What do we know about succession in family businesses? Mapping current knowledge and unexplored territory

Book Section

What Do We Know About Succession in Family Businesses? Mapping Current Knowledge and Unexplored Territory

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Decker, C., Heinrichs, K., Rau, S., & Jaskiewicz, P. 2016. What do we know about succession in family businesses? Mapping current knowledge and future territory. In: Kellermanns, F., & Hoy, F. (eds.): ***The Routledge Companion to Family Business***, Oxford, UK: Routledge, pp. 15-44.

WHAT DO WE KNOW ABOUT SUCCESSION IN FAMILY BUSINESSES? MAPPING CURRENT KNOWLEDGE AND UNEXPLORED TERRITORY

Abstract

We review studies on succession in family businesses that have been done since Handler's (1994) seminal literature review on the topic in an effort to synthesize existing research and outline paths for future studies. We offer three contributions. First, we select succession studies that adhere to established methodological standards. Second, we review these studies based on the perspective that succession is a process comprising five stages across three levels of analysis. Finally, we outline current gaps in our knowledge and ask researchers to adopt a more holistic approach when studying succession.

Keywords*:* succession, family business, transfer of ownership and management, transition, continuity, post-succession performance

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Sabine B. Rau is Professor of Entrepreneurship and Family Business at King's College London, Department of Management. Originating from a family business family, Sabine is interested in the influence of family on business and vice versa. Her research is qualitative and quantitative and covers topics such as family values, corporate governance, succession, and innovation. It has been published in renowned journals such as *Strategic Management Journal*, *Journal of Business Venturing*, and *Entrepreneurship Theory and Practice*. Sabine served as ifera (international family enterprise research academy) president from 2003 to 2007. Apart from her academic work, she serves on the board of a private family firm in Germany, as well as in start-ups.

Introduction

Succession, which includes the set of “actions, events, and organizational mechanisms by which leadership at the top of the firm, and often ownership, are transferred” (Le Breton-Miller, Miller, and Steier 2004, 305), is one of the most important issues in the field of family business (Chua, Chrisman, and Sharma 2003). A first literature review was conducted by Handler (1994), who identified five streams of research. Since then, scholars have generated a vast body of literature on succession in family businesses. Considering the sheer number of publications, it would seem that succession is over-published. A closer look at the results, however, indicates that the literature on succession remains non-cumulative and disjointed (Chittoor and Das 2007; Long and Chrisman 2013). To lay the groundwork for theory development, we provide a systematic analysis of peer-reviewed studies that have been published since Handler’s (1994) seminal literature review.

With our article we contribute to family business research in three ways.

First, we focus on succession research that adheres to the methodological standards set by Tranfield, Denyer, and Smart (2003). Following a thorough keyword search and a systematic assessment of research papers fit for this review, 95 studies were selected with respect to their bibliographical information, theoretical foundation, research design, and main findings.

Second, unlike previous reviews, we analyze the succession process across three levels of analysis and considering various aspects and stages: Prior literature reviews have traditionally focused on selected aspects of succession, such as antecedents (De Massis, Chua, and Chrisman 2008; Le Breton-Miller et al. 2004), psychological factors (Filser, Kraus, and Märk 2013), research methods (Brockhaus 2004), or theoretical perspectives (Nordqvist, Wennberg, and Hellerstedt 2013). They have also put a stronger emphasis on management (Brockhaus 2004; De Massis et al 2008; Long and Chrisman 2013) than on ownership (Nordqvist et al. 2013). In contrast, we describe succession as a process involving changes in both management and ownership and comprising three levels of analysis. We review the literature according to the "five stages" specified by Le Breton-Miller et al. (2004): *preparation*, *choice of a successor*, *exploration and implementation*, *incumbent owner-manager withdrawal*, and *post-succession*. As such, we extend Handler's work and consolidate extant research since 1994, mapping current academic knowledge on the entire succession process at all levels of analysis.

Third, we elaborate on paths for future research. In addition to recommendations related to each stage of the succession process, we suggest that researchers should embrace a holistic approach that studies succession across levels of analysis and over time. In so doing, future research can generate insights that extend those from studies on isolated and single succession factors.

The remainder of this article is structured as follows: First, we elaborate on the approach chosen for study selection and analysis. Second, we outline the findings of our review based on the prespecified stages and levels. Finally, we discuss implications for future research on succession.

A Systematic Selection and Assessment of Studies on Succession

Following the principles for a systematic review suggested by Tranfield et al. (2003), we identified a list of keywords based on the succession literature, and then conferred with two experienced researchers in the field, ultimately deciding upon a list of 28 keywords: *family business, family firm, handover/hand over, heir, heritage, incumbent, inheritance, junior generation, last will, MBO/MBI, next generation, offspring, older generation, passing the baton, predecessor, privately held business, privately owned business, retirement, retiring, senior generation, succeeding, succession process, succession, successor, takeover/take over, testament, transfer, transition*. Search strings were constructed by combining the keywords *family business*, *family firm*, *privately owned business*, and *privately held business* with the remaining 24, resulting in a total of 96 (24*4) search strings. To ensure that all studies included in this review originated from the family business field, these four keywords were included in all possible search strings. Examples include [succession AND family business], [succession AND privately owned business], and [predecessor AND family firm].

We started writing this literature review with a focus on studies in peer-reviewed journals. These studies were considered to meet high-quality standards because of the systematic peer-review processes that scientific journals usually apply (Light and Pillemer 1984). Whenever we were not familiar with a particular journal, we availed ourselves of help from field experts.

We proceeded as follows. First, we selected the top 20 management journals, ranked by their Citation Impact Factor (CIF) for the year 2009 in the management subset of the Thomson Reuters Web of Science (formerly ISI Web of Knowledge). Second, we added *Journal of Family Business Strategy*, a relatively new peer-reviewed field journal that was not part of the top 20 list but was expected to include many studies on succession, since family business research is relatively young compared with other disciplines (Siebels and Knyphausen-Aufseß 2012). The first issue of this journal was published in March 2010. Third, family business research is multidisciplinary and frequently focuses on how the family affects firm performance and governance (Colli 2013; Mazzi 2011; Siebels and Knyphausen-Aufseß 2012). As a result, in order to broaden our knowledge base, we also added top field journals in finance and economics that might include research on family businesses.

This selection process yielded 36 journals, namely *Academy of Management Journal*, *Academy of Management Review*, *Administrative Science Quarterly*, *American Economic Review*, *Decision Sciences*, *Econometrica*, *Entrepreneurship Theory and Practice*, *Family Business Review*, *International Journal of Management Reviews*, *International Small Business Journal*, *Journal of Banking and Finance*, *Journal of Business Venturing*, *Journal of Corporate Finance*, *Journal of Family Business Strategy*, *Journal of Finance*, *Journal of Financial Economics*, *Journal* *of International Business Studies, Journal of Management, Journal of Management Studies, Journal of Operations Management, Journal of Political Economy, Journal of Small Business Management, MIS Quarterly, OMEGA International Journal of Management Science, Organization Science, Organizational Behavior and Human Decision Processes, Organizational Research Methods, Personnel Psychology, Quarterly Journal of Economics, Research in Organizational Behavior, Review of Financial Studies, Small Business Economics, Strategic Management Journal, Strategic Organization, Supply Chain Management, and Technovation*.

The literature search was conducted using EBSCO (Business Source Premier) and ScienceDirect, as well as a manual search. The search strings were used for analyses of titles, abstracts, and author-provided keywords. A total of 493 studies relevant to any aspect of succession in family firms were retrieved. We then excluded studies that focused on anecdotal evidence and/or non-family businesses, which reduced our total to 95 studies (24 conceptual papers, 29 qualitative studies, and 42 quantitative approaches).

Insert Table 1 about here

We classified this prior literature into five stages and three levels of analysis because we viewed succession as a process on multiple levels of analysis (e.g., Cadieux, Lorrain, and Hugron 2002; Ellul, Pagana, and Panunzi 2010; Filser et al. 2013; Ibrahim, Soufani, and Lam 2001; Lam 2011; Long and Chrisman 2013; Rubenson and Gupta 1996; Santiago 2000; Wasserman 2003). With respect to these multiple levels, we focused on *individual*, *organizational*, and *environmental* levels of analysis. On the organizational level, we further distinguished the dimensions of *family*, *business*, *management*, and *ownership* (Pieper and Klein 2007). The results are depicted in Table 1, which summarizes the level(s) of analysis applied to each study and how each study contributes to the organizational dimensions of family, business, management, and ownership for each stage of the succession process.

In the following sections, we synthesize the existing research based on the prespecified stages and dimensions.

Succession Preparation (Stage 1)

Our review shows that the first stage of the succession process, succession preparation, has been studied mainly with a focus on either *the next generation's intention and decision to join the family business* or *succession planning*. In addition, research on the *socialization of the next generation* has been a blind spot in the literature.

The Next Generation's Intention and Decision to Join the Family Business

Studies on the next generation examine the question of *what drives the next generation's decision to join and take over the family business*. These studies focus predominantly on individual characteristics.

The more the family scions aim at realizing personal goals, exploring their own career paths, and/or breaking free from the family's tradition, the weaker is their intention to join the family business, unless employment opportunities in the labor market are less attractive (Stavrou 1999; Stavrou and Swiercz 1998). The decision to join the family business is driven by the family heirs' commitment, which is based on desire, obligation, opportunity cost, and need (Sharma and Irving 2005). It can be fostered by their past involvement in the business (Stavrou 1999) and the predecessor's encouragement (Dumas, Dupuis, Richer, and St.-Cyr 1995). Interestingly, daughters are more likely to receive control of the family business from their fathers than their mothers. Mothers tend to resign from their positions rather reluctantly (Vera and Dean 2005).

Gender plays a major role in this stage of the succession process. It interacts with other factors, such as nationality, birth order, and industry context. For instance, Stavrou (1999) reveals that male descendants in the Far East and female heirs in Europe are generally more likely to join the family business than are any other offspring from the United States, Europe, or the Far East. In Europe, the later the potential heirs are born (i.e., the older the predecessors are upon the birth of their offspring), the lower the likelihood that they will become successors, while the relationship between birth order and succession is the reverse among descendants in the Far East. Evidence from Canada illustrates the persistence of primogeniture, in which the eldest son takes over the business (Dumas et al. 1995). Whether descendants decide to join can also be affected by the industry. Although female descendants may be interested in the family business, they tend to opt against succession if the firm operates in a male-dominated industry (Schröder, Schmitt-Rodermund, and Arnaud 2011).

Daughters' intentions and self-assessments are strongly influenced by cues about gender roles that they receive from family members, teachers, friends, and other associates when they are young. Because of the limitations that are presupposed by gender roles, daughters are often blind to their own possibilities for succession in the family business. In many cases, nothing less than critical events are required to initiate daughters' consideration of this succession possibility (Overbeke, Bilimoria, and Perelli 2013).

In summary, the next generation's decision to join the family business is a necessary condition for effective intra-family succession. Extending the existing findings—for example, with research on potential successors' self-efficacy, family communication patterns, and social network members' educational backgrounds, as well as on cross-country comparisons (Hollingsworth and Boyer 1997; Whitley 1999)—may further enhance the existing knowledge about the next generation's likelihood to opt for the family business.

Succession Planning

Studies on succession planning primarily examine *how internal and external factors affect succession planning*. Most family business scholars agree that succession should be planned in order to be effective (Harvey and Evans 1994; Kimhi 1997; Santiago 2000; Sharma and Rao 2000). However, succession is rarely planned well in advance (Berman-Brown and Coverly 1999; Kirby and Lee 1996; Mandelbaum 1994); in addition, succession planning might be important, but it is not necessarily essential to the long-term survival of family businesses (Astrachan and Kolenko 1994; Santiago 2000).

Incumbents' characteristics—such as age, education, and goal adjustment capacities—affect the extensiveness of succession planning, as does their intended retirement date/age (Gagné, Wrosch, and Brun de Pontet 2011). Harveston, Davis, and Lyden (1997) further revealed a gender effect: Individual characteristics have a stronger impact on succession planning in male- than in female-led family businesses. In addition, higher owner age is positively associated with formal succession plans (Marshall et al. 2006). Paradoxically, higher owner age negatively affects cooperative conflict management, an aspect that is positively related to formal succession planning. Thus, higher owner age is directly associated with formal succession plans but indirectly influences behavioral practices that interfere with succession planning. These findings may explain why an incumbent's desire to keep the business in the family is not necessarily a driver of succession planning (Motwani, Levenburg, Schwarz, and Blankson 2006; Sharma, Chrisman, and Chua 2003b). A predecessor's goal adjustment capacities, such as disengagement and reengagement, and his or her trust in the successor are strong drivers of the agreement on a retirement date. Family business owners with high goal-reengagement capacities who trust in their successors' abilities set an earlier retirement date than others. More precisely, not only are these owners able to reduce the psychological commitment to their former activities and responsibilities, but they are also likely to replace their former goals with alternative goals (Gagné et al. 2011).

Family adaptability and cohesion are affected by the family's commitment to the business and the quality of the relationship between the owner-manager and the successor (Lansberg and Astrachan 1994). Although the influence of individual characteristics on succession planning declines over generations, the impact of the family on the succession process remains constant across generations (Davis and Harveston 1998); in addition, depending on the cultural context and individual roles of family members, those who are not involved in the business also affect succession planning. For instance, in Asian family firms in the United Kingdom, the heir's mother is a crucial buffer between generations (Janjuha-Jivraj and Woods 2002).

Results on the relationship between company size and the extent of succession planning are mixed. Fiegener, Brown, Prince, and File (1994) revealed that company size has no effect on successor development and succession planning. Motwani et al. (2006), however, showed that in larger family businesses, succession planning is more important. Organizational characteristics, such as size and formality, influence succession planning differently in male- than in female-led organizations (Harveston et al. 1997). In addition, poor firm performance can compel owners to initiate succession planning (Westhead 2003).

An important factor at the management level in terms of succession planning is the availability of a trusted successor. If a successor is not available, owner-managers will be less likely to engage in succession planning. Therefore, successor development systems are needed (Motwani et al. 2006). Fiegener et al. (1994) specified differences between family and non-family business successor development systems. Family business owner-managers favor more personal, relationship-centered approaches, while non-family business managers favor formalized, task-oriented approaches. The predecessor usually has the final say in determining the method of successor selection (Tatoglu, Kula, and Glaister 2008). Effective successors must be able to acquire company- and industry-specific knowledge rapidly and must have the cognitive ability to exploit that knowledge (Cater and Justis 2009; Sardeshmukh and Corbett 2011). They are supposed to manage relations with key external stakeholders and gain experience in strategic planning (Fiegener, Brown, Prince, and File 1996). Predecessors should view themselves as manager-builders during the preparation stage of successors and support successors while they acquire the required task experience (Cater and Justis 2009).

If tacit knowledge or social capital is needed to run the business successfully, often a family offspring is chosen and developed as a potential successor (DeNoble, Ehrlich, and Singh 2007). The transfer of tacit knowledge to a non-family candidate is more difficult; this fact influences the selection and succession planning process (Cabrera-Suárez, De Saá-Pérez, and García-Almeida 2001; Steier 2001). Regarding the time and mode of entry, Harvey and Evans (1994) suggest that there are distinct, predictable, and multiple stages in siblings' career development that are suited to an offspring's entry into the family business. Because the needs of family businesses and successors vary from family to family, there is no general recommendation for the best entry time. However, proactively managing the children's entry into a family business is essential and should begin early in the children's lives to prevent succession paralysis (Lambrecht 2005).

Comparatively little is known about how succession planning is affected by economic performance of the business prior to succession and by different ownership structures. Although Harveston et al. (1997) include the ownership dimension, they do not provide evidence that access to capital and family funding play a greater role in succession planning in male-led than in female-led family businesses. Similarly, although it is posited that ethnicity influences succession (Janjuha-Jivraj and Woods 2002), our knowledge about succession planning in different cultural contexts, including that of immigrant family firms, is limited. Furthermore, analysis of family business heterogeneity (Chua, Chrisman, Steier, and Rau 2012) has not yet been considered in the context of succession, although different types of family businesses might use different approaches to succession planning.

Literature Gap: Socialization of the Next Generation

The socialization of the next generation remains largely a blind spot in research on family business succession. This is surprising, considering that the few existing studies that consider this factor suggest that this is an important topic. Lambrecht (2005), for instance, found that proactive involvement of family scions in the business facilitates succession. Moreover, when García-Álvarez, López-Sintas, and Gonzalvo (2002) studied 13 male Spanish founders to explore *how potential successors are socialized in family businesses*, they identified four founder types: the founder of the family tradition, the founder-achiever, the founder-strategist, and the founder-inventor. Based on these types, differences exist in the nature of the values that are passed on to the successors. “Strategist-type founders emphasize self-fulfillment and business as an end, whereas the other three groups of founders—although they agree on business as a means as a value for transmission—opt for different blends of psychosocial values” (García-Álvarez et al. 2002, 196). Whether, for example, an early stimulating environment with entrepreneurial role models or whether authoritative parenting affects the development of successors as positively as it influences entrepreneurs (Steinberg 2001) may be a building block for a future theory of succession.

Having completed our analysis of the succession preparation stage (Stage 1), we now move to the second stage of the succession process: the choice of a successor.

The Choice of a Successor (Stage 2)

Research on the choice of a successor focuses on the extent to which the decision to select a successor is influenced by the *attributes of the potential heir* and by *organizational characteristics and needs*. However, little is known about the role of different *decision-making processes and country-specific institutionalized frameworks*.

Attributes of the Potential Heir

Family firms can choose successors from among family members and individuals outside the family. Intra-family "successions are not necessarily better when staffed by professionals from outside the family as opposed to individuals from within the family. This succession selection is contingent on the abilities and training of the successor heirs" (Aguilera and Crespi-Cladera 2012, 68). Evidence from Chrisman, Chua, and Sharma (1998), Sharma and Rao (2000), and Keating and Little (1997) implies that, across different national backgrounds, integrity and commitment to the business are the most important successor attributes, while birth order and gender are least important. Considering the persistence of primogeniture, these findings are surprising and might indicate that successor attributes interact with other contextual variables.

Organizational Characteristics and Needs

Drawing on the South Asian example, Lee, Lim, and Lim suggest that "if a family business is highly idiosyncratic, the family will prefer to appoint its offspring to head its business, even though the offspring may be less competent than nonfamily managers. The exception to this is when the offspring is so poorly qualified that the survival of the business will be jeopardized with such an appointment" (2003, 663). Based on data from 35 family firms, Kirby and Lee (1996) proposed that firm size has no impact on successor selection. More recent evidence, based on 5,334

Danish limited liability companies, by Bennedsen, Nielsen, Pérez-González, and Wolfenzon (2007), focused on the performance implications of CEO succession and shows that smaller firms and families with male eldest children are more likely to appoint family CEOs than are larger firms or families with eldest children that are female. In addition, if family business-specific knowledge is highly relevant and the need for industry-specific general or technical knowledge is weak, family members are regularly selected. External successors are preferred when education, work experience, and success in other firms in the same industry are considered relevant (Royer, Simons, Boyd, and Rafferty 2008).

Research Gap: Decision-Making Processes and Country-Specific Frameworks

Despite important findings on desirable characteristics of successors, our knowledge on how successors are selected is still rudimentary at best. For instance, the question of how decision-making styles (namely, *crown heir*, *horse race*, *coup d'état*, *comprehensive search*; Friedman and Olk 1995) and country-specific institutionalized frameworks (e.g., *primogeniture*, *adoption*) affect the outcomes of succession processes has not yet been addressed.

Referring to country-specific frameworks, the consideration of the national business systems-approach may provide new thought-provoking impulses for theory-building (Whitley 1999). National contexts differ in terms of legal, regulatory and sociopolitical institutions that affect the likelihood and extent to which particular succession practices will be adopted—with any such adoptions determining not only the type of successor but also the post-succession performance of family businesses (Carney, Gedajlovic, and Strike 2014).

After a successor has been chosen in this second stage of the succession process, the third stage—exploration and implementation—begins.

Exploration and Implementation (Stage 3)

The third stage of the succession process, exploration and implementation, involves the preparation for and implementation of the transfers of ownership and leadership. We review these transfers separately before pointing out that little is known about *the role of shocks* at this critical stage of the succession process.

Transfer of Ownership

Studies on the transfer of ownership usually focus on family and environmental levels of analysis. The former consider *relational and emotional aspects*, while the latter focus on *economic and legal issues*.

Relational and Emotional Aspects

The early exit of shareholders, especially of those not involved in day-to-day operations, represents one of the most salient challenges in succession. Transfer of ownership is largely accompanied by anxiety, which tempers the emotional equilibrium of the individuals involved. The predecessor and the successor are trapped by the need to maintain an emotional equilibrium while, for instance, the predecessor plans for retirement and both decide on the timing of the transfer of wealth and power. The process of transferring ownership differs between families, based on a family's values, regime, and life cycle (Dunn 1999). This process is also influenced by the traditions, laws, and tax regimes of the country and culture in which the family firm operates (Carney et al. 2014). For an incumbent who is usually the head of both the family and the business, it may be difficult to hand over control to a successor and abandon ownership, as this dual role typically brings high personal and emotional value (Brun de Pontet, Wrosch, and Gagné 2007). Under conditions of high ownership dispersion, the intention to maintain emotional equilibrium leads to competing motivations that can be addressed in one of two ways. The first is to maintain ongoing communication with all shareholders, and the second is to implement practices that facilitate timely action to meet the needs of all parties (Thomas 2002).

Other important conditions pertain to family structure and embeddedness. For instance, Wiklund, Nordqvist, Hellerstedt, and Bird (2013) showed that the relationship between ownership dispersion and the likelihood of intra-family ownership transfer follows an inverted-u-shaped pattern. Moreover, the higher the number of potential adult heirs, the higher will be the likelihood of an intra-family ownership transition. Conversely, the availability of many young potential heirs does not drive the likelihood of an intra-family ownership transition. Wiklund et al. (2013) also show that when multiple generations are involved in managing the business, an intra-family ownership transition is more likely to take place than an external one. Firms with a CEO from the owner-family are also more likely to be passed on to other family members than are firms with a non-family CEO.

Economic and Legal Issues

National legal systems significantly affect ownership transition. For example, in Sweden, many successions failed because the country lacked a legal system that facilitated intra-family ownership transitions. Families could therefore hardly preserve their idiosyncratic knowledge through unburdened intra-family succession (Bjuggren and Sund 2001, 2002). As a result, Sweden abolished gift and inheritance taxes as of January 1st, 2005 (Bjuggren and Sund 2005).

There are strong indicators that estate tax rates influence the efficiency of ownership transfers (Davis et al. 1996) and the outcome of these transfers for entire economies (Wahl 2003). During and after the transfer of ownership to the next generation, there is a decrease in financial investment that is more severe if the firm is in a country with a strict inheritance regime that requires hefty inheritance tax payments (Ellul et al. 2010).

Moreover, the legal protection of shareholders across countries affects how ownership succession is implemented. In countries with strong legal protection of minority shareholders, founders tend to hire professional managers and sell off the firm after going public. If a country offers intermediate protection of minority shareholders, a founder may still hire a professional manager, but the founding family nevertheless usually remains a large shareholder in order to monitor this new manager (i.e., ensure there is no abuse of managerial discretion) and ultimately protect the interests of all shareholders. Finally, in a country that offers weak protection of minority shareholders, the founding family must continue to run the firm or cede control to a professional manager who is closely tied to the family (Burkart, Panunzi, and Shleifer 2003).

Transfer of Leadership

Studies on the transfer of leadership refer to the issues of *when and how leadership should be transferred*. Moreover, they address the question of *how tacit knowledge and social capital should be transferred*. These studies focus on individual, organizational, and environmental levels of analysis.

When and How Leadership Should Be Transferred

Two aspects affect the timing of the transfer of leadership control. First, the parent can delay the transfer of power to a child due to the results of a self-categorization process (Matthews, Moore, and Fialko 1999). Second, the presence of binding borrowing constraints promotes a premature transfer of leadership control (Kimhi 1997). On the individual and family levels of analysis, the ability of successive generations to acquire skills that enable them to identify new market niches (Perricone, Earle, and Taplin 2001), to rely on harmonious rather than contentious relationships (Howorth and Ali 2001), to utilize social capital and trust (Perricone et al. 2001), and to establish mentoring relationships (Goldberg 1996) fosters a successful transfer. A precondition is the outgoing generation's benevolence by passing the leadership to the next generation. This benevolence is rewarded by confirming the outgoing generation's legacy within the family and possibly the wider community (Janjuha-Jivraj and Spence 2009).

Development of successors' leadership skills can be promoted by external advisors. Advisors facilitate the process through which a successor's leadership is gradually accepted by all actors involved by taking on a transitional leadership role alongside incumbent leaders and the selected successor. This serves as a bridge between the former and the new leadership configuration in family firms (Salvato and Corbetta 2013).

On the business level, effective succession depends on individuals' abilities to continue to sustain the viability of the business (Goldberg 1996). Interactions between members involved in leadership transfer processes can either foster or impede the transition of power—depending on how family members cope with power structures and depending on their relationships, both individually and as a group—so in order to assess and balance all such interactions, transfer processes should reflect multiple perspectives within the family and the business (Haberman and Danes 2007). In addition, if a successor must buy into the family business, he or she will be more likely to appreciate the rules that allowed him or her to lead the business, and thus more likely to value the business more highly and less likely to sell it due to high financial or behavioral sunk costs (Shepherd and Zacharakis 2000).

Culture also affects the nature of the leadership transfer. South Asian family businesses are a case in point: The next generation's interest in taking over the business is largely affected by education, external employment opportunities, growth expectations for the business, strong dependence on co-ethnic customers, and the availability of other succession options such as buyouts and trade sales (Bachkaniwala, Wright, and Ram 2001). In Chinese family business transitions, Confucian values are a factor. These values, which include, for example, respectful family relationships, are related to stronger acceptance of succession decisions (Yan and Sorenson 2006). Cultural differences also lead to differences in successors' prerequisites. For example, in contrast to Anglo-American cultures, in Portugal, less educated, less experienced, and less qualified sons are preferred over better educated daughters (Howorth and Ali 2001).

Three methods of transferring leadership are conceivable: balance, imbalance and disintegration from inadequate exploration, and imbalance and disintegration due to the continuance of the business. Balance fosters the continuance of the family business, while imbalance is more likely to lead to its disintegration (Murray 2003). Lambrecht (2005) revealed five ways to transfer a business to the next generation. One, the successor takes the lead. Two, succession is initiated at the explicit request of the incumbent. Three, the successor has a sense of moral duty to engage in succession. Four, succession occurs by an institutionalized or at least previously decided way (e.g., primogeniture). Five, the incumbent give the successor a gentle push in the direction he or she perceives to be the best. Another option to transfer the business to the next generation may be added to Lambrecht's (2005) five pre-specified ways: succession may occur unexpectedly through the sudden death of the incumbent.

From a process perspective, the tasks related to the transfer of leadership to the next generation can be compared to a 4x100 relay race, with shared tasks that include sequence, timing, passing the baton, and communication. Interestingly, the conditions and events fostering a successful transfer of leadership do not necessarily enhance firm performance. Vice versa, the transfer of leadership may be impeded by events and circumstances dedicated to increase performance (Dyck, Mauws, Starke, and Mischke 2002).

How Tacit Knowledge and Social Capital Should Be Transferred

Research alluding to the question of *how the transfer of knowledge and social capital is managed* mainly focuses on the management level (Cabrera-Suárez et al. 2001; Giovannoni, Maraghini, and Riccaboni 2011; Steier 2001). However, the competitive advantage of family businesses often involves tacit knowledge that is experienced solely by family members (Lee et al. 2003). A challenge to succession is therefore the transfer of this knowledge to the designated successor (Jaskiewicz, Uhlenbruck, Balkin, and Reay 2013). Cabrera-Suárez et al. (2001), using the resource-based view, developed an integrative model that asserts that knowledge transfer is affected by the business and the family context, the quality of the predecessor-successor relationship, and the training of the successor. Jaskiewicz et al. (2013) proposed that tacit knowledge management can be more effective in the context of family than non-family business. The authors elaborated on this point, in that high-quality social exchange relationships are most common among family members. Such relationships are critical in order to understand, share, and protect tacit knowledge. When considering that tacit knowledge can be a critical resource for competitive advantage and organizational success (e.g., Coff, Coff, and Eastvold 2006), we understand why its transfer in the context of succession remains an important research topic in family business research.

Steier (2001) examines how social capital is managed and transferred. Social capital, defined as “the actual and potential resources individuals obtain from knowing others, being part of a social network with them, or merely from being known to them and having a good reputation” (Steier 2001, 260), can be created, transferred, and managed in four ways: one, in an unplanned, sudden succession; two, in a rushed succession; three, in a natural immersion; and four, in a planned succession and deliberate transfer. Further, there are seven means of managing social capital, including deciphering existing network structures, attaining legitimacy, using management accounting practices to provide a shared language, and clarifying optimal roles. In the case of a planned and deliberate transfer (Steier 2001), the use of management accounting practices that provide a shared language represents a key tool in the transfer of knowledge, especially if a successor from outside the family is appointed (Giovannoni et al. 2011).

In summary, effectively sharing tacit knowledge and social capital with the designated successor can be critical for his or her future success in the family firm.

Research Gap: The Role of Shocks

Existing research has provided many important insights on how ownership, management, tacit knowledge, and social capital should ideally be passed on to a successor. However, in reality, a large percentage of these transfers fail because of unforeseen shocks and resulting complications. Therefore more research is needed on how shocks such as illness, depression, addiction, and death of the predecessor or successor can adversely affect the exploration and implementation of each of these transfers. Similarly, whether and how familial issues (e.g., divorce, marriage, parenthood) and environmental issues (e.g., a change in inheritance tax laws, an introduction of governance codes that restrict family involvement in firms) can derail these crucial transfers requires more attention in research.

Now, after having discussed the third stage of the succession process, we move on to the fourth of five stages: the incumbent's withdrawal.

The Incumbent's Withdrawal (Stage 4)

Research on the incumbent's withdrawal focuses on resulting *threats and opportunities for the business* and *the predecessor's new role in the business.* Most studies focus on dimensions that pertain to the individual and organizational (namely, family and business) levels of analysis.

Threats and Opportunities for the Business

After the transition of the business to the successor is complete, conflicts between a predecessor and successor often emerge because of a lack of trust in the successor, insufficient communication, changes in leadership style and business strategy, the predecessor's reluctance to cede his or her informal power, and/or the predecessor's continued involvement in important decisions (Harvey and Evans 1995). Questions of how the predecessor retires and how his or her future roles are defined are also essential. The predecessor's age affects the time of withdrawal (Kim and DeVaney 2003; Marshall et al. 2006). When owner-managers have a better education, more income, and more tax-deferred retirement accounts, and when they work more hours per week, they tend to retire earlier (Kim and DeVaney 2003).

The Predecessor's New Role in the Business

The withdrawal stage represents an important time for predecessors. During a shared leadership phase, the predecessor acts as a supervisor, teacher, and/or introducer. These roles change during the withdrawal stage: The predecessor should now act as an administrator, symbol, and safeguard, thus as a type of consultant (Cadieux 2007). However, many predecessors seek a transfer of leadership to another person while retaining ownership, hence, "Controlling ownership may be symbolic of the owner's ultimate resistance to letting go" (Brun de Pontet et al. 2007, 349). More studies exploring this topic would be desirable.

Research Gap: Cross-Cultural Differences Regarding the Predecessor's Withdrawal

While research has focused on how withdrawal by the predecessor affects both his or her relationship with the successor and the family business, little is known about what triggers this withdrawal. Thus an analysis of how the predecessor's withdrawal could be triggered, managed, and completed across family firms and cultures would not only fill this gap but also offer important insights into the least disruptive and most beneficial processes for family firms.

While most research assumes the succession process ends at this fourth stage, more recent studies point to the need to add a fifth stage: post-succession (Le Breton-Miller et al. 2004).

Post-Succession (Stage 5)

Studies on post-succession performance focus on *what predicts an effective succession, how succession affects firm performance,* and *what ensures satisfaction from succession.* Factors for individual, family, business, and management levels are often considered. Conversely, ownership and environmental aspects remain largely overlooked. These latter two factors, however, can play major roles in failed succession processes.

What Predicts an Effective Succession?

Successful business transitions require a combination of individual-, family-, and management-level factors. The preparation level of heirs, leader personality, family and business culture, the quality of the relationship between predecessor and successor, and family business managers' planning and control activities predict whether a transition will be successful (Fahed-Sreih and Djoundourian 2006; Morris, Williams, Allen, and Avila 1997). When heirs are well-prepared, family relationships are trust-based and affable, and families engage in financial planning, successions tend to be smoother. Accordingly, characteristics of intra-family relationships are important drivers of effective successions (Morris et al. 1997).

How Succession Affects Firm Performance

Both the definition and measurement of succession-time and post-succession firm performance differ across studies. Frequently used variables include financial structure, sales, asset growth (King 2003; Mitchell, Hart, Valcea, and Townsend 2009; Molly, Laveren, and Deloof 2010; Morris et al. 1997), employment growth (Diwisch, Voithofer, and Weiss 2009; Morris et al. 1997), perceptions of succession effectiveness or firm growth (Eddleston, Kellermanns, Floyd, Crittenden, and Crittenden 2013; Venter, Boshoff, and Maas 2005), and longevity/continuity (Fahed-Sreih and Djoundourian 2006).

The study of succession-time and post-succession performance has led to mixed results. Based on objective financial data, some authors argue that there is no relationship between the nature of the transition process and post-succession performance (Molly et al. 2010; Morris et al. 1997). However, studies based on individual perceptions of profitability report other results. For instance, Venter et al. (2005) showed that profitability is influenced by a successor's willingness to take over the firm, his or her level of preparation, and the quality of the relationship between the successor and the predecessor.

Additional succession-time and post-succession firm performance measures include the level of firm debt and growth (Amore, Minichilli, and Corbetta 2011; Chittoor and Das 2007; Molly et al. 2010) and the change of the number of employees (Diwisch et al. 2009). Chittoor and Das (2007) asserted that the professionalization of management, defined as the transfer of management control to a non-family manager, leads to superior succession-time firm performance. This finding lends support to the assertion that separation of ownership and management results in improved firm performance (Burkart et al. 2003), while intra-family successions tend to be negatively related to firm performance. Family-CEO underperformance is particularly high in fast-growing industries, in industries with a highly skilled labor force, in relatively large firms, and in firms with foreign ownership (Bennedsen et al. 2007; Chung and Luo 2013). In contrast, on average, firms managed by non-family CEOs fail to show improvements in firm performance for some time only when they need to restructure poorly performing companies after succession (Cucculelli and Micucci 2008; Pérez-González 2006).

The transfer from the first to the second generation negatively influences a firm's debt. This effect is reversed in transitions to later generations. Firm growth decreases after the handover from the first to the second generation. However, in successions to later generations, no effect on growth can be identified (Molly et al. 2010). The appointment of a non-family CEO causes a significant increase in debt financing around succession. The increase in debt is greater when the firm is younger and fast-growing, when the family exerts influence on managerial decision-making through the board of directors, and when the new CEO has limited access to alternative funding sources (Amore et al. 2011). Finally, Diwisch et al. (2009) revealed significant and positive employment growth effects post-succession.

The successor's capability is related to an increase in sales in the third year after succession (King 2003). Successor discretion, defined as the extent to which a successor is able and willing to formulate, modify, and enact plans for the renewal of the company, affects the degree to which successors are able to take the risks necessary to maintain the family firm's entrepreneurial edge and maximize family wealth. Put differently, there are individual-level differences in successor discretion that are influenced by firm-level factors such as wealth preservation-based inertia, post-succession predecessor involvement, and "familiness" (Mitchell et al. 2009).

Inconsistent findings may be due to the fact that the relationship between antecedents and post-succession performance is contingent on yet unknown factors. For example, economic context (e.g., developed versus emerging economies) might influence the relationship between successor choice and firm performance. The research of Chung and Luo (2013) yielded a result seemingly in keeping with this economic-context notion: Although outsiders outperform family successors in firms with high family ownership and in group-affiliated firms, the researchers found that outsider performance premium was significantly reduced in Taiwan, a developed country. Another possible contingency factor is the generation managing the firm. For example, strategic and succession planning may fuel firm growth, but they are most conducive to growth in firms transitioning to the second generation; they do not strongly nurture growth in firms transitioning to the third generation. In fact, while *succession* planning can somewhat promote growth in third-or-later-generation family firms, *strategic* planning appears in these situations to be negatively related to growth (Eddleston et al. 2013).

Altogether, these results, depicted in Table 2, illustrate Blumentritt, Mathews, and Marchisio's (2013) assertion that post-succession performance is driven by a great variety of more or less interdependent individual decisions and contextual factors. These findings also echo Mazzi's findings on the family firm-performance linkage, that "the relationship is complex and very likely to be moderated or mediated by factors not included in the analysis" (2011, 176). The results thus bear potential for future studies considering multiple levels of analysis. A contingency approach may therefore be interesting if we assume that there is no single best way to achieve satisfactory post-succession performance for family firms in general.

Insert Table 2 about here

What Ensures Satisfaction From Succession?

Studies examining this question focus on the individual and management levels of analysis. Five antecedents lead to a satisfactory intra-family succession, namely, the predecessor's propensity to step aside, the successor's propensity to take over the business, succession planning, an agreement to continue the business, and the acceptance of individual roles (Sharma, Chrisman, and Chua 2003a; Sharma, Chrisman, Pablo, and Chua 2001; Venter et al. 2005).

If a suitable family successor is not available, a management buyout (MBO) or a management buy-in (MBI) may be viable options. In these cases, drivers of satisfactory succession outcomes are low information asymmetries, high levels of trust, good relationships, and coordinative forms of negotiation behavior. Compared to intra-family succession, process- rather than individual-level factors drive satisfaction; that is, the way the MBO/MBI process is conducted is decisive (Howorth, Westhead, and Wright 2004).

Research Gap: Failed (Family) Succession

While most studies focus on effective successions and their drivers, for far too long, researchers have ignored the fertile research ground stemming from family businesses that failed at succession. Focusing on *factors impeding intra-family succession* and an analysis of teaching-oriented case studies, De Massis et al. (2008) specified five categories of factors that impede succession: individual-level factors that are either successor- or predecessor-related (e.g., a potential successor's lack of ability or motivation); relational factors (e.g., conflicts in parent-child or other family relationships, or a lack of trust in and commitment to potential successors); financial factors (e.g., inability to sustain the tax burden or to find financial resources for payouts to possible heirs); contextual factors (e.g., a change in business performance or the loss of key customers or suppliers); and process factors (e.g., inadequate communication or a misleading evaluation of the gaps between business needs and the potential successor's abilities).

Miller, Steier, and Le Breton-Miller (2003) identified three patterns of failed successions. The first pattern is a conservative succession characterized by a newly appointed CEO who is still depending on his or her predecessor. The shadow of the parents guides strategies and organizations that are locked in the past. The second pattern, is a wavering succession in which the newly appointed CEO wants to put his or her stamp on the business but is uncertain about how to proceed. This uncertainty leads to indecision and a reversal of the new CEO's initiatives. The third instance is the rebellious succession, in which the newly appointed CEO rejects the predecessor's legacy and past practices.

Taken together, these past studies show that individual, familial, and organizational factors can impede the effectiveness of successions. However, the existing research also illustrates that little is yet known about how the dispersion of family ownership before and after succession affects whether succession fails or succeeds. For instance, will the equal division of firm ownership among next generation members undermine the successor's positive results with the family firm? Similarly, little is known about how environmental aspects shape succession outcomes. Inheritance tax laws, prevalent cultural norms, and common family traditions incentivize families to decide on a particular succession route. But just because a chosen route appears familiar or obvious, it is not necessarily the one that will most likely lead to an effective succession. More research is needed on these topics.

Discussion

A plethora of studies have focused on succession in family firms. Similarly, various reviews of the body of succession research have summarized what we know and what still needs to be studied. In this review, we have built upon prior work; yet at the same time, our work differs from past reviews in important ways.

First, we believe that succession research has been over-published but under-studied. While research standards have increased over the last decades, many older studies on succession use basic methodological standards at best. In contrast to past reviews, our study is the first to provide a comprehensive review of succession research that adhered to reasonable methodological standards, as set by Tranfield et al. (2003). Our review thereby lays a potentially stronger, though smaller, foundation for what we know about succession.

Second, prior reviews have focused on particular aspects of succession, such as antecedents (De Massis et al. 2008; Le Breton-Miller et al. 2004), psychological factors (Filser et al. 2013), and factors pertaining to management succession (Brockhaus 2004; De Massis et al. 2008; Long and Chrisman 2013). In contrast, we describe succession as a process involving management and ownership succession, and synthesize insights from studies independent of their levels of analysis. Moreover, Le Breton-Miller et al. (2004) explained that succession encompasses five stages, namely, *preparation*, *choice of a successor*, *exploration and implementation*, *incumbent owner-manager withdrawal*, and *post-succession*. Most reviews, however, focus on the first four stages at best. The most recent review on family succession research that we considered (De Massis et al. 2008), for instance, focuses on factors that prevent succession, and thereby necessarily excludes the final stage, post-succession. Our review thus goes beyond prior reviews on the topic by looking at the entire succession process and across levels of analysis.

Third, we not only draw a more complete (and solid) map of succession knowledge, but also provide an updated overview of research gaps that still require attention. Our holistic view of succession aims to overcome the isolated analyses of single factors at particular stages of the succession process in order to employ a more integrated approach that sheds light on the interactions and interdependencies of factors across stages of the succession process and across levels of analysis. We elaborate on this point in the following section.

Implications

A Holistic Framework for Studying Family Firm Succession

Our literature review shows that in addition to economic factors (e.g., Bachkaniwala et al. 2001; Giovannoni et al. 2011; Pérez-González 2006), psychological factors (e.g., García-Álvarez et al. 2002; Haberman and Danes 2007; Sharma and Rao 2000), and sociological factors (e.g., Howorth and Ali 2001; Perricone et al. 2001) on the individual and organizational levels of analysis, factors on the environmental level (i.e., the strength of market institutions, prevalent corporate governance rules, non-preventive tax laws; Bjuggren and Sund 2001; Burkart et al. 2003; Chung and Luo 2013; Ellul at al. 2010) need to be considered in succession research. Only when holistic models capture all of these factors across levels of analysis can a more in-depth understanding of succession processes, their antecedents, and their outcomes be gained.

We suggest that intra-family succession is "effective" if the family preserves its influence on the business, if the business is thriving, and if the family is flourishing. As a result, first, the family must identify practices that allow it to preserve influence on the business in the long run (e.g., Janjuha-Jivraj and Woods 2002; Mandelbaum 1994; Sardeshmukh and Corbett 2011; Tatoglu et al. 2008). Ideally, the family and its business are rooted in an environment that supports the development of such practices (e.g., Bennedsen et al. 2007; Bjuggren and Sund 2002; Carney et al. 2014).

Second, based on the establishment of such practices, a potential family heir must consider the current situation and potential future of the firm in her or his decision about whether or not to join the family business (e.g., Bachkaniwala et al. 2001; Bennedsen et al. 2007; Goldberg 1996; Kirby and Lee 1996). The more qualified the potential heir is, the more relevant the pre-succession growth and performance of the family business will be to his or her decision to join.

Third, the family needs to be flourishing. Specifically, it should be perceived as supportive, harmonious, and cohesive by potential family heirs (e.g., Jaskiewicz, Combs, and Rau 2015; Lansberg and Astrachan 1994; Perricone et al. 2001) to maximize the chances of winning over a potential heir. For instance, prescribed gender roles regularly dissuade competent female potential heirs from joining the business, reducing the potential size of the pool of family successors by roughly half (Overbeke et al. 2013).

Related to the third point, we believe that a variety of norms, values, and goals contribute to succession. For instance, a major stream of family business research focuses on socioemotional wealth (SEW)—the affective value that family members derive from firm control (Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, and Moyano-Fuentes 2007). The prevailing paradigm within this stream of research is that a family's pursuit of SEW hurts performance and thereby undermines the long-term sustainability of the firm. We encourage researchers to study the role of SEW in the context of succession, but also ask them to do so in more holistic ways: First, recent studies show that only some families are able to pursue simultaneously socioemotional and economic goals during the succession process (Jaskiewicz, Heinrichs, Rau, and Reay 2015). Future research will therefore need to analyze how organizational succession processes can encompass the pursuit of socioemotional and financial goals. Second, researchers commonly think of SEW as an antecedent of firm performance or an outcome of family influence. In the context of succession, researchers might consider the successful pursuit of SEW as an important antecedent of effective family succession and an important indicator of cohesive families. Maybe it is through the pursuit of SEW that families can maintain their strong identification with the firm, motivate the next generation to consider a career in the family business, and nurture the affective commitment of family members working in the firm (Deephouse and Jaskiewicz 2013). In summary, holistic succession research needs to import novel paradigms from other research contexts in order to broaden and refine existing theory. A holistic approach, however, will not ignore the complex web of intricate linkages that might exist between the pursuit of SEW, for example, and pertinent factors across the five stages of succession and various levels of analysis.

Based on this general framework, we encourage future researchers to consider the many interactions between factors across levels of analysis and stages of the succession process. For instance, potential conflicts may spill over from the business to the family because of the chosen succession process. One such scenario considers institutionalized succession rules, such as primogeniture, which have an impact on the family and its members. In the case of primogeniture, the first-born knows that he or she will become the leader of the family business, while all other offspring can independently choose their future paths. By contrast, when children compete for succession, such competition can lead to siblings following similar educational paths, as well as to ongoing competitive aggressiveness that, in turn, might result in a high propensity to take risks in order to become the designated successor. Put differently, what appears right for the business is not necessarily right for the family and vice versa. Recent studies on succession in family firms indicate that only about one-third of families are able to institutionalize succession processes that strengthen both the business and the family; the rest damage the family, the business, or both (Jaskiewicz, Heinrichs, et al. 2015). By considering such interactions, future research will hopefully succeed at identifying safe paths through the maze that succession processes represent to most family firms. We use the context of family in the following section to draw attention to an exciting and largely neglected dimension that needs to be considered in more detail in future research on succession.

Research on the Role of Families in Succession

Our literature review illustrates the multidisciplinary character of succession research. Other disciplines, such as family science (James, Jennings, and Breitkreuz 2013), psychology (Filser et al. 2013), and business history (Colli 2013), can provide additional insights. For instance, following James et al. (2013), we plead for a stronger focus on the effects of family structure and involvement on the succession process in order to increase our knowledge about the circumstances under which the family's impact on succession is likely to be positive and when this impact is likely to be negative. "Transformation in the general context in which economic activity takes place (market dynamism, technology, institutional and legal settings) can either emphasize the positive role of family ties and trust creation, or the negative effects of excessive 'familism'" (Colli 2013, 581). In a similar vein, Bennedsen et al. (2007) showed that overall gender composition of potential family heirs affects the choice between a family and a non-family CEO. Mehrotra, Morck, Shim, and Wiwattanakantang (2013) provided insights into the instruments that Japanese families use to keep their businesses in the family across generations. Adult adoption and arranged marriages are legitimate tools when family heirs are not available or when potential family successors lack the necessary talent and/or education to run the business successfully. Although the cultural embeddedness of these findings arouses suspicion about their generalization across countries, Mehrotra, Morck, Shim, and Wiwattanakantang (2011) indicated that these mechanisms might also work in countries other than Japan.

These findings advance the idea of viewing families as organizations in themselves (Klein 2008). Although the family is the defining element that differentiates a "family firm" from a "non-family firm," until now, its perceived impact on succession has primarily been based on the characteristics of the relationship between the predecessor and the successor (e.g., Cabrera-Suárez et al. 2001; Cater and Justis 2009; Fahed-Sreih and Djoundourian 2006; Goldberg 1996; Ibrahim et al. 2001). Intercultural comparisons need to go beyond this status quo. For instance, future research should shed light on the effects of parallel and sequential marriages on successor preparation and selection.

Overall, many valuable insights on particular aspects of succession have been gained, but we lack a holistic theory that considers interactions between factors at all levels of analysis across all stages of the succession process. The future therefore holds many promising avenues that will allow us to not only expand our understanding of succession processes in family firms, but also to help family firms succeed in these transitions.

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Table 1. Studies on Succession According to Process Stages and Levels of Analysis

Succession Process Stages		Central Questions	Studies [Methods]	Levels of Analysis					
				Individual	Organizational				Environmental
					Family	*Business*	*Management*	*Ownership*	
Preparation	Intention and Decision to Join	What drives the next generation's decision to join and take over the family business?	Dumas et al. (1995) [ql]	x	x		x		
			Stavrou and Swiercz (1998) [qn]	x	x	x			
			Stavrou (1999) [qn]	x		x			
			Sharma and Irving (2005) [con]	x					
			Vera and Dean (2005) [ql]	x	x	x			
			Schröder et al. (2011) [qn]	x					
			Overbeke et al. (2013) [ql]	x			x		
	Succession Planning	How do internal and external factors affect the importance and extensiveness of succession planning? How are these factors managed?	Fiegener et al. (1994) [qn]		x	x	x		
			Harvey and Evans (1994) [con]		x	x	x		
			Lansberg and Astrachan (1994) [qn]		x				
			Mandelbaum (1994) [qn]				x		
			Fiegener et al. (1996) [qn]			x			
			Harveston et al. (1997) [qn]	x		x		x	
			Davis and Harveston (1998) [qn]	x	x	x	x	x	
			Berman-Brown and Coverly (1999) [qn]	x	x			x	
			Janjuha-Jivraj and Woods (2002) [ql]		x		x		x
			Sharma et al. (2003b) [qn]	x	x		x		
			Westhead (2003) [qn]	x		x	x	x	
			Marshall et al. (2006) [qn]	x			x		
			Motwani et al. (2006) [qn]		x		x		
			DeNoble et al. (2007) [ql]	x					
			Tatoglu et al. (2008) [qn]				x		x
			Gagné et al. (2011) [qn]	x					
			Sardeshmukh and Corbett (2011) [qn]	x					
	Socialization	How are potential successors socialized in the family business?	García-Álvarez et al. (2002) [ql]		x		x		
Successor Choice		To what extent is the decision to select a successor influenced by a candidate's attributes and by organizational characteristics and needs?	Kirby and Lee (1996) [qn]			x	x		
			Keating and Little (1997) [ql]		x				
			Chrisman et al. (1998) [qn]	x					
			Sharma and Rao (2000) [qn]	x					
			Lee et al. (2003) [con]	x	x		x		x
			Royer et al. (2008) [qn]				x		
			Aguilera and Crespi-Cladera (2012) [con]	x			x	x	

Table 1 (*continued*)

Succession Process Stages		**Central Questions**	**Studies [Methods]**	**Levels of Analysis**					
				Individual	**Organizational**				**Environmental**
					Family	***Business***	***Management***	***Ownership***	
Exploration and Implementation	**Transfer of Knowledge and Social Capital**	How can the transfer of knowledge and social capital be managed?	Cabrera-Suárez et al. (2001) [con]	x		x	x		
			Steier (2001) [ql]				x		x
			Giovannoni et al. (2011) [ql]				x		
	Transfer of Leadership	When and how should leadership be transferred to the next generation? What barriers exist? What are the determinants of a successful transfer of leadership? How can the transfer of leadership be managed?	Goldberg (1996) [qn/ql]		x	x	x		x
			Kimhi (1997) [con]	x			x		
			Matthews et al. (1999) [con]	x					
			Shepherd and Zacharakis (2000) [qn]			x			
			Bachkaniwala et al. (2001) [ql]			x	x		x
			Howorth and Ali (2001) [ql]			x	x		
			Perricone et al. (2001) [ql]		x		x		x
			Dyck et al. (2002) [ql]				x		
			Murray (2003) [ql]				x		
			Lambrecht (2005) [ql]	x	x				
			Yan and Sorenson (2006) [con]						x
			Haberman and Danes (2007) [ql]	x			x		
			Cater and Justis (2009) [ql]		x	x	x		
			Janjuha-Jivraj and Spence (2009) [con]		x		x		
			Ellul et al. (2010) [qn]				x		x
			Salvato and Corbetta (2013) [ql]	x	x		x		
	Transfer of Ownership	What are the nature, characteristics, and effects of family relationship dynamics on the transfer of ownership? How do internal and external challenges affect ownership transition?	Dunn (1999) [ql]	x	x				
			Bjuggren and Sund (2001) [con]						x
			Bjuggren and Sund (2002) [con]						x
			Burkart et al. (2003) [con]				x		x
			Thomas (2002) [ql]				x		
			Bjuggren and Sund (2005) [con]						x
			Brun de Pontet et al. (2007) [qn]	x			x		
			Wiklund et al. (2013) [qn]	x	x	x	x		
Incumbent's Withdrawal		What problems need to be addressed after management and ownership have been passed to the next generation? How does a predecessor's role change?	Cadieux (2007) [ql]	x					
			Kim and DeVaney (2003) [qn]	x	x	x	x		
			Harvey and Evans (1995) [con]	x	x		x		

Table 1 (*continued*)

	Succession Process Stages	Central Questions	Studies [Methods]	Levels of Analysis					
				Individual	Organizational				Environmental
					Family	*Business*	*Management*	*Ownership*	
Post-Succession	**Satisfaction**	What drives satisfaction with succession in family businesses?	Sharma et al. (2001) [con]	x			x		
			Sharma et al. (2003a) [qn]	x			x		
			Howorth et al. (2004) [ql]				x	x	
	Post-Succession Perfor-mance	What are the determinants of a successful business transition? How does succession affect family business performance?	Morris et al. (1997) [qn]	x	x		x		
			King (2003) [qn]	x					
			Stavrou et al. (2005) [qn]	x	x		x		
			Venter et al. (2005) [qn]	x			x		
			Fahed-Sreih and Djoundourian (2006) [qn]		x		x		
			Pérez-González (2006) [qn]		x	x	x		
			Bennedsen et al. (2007) [qn]		x	x	x		
			Chittoor and Das (2007) [ql]				x		
			Cucculelli and Micucci (2008) [qn]			x	x		
			Diwisch et al. (2009) [qn]			x			
			Mitchell et al. (2009) [con]	x					
			Molly et al. (2010) [qn]			x			
			Amore et al. (2011) [qn]			x	x		
			Blumentritt et al. (2013) [con]	x		x	x		
			Chung and Luo (2013) [qn]	x	x	x	x	x	x
			Eddleston et al. (2013) [qn]			x	x		
	Failed Succession	What factors impede intra-family succession??	Miller et al. (2003) [ql]	x	x	x	x		
			De Massis et al. (2008) [con]	x	x	x	x	x	x
	General Process	What factors affect and are affected by the succession process in general?	Rubenson and Gupta (1996) [con]	x					
			Santiago (2000) [ql]		x	x		x	x
			Ibrahim et al. (2001) [ql]	x	x		x		
			Cadieux et al. (2002) [ql]	x	x		x		
			Wasserman (2003) [ql/qn]			x		x	
			Lam (2011) [ql]	x					
	Reviews on Succession		Handler (1994) [con]	x	x	x	x	x	x
			Brockhaus (2004) [con]	x	x	x	x	x	x
			Le Breton-Miller et al. (2004) [con]	x	x	x	x	x	x
			Bagby (2004) [con]				x		
			Nordqvist et al. (2013) [con]	x	x	x	x	x	

Notes: con = conceptual; qn = quantitative; ql = qualitative. Studies are grouped in chronological order.

Table 2. Factors Affecting Post-Succession Performance

Studies	Sample	Independent variables	Dependent variables	Findings
Morris et al. (1997)	209 heads of family firms; U.S.A.	preparation of heirs, family and business relationships, planning and control, characteristics of the transition	post-transition performance (financial structure, sales, asset growth)	Family business transitions occur more smoothly when heirs are better prepared, relationships among family members are trust-based and affable, and family businesses engage in more planning for taxation and wealth transfer purposes. Post-transition performance is positively affected by the education level of the heirs.
King (2003)	29 predecessors and successors; U.S.A.	successor capability	adjusted gross sales	To the extent that business size and complexity change over the three years following succession, there is a significant tendency for businesses with successors of higher potential capabilities to show a growth in adjusted sales. Businesses with successors of lower capabilities show either lower growth or an actual reduction in adjusted sales growth.
Stavrou et al. (2005)	30 leaders of family firms; Cyprus	leader personality, cultural configuration (firm, family, board), success factors	success of the transition	Successful intergenerational transitions in family firms involve collaborative family and participative business cultures. This cultural configuration is related mostly to Extraverted-Sensing-Thinking-Judging leaders. A shift in the board culture between the generations may suggest a necessary change for the firm's growth and long-term success.
Venter et al. (2005)	332 owner-managers and successors in SMEs; South Africa	willingness to take over, rewards, trust, needs alignment, relation between owner-manager and successor, family harmony, preparation level	perceived success of the succession process (satisfaction, continued business profitability)	Successor-related factors affecting satisfaction are the willingness of the successor to take over and the relationship between the owner-manager and the successor. Profitability is affected by the willingness of the successor to take over the business, the preparation level of the successor, and the relationship between the successor and the owner-manager. The relationship between the owner-manager and the successor is influenced by the extent to which interpersonal relationships in the family are harmonious.
Fahed-Sreih and Djoundourian (2006)	114 family firms; Lebanon	planning and control, family relations, attitudes	firm age: young versus mature	Older firms are more inclined to use a participatory decision-making process, as evidenced by more reliance on advisory boards. A larger proportion of older firms relative to younger ones hold family meetings and have formal redemption and liquidity plans.
Pérez-González (2006)	335 management transitions; U.S.A.	CEO succession, inherited control	firm performance (operating ROA, net income to assets, market-to-book ratio)	Promoting family CEOs in publicly traded corporations significantly hurts performance. Declines in performance are pertinent in firms that appoint family CEOs who did not attend a selective undergraduate institution. Comparable firms that promote non-family CEOs do not experience negative changes in performance.
Bennedsen et al. (2007)	5,334 CEO successions; Denmark	CEO succession, number of spouses, number of children, gender ratio, gender of first child	firm performance (ROA, ROCE, likelihood of bankruptcy and liquidation)	The gender of the first child is unlikely to affect firm outcomes. Family successions have a negative effect on firm performance. Family-CEO underperformance is high in fast-growing industries, industries with a highly skilled labor force, large firms, and firms with foreign ownership. Professional, non-family CEOs provide valuable services to the organizations they head.
Chittoor and Das (2007)	3 family business groups; India	professionalization of management	post-succession performance	Succession to a non-family manager has a positive effect on performance. Four mechanisms enhance performance: (1) planned exit mechanisms for family members; (2) a successor with moderate experience within the business; (3) key professional managers on the board of directors; and (4) moderate ownership of key managers in the business.

Table 2 (*continued*)

Studies	Sample	Independent variables	Dependent variables	Findings
Cucculelli and Micucci (2008)	229 family firms; Italy	CEO succession, inherited management, sectoral level of competition	firm performance (ROA, ROS)	Inherited management negatively affects performance. This decrease is concentrated among founder-run firms that outperform sectoral average profitability before succession. The decrease in post-succession performance is larger for heir-managed firms than for companies managed by unrelated CEOs.
Diwisch et al. (2009)	1,101 family firms; Austria	completed successions, planned successions	employment growth	Succession has a significant and positive effect on employment growth, which becomes stronger over time. However, there is no significant difference in employment growth between firms that plan to transfer the firm in the next 10 years and those that do not, thus authors reject the "shadow of succession" hypothesis.
Mitchell et al. (2009)	n/a	successor discretion	productive change	Successor discretion can affect productive change following succession in a family business.
Molly et al. (2010)	152 SMEs; Belgium	family business transfer in first and later generations	debt rate, firm growth (operating ROA)	A transfer from the first to the second generation negatively influences the firm's debt rate. Successions between later generations positively affect debt. In first-generation firms, growth decreases after the transition, whereas in next-generation firms, there is no effect on growth. A family firm's profitability is not significantly affected by succession.
Amore et al. (2011)	2,484 family firms; Italy	CEO succession, financial and governance variations, debt and financial flexibility	financial policies	Appointing non-family CEOs causes an increase in debt financing. The increase in debt is greater when the firm is younger and fast-growing, the family has influence on managerial decision-making, and the incoming CEO has limited access to alternative funding sources. The increase in debt induced by professional successions occurs primarily when the incoming manager can exploit spare borrowing capacity.
Blumentritt et al. (2013)	n/a	individual choices	total family/firm welfare	Game theory provides a solid foundation from which to observe, explain, and make predictions about succession in family businesses. Game theory offers a means of observing actors through an integrated model that can account for interdependencies among actors and the ramifications of one actor's decisions on the decisions of others. The construction of utility functions forces a complete assessment of what is important to each actor.
Chung and Luo (2013)	4,316 firm-year cases (573 firms); Taiwan	successor origin, family involvement, business group, industry, foreign institutional investment	performance premium	Given the weak market for institutions, successors' access to social networks and the legitimacy conferred by important stakeholders are crucial to successors' abilities to garner resources and support, which in turn benefits firm profitability.
Eddleston et al. (2013)	107 family firms; U.S.A.	strategic planning, succession planning, generation	firm growth	The degree to which strategic planning and succession planning are associated with family firm growth depends on the generation managing the firm. Both forms of planning are most conducive to the growth of first-generation firms, but neither form of planning confers much growth for second-generation firms. For third-and-beyond generation firms, the benefits of succession planning tend to reemerge, whereas strategic planning is negatively associated with their level of growth.

Notes: Based on their dependent variables, 16 studies are classified as pertaining to post-succession performance. These studies are listed in chronological order.