were laid out..." (Case 7); "There was never a formal discussion. It was very informal and it was understood and you know once you grow up and get past wanting to be a pro-football player, you realize you wanted to work and run the business. So it was more understood; it was never a formal succession plan" (Case 9). One successor even said that he and his father could read each other's minds (Case 6).

As to the question of how and when the successor decision was shared with other family members and stakeholders, second generation owners felt that the founder's decision was accepted without comment. A successor who was the youngest of four siblings stated, "I'm sure my dad told my family – I mean he talks to them every night. I'm sure he told them what the plans were. They were all good with it. Nobody had a problem with it. They were glad that I was always here and wanted to work with him. So, everything was out front with everybody and nobody had a problem" (Case 5). Another participant commented, "It was never communicated. He [the founder] had always been giving me stock. When he died he left the rest of the stock to me. My sisters got other assets and I got all the stock in the business" (Case 3).

In this study, the succession and successor decisions were mostly part of general conversation between the founder, successor, and others who were actively engaged in and with the business. One interviewee remarked on how he remembered the succession decision, "It was solely just dad's decision. So, I guess all the customers and employees just kind of grew to expect it. They saw me here working all the time so at least that was good." (Case 2). It appeared that even though there was not a formal announcement of the succession plan, there was commitment on the part of the founder and the successor to implement the leadership change and to legitimize the selected individual in the eyes of the family, the customers, and other stakeholders. It appears that it was understood the leaders of the family businesses included in this study desired to keep business under control of their families. Table 2 provides a summary of the themes, prevailing thoughts and participant remarks on succession planning as explored in this study.

Table 2. Succession Planning: Vignette summary

Theme	Prevailing Thinking	Illustrative Comments (Case #)
<ul style="list-style-type: none"> <li>• Founder has to let go</li> </ul>	<ul style="list-style-type: none"> <li>• Much of the academic literature has focused on the resistance of the founder to step aside and allow second generation to take control. (Sharma et al., 2003; Handler, 1990)</li> </ul>	<ul style="list-style-type: none"> <li>• Dad retired (3)</li> <li>• He backed off (5)</li> <li>• One day I was in charge (8)</li> <li>• It was a clean division (9)</li> <li>• Parents were ready to leave the business for other outside activities (12)</li> </ul>
<ul style="list-style-type: none"> <li>• Successor needs to be selected</li> </ul>	<ul style="list-style-type: none"> <li>• Nature of being a family business, pool of potential candidates limited to members</li> </ul>	<ul style="list-style-type: none"> <li>• Always known (1)</li> <li>• By default (2)</li> <li>• Heir apparent (4)</li> </ul>

	of the family (Bizri, 2016)	<ul style="list-style-type: none"> <li>• Only one interested (5)</li> <li>• Sole heir (9)</li> </ul>
<ul style="list-style-type: none"> <li>• Decision is communicated</li> </ul>	<ul style="list-style-type: none"> <li>• Decision is part of general conversation (Sharma et al., 2003)</li> <li>• Other family members acknowledge successor (Mitchell et al., 2009)</li> </ul>	<ul style="list-style-type: none"> <li>• It just happened (1)</li> <li>• Here it is, go and get it (3)</li> <li>• Pretty much knew how things were laid out (7)</li> <li>• Why don't you hang out here? (11)</li> </ul>
<ul style="list-style-type: none"> <li>• Timing of decision</li> </ul>	<ul style="list-style-type: none"> <li>• Even though the succession plan is a process, usually a critical event accelerates the action of putting decision in place (Gersick et al., 1997)</li> </ul>	<ul style="list-style-type: none"> <li>• Dad's lack of knowledge about technology (1)</li> <li>• When I returned from college (2)</li> <li>• Offered another job making more money (3)</li> <li>• New technology (6)</li> <li>• Butting heads on the computer deal (9)</li> </ul>

### Successor Development

The training successors go through to acquire knowledge and develop capabilities is a vital factor in effective succession (Lansberg & Gersick, 2015). For the purpose of this study, there were three areas of interest under the heading of successor development – development opportunities which were available; development opportunities which were not available; and the alignment, or lack of alignment, of the successor's career goals and interests with those of the business.

Of those interviewed, all stated the founder was very willing to share his or her knowledge of the business. One interviewee stated, "I set out to learn everything I could and the great thing with my dad is that anything I asked him, he would always explain why. Sometimes he over explained and would go on for an hour or more on one question" (Case 1). Another interviewee said, "One of my father's best assets or traits has always been he's a very good teacher and he's always been very patient. He'll take time to teach you to better yourself instead of just saying get out of the way I can do this faster" (Case 4). Having a founder willing to share his or her knowledge of the company provided the successor with a firsthand account of how the business maintains its customers, vendors, employees, and financial sustainability which was described by the interviewees as a valuable part of their personal development. The literature calls this knowledge "tricks of the trade" or "insider knowledge," which would take a manager from outside of the family much longer to grasp (Cabrera-Suarez et al., 2001; Ghee, 2015). This study found that such activities for knowledge sharing instilled confidence in the second generation as they prepared to take over the day-to-day management of the business. In all twelve cases of this study, the founders acted as mentors, counselors, and instructors, transferring explicit and tacit knowledge over time with the selected successor. In most cases, the knowledge sharing began at an early age when the successor was still in school and worked part-time for the business. One successor who has owned the business for two decades began helping his father with equipment maintenance as a teenager and noted that he continues to learn from his father.

I guess the best part about it is having someone there to actually consult with. I think to be a successful and good individual in any trade you never quit learning. It's always been

good to go back and ask my father how would you have done this or what are your thoughts on this, just to have a second opinion. And the best part is he's willing to give me his opinion; he's still willing to come out and help. (Case 4)

Another successor echoed the same sentiment saying, "Before my father would go out on sales calls we would sit down and talk about who he was going to see and what our odds were to sale the account, what angle we should take, who was supplying them at the time, what we could do for them that our competitor couldn't do. This was great training for me" (Case 10). In Case 3, the founder did not limit his mentoring of the successor to just the operations of the business. He also exposed the successor to industry organizations and leadership opportunities within those organizations. The participant felt these were special development opportunities that provided him with industry contacts and networks that may not have been available otherwise. Being mentored by the founder allowed the successor to become increasingly familiar with the businesses operations, built confidence in his or her own capabilities, and provided paths for future development.

Another focus of interest under successor development was evidence of on-the-job training as part of developing second generation owners. Past research has discussed the importance of an early entry into the business by the successor to create a sense of commitment and loyalty to the business (Cabrera-Suarez et al., 2001; Lockamy, et al., 2016). However, the literature has not thoroughly discussed the effect of on-the-job training on the second generation moving into the role of leader. Interviewees confirmed that on-the-job training played a significant role in their development process. Comments included "I truly started at the bottom as a grunt" (Case 9); "I came from grass roots. Started digging the ditches and worked myself up to number one" (Case 4); "I think I learned 90% of everything from just hands on" (Case 6).

Only six of the twelve successors included in this study had worked extensively outside of the family business. Three shared their specific experiences as a key developmental opportunity, but only one felt it had served as a crucial component in developing her specific knowledge base and ability to be successful in the family owned business: "My background was in media design and production. So when I came back here I was already prepared to handle the creative side of the business" (Case 11). As we will discuss later, however, a number of more general insights and lessons were gleaned from these outside experiences, such as development of work ethic.

Participants were very aware of developmental weaknesses. Eight of the twelve successors interviewed for this study highlighted their lack of knowledge in the area of small business accounting and how they wished their successor development had included more opportunities to learn specific skills in that area. One successor expressed that in college he had taken accounting and did well. However, it was not until he began working with financial statements and reports that the principles began to have relevance and make sense. Another interviewee put it this way – "I wish I had more accounting knowledge. I've learned a lot and understand the business financial reports, but I do wish I knew more about risk calculations and such" (Case 7). Participants in this study also wished they had had more development opportunities and training in human resource management, sales presentations, and human psychology. Case 10 expressed the lack of comfort, not lack of confidence, when doing a business presentation for clients of larger accounts. He further explained that he could talk and explain all the bid information to the

client, but wished that the “packaging” of the information could have a more professional look. Case 12 felt that if her training in human resource management had been better, it would have saved her from making some faulty personnel decisions in her early years. Case 8 stated that he would have taken more psychology classes to improve his skills in negotiations, relationships, and leadership within the business.

The last area of interest under successor development was the alignment, or lack of alignment, of the successor’s career goals and interests with those of the business. The researchers felt this was an important component in examining the successor’s development as it may have determined a certain academic path or other educational/training opportunities. The study suggests that successor’s career goals align well with their opportunities within the family business. One successor explained it like this, “I didn’t think I could work for somebody else. I had a wild streak and was a little rebellious in the beginning. I’m not sure the fuel business was what I would have chosen if I’d had a ton of money, but it is a business that I know” (Case 7). One can surmise from this statement that working for the family business was a conscious decision for a career path after weighing other career options. Another example of career alignment was expressed as, “I would say they definitely align...I just want to keep growing as a hotelier” (Case 1). In this particular case, the successor stated that at a young age he knew he wanted to stay in the family business. However, as with most of the cases in this study, his career goals have continued to evolve over time. In the very beginning, he planned to own a hotel franchise with eighty hotels. Today his goals have in his words “become much more realistic” (Case 1). Case 2 expressed that his decision to return to the family business once he was accepted into pharmacy school: “Yeah, I had to get a pharmacy degree first, that was my first goal. Then come back to home to work with my father” (Case 2). This participant also discussed how fortunate he was to have had a professor who was very interested in promoting independent pharmacies who encouraged him to fill elective classes with business courses. In the opinion of the successor this was a development opportunity he may not have taken advantage of otherwise and it proved to be beneficial when he took over the family business. Table 3 provides a summary of the themes, prevailing thoughts, and participant remarks study.

Table 3. Successor Development: Vignette summary

Theme	Prevailing Thinking	Illustrative Comments (Case #)
<ul style="list-style-type: none"> <li>• Development opportunities taken/available</li> </ul>	<ul style="list-style-type: none"> <li>• Mentoring by the founder and on-the-job training were key to successor development (Le-Breton-Miller et al., 2004; Cabrera-Suarez et al., 2001)</li> </ul>	<ul style="list-style-type: none"> <li>• He never minded exposing me to different aspects of the business (3)</li> <li>• It started out as a summer job (4)</li> <li>• He’s still there if I have a problem (5)</li> <li>• I think I learned 90% of everything from just hands on (6)</li> <li>• Daddy was always there to answer my questions (7)</li> <li>• He would offer advice (8)</li> </ul>
<ul style="list-style-type: none"> <li>• Development opportunities not taken/unavailable</li> </ul>	<ul style="list-style-type: none"> <li>• Gaps in successor development need to be identified (Bjuggen &amp; Sund,</li> </ul>	<ul style="list-style-type: none"> <li>• I wish I had more accounting (6,7)</li> <li>• Few more psychology classes</li> </ul>

	2001)	(8)
<ul style="list-style-type: none"> <li>• Career and business goal alignment</li> </ul>	<ul style="list-style-type: none"> <li>• Second generation owners want to maintain the success of the business (Cater &amp; Justis, 2009)</li> </ul>	<ul style="list-style-type: none"> <li>• Better training with sales presentations (10)</li> <li>• More training in HR (11)</li> <li>• I just happen to love the industry (1)</li> <li>• Not to screw things up (2)</li> <li>• To see the company grow (10)</li> <li>• Beginning goals aligned with what I wanted at the time, now they very much align. (11)</li> </ul>

### Individual Learning

This study sought to explore the individual learning of second generation family business owners by asking them to reflect upon what they learned in regards to succession from their own experience. Task-relevant training and development is often the key to successful individual learning in a performance context (Bizri, 2016). The challenge with this study was having second generation leaders be reflective about their learning experience, particularly what was learned through their succession and what changes in behavior resulted.

The data from the case interviews demonstrates that mentoring and on-the-job training were mentioned most often as being sources which the successor utilized for his or her personal development within the family business. A majority of the participants stated that their succession process included hands-on work experience and they intended to follow this developmental approach with their children. For example, one participant said,

I learned from doing the different job functions within the company. I started out in the foam fabrication area and gradually moved to sales and administration. For my two boys, I have had them work in each area. They needed to experience all areas of the business. You know I learned as I did, and they are just walking in with everything already done. I want to give them the benefit of my knowledge, but they need to have hands on too. (Case 10)

Another interviewee made a similar comment, “I worked in it (the family business) all my teenage years ... I’ve been here pretty much the whole time learning on the job” (Case 3); yet another remarked, “I needed to attend the school of hard knocks and growing up in the business has served me well” (Case 7). From these statements and others that were similar in content, it appears second generation successors gained valuable knowledge about the family business from their on-the-job training experiences. It was also indicated that they plan to pattern future successions after their own experiences in the area of successor development, requiring next generation leaders to have on-the-job training within the family business which would allow third generation members to work their way up the company hierarchy.

The data also pointed to the value of having a clear timeline for the leadership transition as another outcome of individual learning that successor’s gained from their own succession experience. A majority of the successors included in this study were aware at an individual level of the benefit of having a defined timeline for succession; however, it appeared that learning and

having experienced the problems associated with the lack of a timeline was not sufficient to influence their current behavior. One participant said, “Having a specific timeline for succession would have been helpful. Not having one created uncertainty and stress” (Case 11). However, none of the participants included in the sample set had taken action to prepare a succession plan for future generation owners of their family business. All stated that succession planning was indeed important to the success of moving the business to members of the third generation. One interviewee noted that their son wanted a formal plan – “He wants a plan on paper of how we’re going to do it ... I guess he wants to be sure things go smoothly” (Case 9). Case 5 stated, “I was fairly satisfied with the leadership transition. But I don’t think I’m just going to sit down and write down a future plan” (Case 5). Another participant put it this way, “It was a learning experience. I don’t think we really thought through everything beforehand and maybe we should have” (8). The desire to have a more defined succession plan was explained by one participant as “you know it would’ve been good to say alright here is stage 1, here is stage 2, here is stage 3, and slowly evolved into it instead of saying here you go” (Case 4).

A third focus of interest in the area of individual learning was to explore what the successors had learned through their succession experience about their personal career goals and about their goals for the business. A common theme was the fact that personal goals seemed to align well with the business goals from the beginning and continue to be aligned. That being said, in most cases the goal was to grow the business, followed by sustainability. As one interviewee stated, “I always wanted to see the business grow. You know our industry has changed over the years and we have had to explore other ways to expand. My current goals are the same, to keep the business viable and to develop new services in market areas” (Case 8). Other interviewees had similar comments – “I want the business to continue to grow and support the family” (Case 7); “I just wanted to build the business, be successful, not the riches, but support the needs of the family. I pretty much have the same goals personally and for the business” (Case 10). It appeared that even though they were in the early years of their tenure, successors had previously had more aggressive goals, which evolved over time in their perspective to be more aligned with the capabilities of the business. In other words, second generation owners learned through experience how to incorporate their personal and business goals by managing the business to success.

There also appeared to be a genuine concern to maintain the continuity of the business. As one respondent stated, “My goal in the beginning was don’t mess it up. I just hope I don’t screw this thing up” (Case 2). Another interviewee said, “In the beginning I was probably just working all the time and hoping that everything was going to work out. But I am proud of what we have been able to accomplish and plan for us to keep going strong” (Case 8). Such statements indicate that most of the successors in this study had consciously set goals in the beginning of their tenure to nurture their family business into the future. These comments also demonstrate a culture of stewardship which will be discussed with more detail in the following section.

Lastly, second generation owners learned to reach beyond the boundaries of the family business for learning opportunities by seeking external knowledge providers (Lansberg & Gersick, 2015). Six of the twelve interviewees had worked outside the family business before returning to work for the family, and all viewed the experience as generally valuable to their development. One person interviewed stated he had learned the importance of working long hours from his previous

employer (Case 6). One interviewee began working with an executive coach as soon as it was clear her mother desired for her to take over the business and she personally made the decision to stay with the business (Case 11). She also sought the advice of experts and consultants during the early years of her tenure. Additional knowledge providers listed by the participants were industry associations, former college professors, and financial advisors. The data from this study supports the notion of learning from the founders and adds to the learning experiences those contributions from external areas, such as formal education, trade associations, and time spent working outside the family business. Themes, prevailing thoughts, and remarks on individual learning are summarized below in Table 4.

Table 4. Individual Learning: Vignette summary

Theme	Prevailing Thinking	Illustrative Comments (Case #)
<ul style="list-style-type: none"> <li>Successors satisfied with individual learning</li> </ul>	<ul style="list-style-type: none"> <li>Had educational opportunities that were geared towards the business/industry (Lansberg &amp; Gersick, 2015)</li> <li>Increased confidence (Norman &amp; Hyland, 2003)</li> </ul>	<ul style="list-style-type: none"> <li>Learned a lot and will continue to learn (6)</li> <li>Happy as a lark (7)</li> <li>Enjoy working here (12)</li> </ul>
<ul style="list-style-type: none"> <li>Contributors other than founder</li> </ul>	<ul style="list-style-type: none"> <li>Literature argues the importance of founder sharing their knowledge (Handler, 1991); data indicates other knowledge sources are also utilized (Eraut, 1999).</li> </ul>	<ul style="list-style-type: none"> <li>Professor steered towards business classes (2)</li> <li>Worked for another firm (4,6, 8,10, 11)</li> <li>Trade association roundtables (9)</li> </ul>
<ul style="list-style-type: none"> <li>Alignment of personal and business goals</li> </ul>	<ul style="list-style-type: none"> <li>Goals evolve and adapt with time (McMullen &amp; Warnick, 2015)</li> </ul>	<ul style="list-style-type: none"> <li>Goals are more realistic now (1, 4)</li> <li>To enjoy work every day, to provide good jobs in the community (2)</li> <li>Back then I was more of a risk taker (3, 4)</li> <li>To run a successful business that maybe my son will take over (9)</li> </ul>
<ul style="list-style-type: none"> <li>Learning applied to future plans</li> </ul>	<ul style="list-style-type: none"> <li>Learning becomes integrated into successors knowledge (Crossan, Lane, &amp; White, 1999)</li> </ul>	<ul style="list-style-type: none"> <li>Satisfied with leadership transition; not going to sit down and write a future plan (5)</li> <li>Important to have a plan (7)</li> <li>Next succession will be more formal (9)</li> <li>Successor development to include job rotation within business (10)</li> </ul>

### Culture of Stewardship

The final area of exploration was whether the propensity of the family business towards a culture of stewardship would influence how the successor will approach future successions. One factor

explored was how well the family members who had a financial stake in the business resolved conflicts. In other words, did the family members who were actively working for the business and those who had a financial interest in the business work well together? How did they resolve difference when they occurred? The common interest in the success of the business and the sustainability of the family ownership appear to orient efforts toward agreement and cooperation. One interviewee stated, “We all know the company is the lifeblood of the family for our income. So if you don’t focus on it doing well then your family won’t do well” (Case 4). It was noted by most of the cases included in this study that they actually do not have many, if any disagreements. This would suggest that should a situation in which there is conflict arise, it is resolved quickly through open discussion. For example, Case 8 said, “We talk about them. Fortunately we don’t have too many conflicts anymore. We have learned to express our thoughts without getting angry or upset. We learned to work together. We are a strong team.” Another participant said, “In our situation there is not much disagreement. We are past that. I talk to her every day about the business and take her advice. She has worked longer in the business than me and I respect her opinion” (Case 11). In this particular case the successor and founder initially had a hard time expressing differences of opinion and had agreed to not allow their disagreements to come between them personally. The successor noted that they both understood that whatever the decision, it had to be good for the company, not necessarily good for them individually. This statement follows the concept of stewardship in that a steward’s interests are in the organizations success rather than personal success.

Eddleston and Kelleman (2007) noted that stewards who are able to improve the performance of their businesses are generally satisfied on a personal level as well. Most research focus has been on how family relationships can have a negative effect on the family business (Eddleston & Kelleman, 2007; Lockamy, et al., 201). It has been suggested that strong family relationships can be a source of competitive advantage for family businesses (Ghee, et al., 2015). This type of competitive advantage is unique to family owned businesses. It can be implied that a culture of stewardship can therefore have a positive effect on family business sustainability hence creating a fertile environment for future generational successions.

All successors repeatedly responded that their personal goals aligned well with those of the business. In eight of the twelve cases, participants exhibited characteristics of collectivism. As described in the literature, collectivists subordinate their individual goals to the goals of the organization (Davis et al., 1997). Case 7 stated that he wanted the business to continue to grow and support the family, not just him individually. It appeared that in many of the respondents, the sense of stewardship extended beyond the immediate family and also included the community at-large. Case 2 commented, “In the beginning, for me it was just to enjoy coming to work every day. Now my goal is to provide good jobs and opportunity for people in the community.” Another participant explained his aversion to risk as being attributed mainly to his desire to guarantee the continued success of the company, not only for his livelihood but also for the jobs it provided his employees (Case 4).

Additional key components of the stewardship culture were trust and respect. The respondents used the words trust and respect to express how the successors’ viewed the founders of their family business. It can be surmised from the data that the successors highly regarded these attributes as they continue to lead their family businesses. This was best illustrated by the

comments of Case 7, “I know it’s good to have a plan, but daddy just didn’t talk much about that kind of stuff. We pretty much knew how things were laid out and we respected and listened to each other.” Furthermore, Case 11 expressed how she had enjoyed working with her mother and learned a lot about the business from her. However, she still regards her mother’s feedback with respect. She further stated they had learned to trust the judgment of one another. For this successor, the more absent her mother became from the business, the more trust her mother had in her to run the business. Stewardship has been argued to be common among family businesses (Corbetta & Salvato, 2004) and provides motivation for the ones in control to behave in the best interest of the business. In other words, stewardship creates an environment of trust, specifically trust that the leaders will do the right thing for the business because their personal goals are met when the business goals are met – to ensure continued success of the business (Helin & Jabri, 2016).

Trust also reduces the degree of uncertainty within the family business. This may explain why the formalization of the succession plan was not seen as being necessary, despite requests by future successors for a more formal plan. Second generation owners who participated in the study described how their succession experiences were positive despite the lack of a formalized plan. In each of the cases the participant stated he or she was pleased with how the succession occurred and there was no case of where the founder resisted the succession. In all of the cases, the successor also stated that he or she felt having a succession plan was important. Yet none had formalized a future plan, which can likely be explained by the existence of a stewardship culture, one that is characterized by trust and respect. Through the research lens of succession, it can be assumed that the successors will draw upon their own experiences with trust and respect as they approach future succession plans. Furthermore, they expressed that they will continue as stewards of the business and plan to do the right thing for the business. One interviewee explained his future approach to succession this way, “I will probably do the same thing with my kids that my Dad did with me. If they like it [working in the business] we’ll work it out” (Case 2). Even though there had not been a formal succession plan for his transition, he trusted that he and his father would be able to work out the details, which they did, and he trusted that he would be able to work it out with his successor.

Another component of stewardship which was a focus for this study was how the family spent time together outside of the business. Of the twelve cases included in this study, six stated that they have weekly meals with family members. Case 2 stated, “We have dinner with my parents on Friday nights and then Sunday after church we [founder, successor, successor siblings, and third generation children] all go out as a group to eat.” Another interviewee said that he and his father, the founder, have lunch together at least four times a week (Case 10). Case 7 expressed that he has lunch with the founder and other family members working for the business almost every day. He went on to say much of their conversation at these meals did not focus on business operations; it was general conversation – activities of children, current events, weather, etc. He, his brother, and the founder (his father) have coffee together every Sunday morning. He explained that this time had a more business focus as it provided a quiet time for the three to discuss topics related to the business without interruption. Most respondents expressed that the family (multiple generations) often enjoyed outside activities together; examples given were hunting, fishing, golfing, traveling, and cookouts. They also stated they shared holidays and special family occasions together. None of the cases included in the sample set stated they had

relational conflicts which prevented them from spending time together. These findings support the notion that the opportunity to engage in “outside of the business” activities, “play,” does have a positive effect upon keeping the family relationship strong. Table 5 summarizes the themes, prevailing thoughts, and participant remarks as the propensity towards a culture of stewardship was examined for this study.

Table 5. Culture of Stewardship: Vignette summary

Theme	Prevailing Thinking	Illustrative Comments (Case#)
<ul style="list-style-type: none"> <li>Family members work well together</li> </ul>	<ul style="list-style-type: none"> <li>Open communication is imperative to resolving tensions (Helin &amp; Jabri, 2016)</li> </ul>	<ul style="list-style-type: none"> <li>Have weekly meetings (1)</li> <li>Fairly conservative when it comes to making big decisions. (7)</li> <li>We talk about them [conflicts] (8)</li> <li>If we have a problem, we talk about it and the next day it’s over (10)</li> <li>I respect her opinion (11)</li> </ul>
<ul style="list-style-type: none"> <li>Family non-work relationships shape the work experience</li> </ul>	<ul style="list-style-type: none"> <li>Family members enjoy activities outside of the business together. (Corbetta &amp; Salvato, 2004)</li> </ul>	<ul style="list-style-type: none"> <li>We play golf together or grill out once a week (1)</li> <li>Once a week we have lunch together (8)</li> <li>Dinner on Friday nights and Sunday after church (2)</li> <li>Celebrate all family events together (6)</li> <li>Daddy and I still have lunch together 3-4 times a week (10)</li> </ul>
<ul style="list-style-type: none"> <li>Plan is important, however lack of action</li> </ul>	<ul style="list-style-type: none"> <li>Importance of succession planning (Gilding, et al., 2015)</li> </ul>	<ul style="list-style-type: none"> <li>I hadn’t thought about it until today (2, 3)</li> <li>Plan is important to success (4)</li> <li>Important, just haven’t written it all down (5, 6)</li> <li>Dream of mine for the business to continue in the family (8)</li> <li>Planning and sharing plan with children (12)</li> </ul>

## DISCUSSION AND CONCLUSIONS

Given the volume of information taken from the interviews, it is useful to provide a brief review of the key findings. In regard to the succession decision itself, and counter to many previous studies, this study revealed that the founders were actually not reluctant to let go of control. In most of the cases the founder turned over control of the company without demonstrating resistance and with little to no fanfare or uproar. The successor was identified early on, and often the successor did not even consider a career outside the family business. In all the cases the decision was communicated informally over time through day-to-day general conversation.

Even though the succession plan is a process, usually a critical event accelerated the action of putting the successor in place. In many previous studies, age and health of the founder was a key triggering event. In this study, the most often mentioned “trigger” was the founder’s lack of technology knowledge. Although founder age certainly influenced this lack of knowledge, the growing necessity of technology and innovations is a more likely explanation. Most of the successors interviewed took control of the family business within the last fifteen years, when we have seen many technology innovations, such as the internet and social media.

The next area of examination was on the development of the successor. All respondents indicated that the mentoring they received from the founder was the most important development opportunity during their succession experience. Family businesses stand to gain competitive advantages when key knowledge is shared over time between generations. The combination of demonstration and explanation over time proved fruitful for knowledge transfer. Nine of the twelve successors began working for the family business during their teen years; the case average was 29 years of experience. On average, 16 of those years were worked during the reign of the founder. Most of the participants remarked on the willingness of the founder to share this knowledge and that in many cases they continue to seek input from the founder.

A second development opportunity where there was strong positive agreement among interviewees was on-the-job training. Many of the successors stated that they had begun working for the business at the bottom and worked their way up, taking full advantage of hands on experience. The successors stated that on-the-job training aided in their development by building confidence in their own abilities to lead. One interviewed said, “I needed to attend the school of hard knocks and growing up in the business has served me well” (Case 7).

The one consistent development opportunity noted by four of the twelve cases as not available or not taken advantage of was a desire to have more training in the area of business accounting. Even though this was not a specific area of knowledge development during the succession experience, most of the successors later sought opportunities after moving into the leadership role that filled the gap. Other respondents identified subject matter such as human resources management and psychology as areas where they wished they had learned more.

The third area of examination for this study was individual learning. All twelve respondents stated that they were satisfied with their experiences; however, several had thoughts on how to improve the process. One successor explained that having a specific timeline for succession would be helpful. She further stated that not having one creates uncertainty and stress (Case 12). A second theme was the importance of learning experiences that were gained from mentors other than the founder. Many felt it important to gain additional perspective on their family business by learning from others outside the business. For example, successors in the sample set found mentors within industry associations who helped fill gaps in learning experiences. By working their way up in the company, many successors learned a great deal about the business from key veteran employees other than the founder. Other participants worked outside the family business before returning to the family business, and all acknowledged this as helpful.

Another theme to emerge had to do with the alignment of the successor’s personal and businesses goals. The data suggested that the personal and business goals of the successor

aligned well prior to and after attaining their leadership position. However those goals had not remained stagnant. Most respondents indicated that their career goals were strongly aligned with their goals for the business. In several cases the successor had adapted their goals over time to reflect, in their perspective, more realistic expectations. An example of how one case's goals evolved can be seen in the following statement – “I wish this store had been in a larger town – I think it would've been fun to have expanded a little bit and gone to a bigger town. I wish we'd tried. We looked at two locations and I talked myself out of it. Now I'm glad we didn't” (Case 3). Clearly their goals for the business were different in the beginning of their tenure; however, they were aligned with their personal goals at the time.

The last theme to emerge under individual learning pertained to successors' integration of what they learned into plans for the future succession. Here the results show several examples of the successor integrating their learning as they approach future succession and other examples of where they have not. One successor had already implemented the action of having his children learn the business by revolving through the different operational areas of the business (Case 10). Another stated he would recommend having outside work experience, as he had had, to the next generation of leaders (Case 8). Case 9 reported, “My son wants a plan on paper of how we're going to do it. Because when I grew up there was no formal plan; I guess he wants to be sure things go smoothly.” Most acknowledged the importance of having a plan. Comments ranged from a desire for having an outline of stages (Case 4), to having a written plan (Case 5), to having a clear understanding (Case 1) of how the leadership will transition. Successors no doubt see the benefit of formalizing a succession plan as they approach future successions, yet none of the interviewees had taken definite action to formulate and implement a succession plan. One case stated, “I think it's important, we just haven't written it all down” (Case 6). Another remarked, “He's earned it. So, I feel good it's going to happen. Now have we done the formal stuff, no. So a lot of times it's you know what to do but you don't always do it. I've got to get on this quickly” (Case 9).

Lastly, the propensity towards a culture of stewardship was examined in this study. Here the results show the second generation successors perceive their business as having characteristics which are associated with a culture of stewardship. In order to explore this likeliness, successors were asked to rate family support to three statements.

- How would you rate how your family supports your wishes to take on new activities or directions?
- How would you rate how your family supports your wishes in regards to succession planning?
- How would you rate how your family supports your choice of successor?

Eight of the twelve cases reported their families were very supportive of their wishes to take on new activities or directions. Two cases reported that families were extremely supportive and one case reported the family to be somewhat supportive. Follow-up questions were asked specifically in regards to family support of successor's wishes of succession planning and support of your choice of successor. Each yielded similar results, more than a majority of the cases included in this study perceived their family to be very or extremely supportive of their decisions. According to academic literature support serves as an indicator for a culture of stewardship (Zahra et al.,

2008). Clearly the successor perceives that other family members trust him or her to do the right thing when it comes to the business and the family.

Further exploration revealed that conflict rarely occurred among the businesses included in the sample set. When there was conflict it was openly discussed and resolved quickly. One case stated they simply did not have time for conflict (Case 10). Another remarked that he was very fortunate in that his family business didn't have much conflict (Case 5). The low incidence of conflict could possibly be attributed to how the family spends time together outside the business. The results of this study show that the participating successors enjoy spending time outside the business with family members. Positive relationships were found to exist between family members who were active in the company. The participants expressed that they enjoyed working with family members as well as sharing time with family members outside the business. One case stated that her mother (the founder) was her best friend (Case 11).

This study uncovered a number of important themes that hopefully shed light on the succession planning and processes in family businesses. Above all, it appears that a pattern of informal succession planning continues from the first generation to the second. There certainly appears to be a desire for more formal succession planning, both on the part of the successor (who has learned the need for this plan through their own experience) and on the part of the third generation (prospective) successor, but the informality and flexibility of informal planning appears to be desirable as well, especially in light of the culture of stewardship characterized by respect and trust. Christensen (1953) suggests that succession from founder to second generation is very different from that occurring in later generations as the process becomes institutionalized. This study revealed that an informal process has certain benefits in that it allows stakeholder views to be incorporated in a fluid and flexible manner. General day-to-day conversation was a seemingly effective method to express who would succeed the founder and how the succession would be carried out. Most of the interviewees indicated that a more specific timeline and more specificity in general was probably desirable.

Many researchers have realized that a succession design itself is not enough to ensure a successful succession in a family business. Rather, the preparation of succession should be a continual and lengthy process. The goal is not only the short-term successful transition to the next generation (Vlachakis, Siakas, Belidis, & Naaranoja, 2014), but the long-term survival of the business. Key to determining sustainability is the process of selecting a successor. With the cases in this study, the incumbent selected their successor and began the preparation early. Training, teaching, and sharing of knowledge were conducted informally. In many of the cases, development of the successor occurred without the full awareness of the successor who only later acknowledged the education. Our research shows that if knowledge of the successors is combined with a smooth succession, it can help to better the organization and efficiency of the family business; the family business achieves higher quality and more efficient operational systems. This study shows that an informal structure of mentoring successors resulted in there being more flexibility, creativity, and communication between incumbent and successor. The exchange of ideas and information made it easier to undertake the leadership change and established a strong foundation for the future for the family and for the family business.

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