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The Succession Experience of the Next Generation

Wendy C. Handler

Literature indicates that succession is critical to the future of a family firm. However, little is known about how the next generation actually experiences the process of succession. An in-depth biographical study of thirty-two next-generation family members indicates specific factors critical to succession. The findings are delineated in a framework that portrays these influences, their relationships, and the effect they have on the succession experience of next-generation family members.

Studies of succession in family firms dating back to the early work of Christensen (1953) have commonly recognized its importance for business continuity. Traditionally, the focus has been on the founder or owner as the central person in the family business system. The literature indicates that it is the founder or owner whose responsibility it is to adequately manage the transfer of power (see Barnes and Hershon, 1976; Danco, 1980, 1982; Davis, 1968; Schein, 1983; Levinson, 1974). Individual members of the family have often been lumped together as “the family” or “the family system.” Few empirical studies (see Birley, 1986; Blotnick, 1984; Patrick, 1985), anecdotal accounts (Correll, 1989), or conceptual analyses (Barnes, 1988; Friedman, 1991; Rogal, 1989) have focused on the experiences of next-generation family members and their relationship with their parent(s) (Davis, 1982; Dumas, 1990).

There are several important reasons for considering the members of the next generation associated with family businesses. First, one cannot assume that the motivation, desires, and concerns of next-generation family members are identical to or should be secondary to those of founders or owners in family firms. The specific nature of these individuals’ needs and the ways

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they are met in the family firm require attention. Furthermore, there is general agreement that the participation of the next generation in the organization is critical to the transfer of power between generations (Barach, Gantisky, Carson, and Doochin, 1988; Davis, 1982; Longenecker and Schoen, 1975, 1978; Nelton, 1986; Patrick, 1985; Ward, 1987). A better understanding of the experience of next-generation family members in the family firm is therefore called for. Finally, the most practical reason for studying these individuals is related to the statistics that exist on family firm succession—only 30 percent of family firms are thought to survive the transition to the second generation (Beckhard and Dyer, 1983). An inquiry into the experience of next-generation family members may increase awareness of what is needed to improve these odds.

For these reasons, the first systematic study of the next-generation family members' personal experience of succession in a family firm has been undertaken. The major product of the study is a framework that describes the factors shaping the succession experience from their perspective. This descriptive framework, which emerged through the systematic analysis of the personal accounts of next-generation family members, portrays two levels of influences on succession. In the next section, the research methodology is described briefly. The remainder of the article is a detailed analysis of the descriptive framework that emerged from the study; it outlines the factors that next-generation family members indicated were most critical to their experience in the family firm. In concluding, the implications of this study for research and practice are considered.

Research Method

The study involved the investigation of thirty-two next-generation family members associated with thirty-two firms. These individuals were interviewed with the intent of gaining an in-depth understanding of their experience. A description of the participants and of the data collection and analysis process follows. (Also see Appendix A for a more detailed discussion of the methodology.)

Participants. In designing the research, it was decided that a snowball sample (see Appendix) would be used made up solely of next-generation family members. Only one individual per organization was interviewed; this made it possible to do an in-depth study of next-generation family members across family businesses. In other words, the purpose of the research was to focus exclusively on what next-generation family members were experiencing personally. To interview more than one person from each firm would have changed the focus of the research from the individual to the relationship.

The sample was designed to be cross-sectional; it was made up of individuals at various points along two dimensions: (1) the life stage, and (2) the phase in the succession process. Designing the sample with reference
to these variables (see Table 1) made it possible to address research questions associated with the influence of life stage and the nature of the succession process. A summary of the sample is presented in Table 2.

**Data Collection and Analysis.** The primary means of gathering data was through an in-depth clinical interview that was designed for the study (see Exhibit 1). The participants were interviewed on two separate occasions, each lasting one and one-half to two hours. The first interview session sought to learn about the family firm, the individual's career history and present involvement in the firm, and future expectations. The second interview session was an in-depth exploration of the family. Individuals were asked to complete a family tree between interviews, in preparation for the second meeting.

In this session, a discussion of the family tree led into questions about family get-togethers, structure, roles and relationships, and situations where there was a lack of agreement with authority figures. The existence of family discussions concerning succession, and the relationship between life in the family and in the business, was also explored. All sessions were tape-recorded. Participants were also asked to complete and send back a questionnaire concerning their family system (Williamson, Bray, and Malone, 1982) at the end of the interview process. Process notes were taken immediately following each part of the interview.

The data analysis process was an ongoing creative experience that began with the first data collected. This involved the preparation of coding sheets that paralleled the interview guide for each participant; data, impressions, and hypotheses were indicated on these sheets. The files compiled for each member of the sample were read and reread, coded, and analyzed for specific themes that were common across the individuals. These themes served as the

### Table 1. Classifying the Theoretical Sample

<table>
<thead>
<tr>
<th>Adult Life Stage</th>
<th>Phase in the Succession Process</th>
<th>Personal Development</th>
<th>Business Involvement</th>
<th>Leadership Succession</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entering early adulthood (age 17-28)</td>
<td></td>
<td>n = 6</td>
<td>n = 8</td>
<td></td>
</tr>
<tr>
<td>Early adulthood (age 29-39)</td>
<td></td>
<td>n = 6</td>
<td></td>
<td>n = 7&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Entering middle adulthood (age 40-50)</td>
<td></td>
<td>n = 5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COLUMN TOTALS</td>
<td>N = 6</td>
<td>N = 19</td>
<td>N = 7</td>
<td></td>
</tr>
</tbody>
</table>

<sup>a</sup>The seven individuals in the leadership succession phase came from early adulthood and entering middle adulthood and therefore were ages 29-50.
### Table 2. Summary of the Sample

<table>
<thead>
<tr>
<th>Individuals</th>
<th>Phase of Succession Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>personal development</td>
</tr>
<tr>
<td>17–28</td>
<td>business involvement</td>
</tr>
<tr>
<td>29–39</td>
<td>leadership succession</td>
</tr>
<tr>
<td>40–50s</td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>female</td>
<td>real estate</td>
</tr>
<tr>
<td>male</td>
<td>food</td>
</tr>
<tr>
<td></td>
<td>sales</td>
</tr>
<tr>
<td></td>
<td>Wall Street</td>
</tr>
<tr>
<td></td>
<td>architecture</td>
</tr>
<tr>
<td></td>
<td>automotive</td>
</tr>
<tr>
<td></td>
<td>insurance</td>
</tr>
<tr>
<td></td>
<td>communications</td>
</tr>
<tr>
<td></td>
<td>other</td>
</tr>
<tr>
<td>Career Interest</td>
<td></td>
</tr>
<tr>
<td></td>
<td>low</td>
</tr>
<tr>
<td></td>
<td>low-moderate</td>
</tr>
<tr>
<td></td>
<td>moderate</td>
</tr>
<tr>
<td></td>
<td>moderate-high</td>
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<tr>
<td></td>
<td>high</td>
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<table>
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<th>Effectiveness of Succession</th>
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<td>low</td>
<td>5</td>
</tr>
<tr>
<td>low-moderate</td>
<td>7</td>
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<tr>
<td>moderate</td>
<td>9</td>
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<table>
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<th>Organizations</th>
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<tbody>
<tr>
<td>Industry</td>
<td></td>
</tr>
<tr>
<td>retail/wholesale sales</td>
<td>11</td>
</tr>
<tr>
<td>real estate</td>
<td>5</td>
</tr>
<tr>
<td>food/restaurant</td>
<td>4</td>
</tr>
<tr>
<td>insurance</td>
<td>3</td>
</tr>
<tr>
<td>automotive</td>
<td>2</td>
</tr>
<tr>
<td>printing</td>
<td>2</td>
</tr>
<tr>
<td>computer services</td>
<td>2</td>
</tr>
<tr>
<td>manufacturing</td>
<td>2</td>
</tr>
<tr>
<td>other</td>
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</tr>
<tr>
<td>Total</td>
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<table>
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<th>Years in Existence</th>
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<tr>
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<td>5–10</td>
</tr>
<tr>
<td>10–20</td>
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<tr>
<td>21–30</td>
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<tr>
<td>31–40</td>
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<tr>
<td>41–50</td>
</tr>
<tr>
<td>51–60</td>
</tr>
<tr>
<td>61–70</td>
</tr>
<tr>
<td>71+</td>
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</table>

<table>
<thead>
<tr>
<th>Size (Revenue in Millions of Dollars)</th>
<th></th>
</tr>
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<tr>
<td>(&lt; = 1)</td>
<td>6</td>
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<td>1–5</td>
<td>9</td>
</tr>
<tr>
<td>5–10</td>
<td>4</td>
</tr>
<tr>
<td>10–20</td>
<td>3</td>
</tr>
<tr>
<td>20–50</td>
<td>2</td>
</tr>
<tr>
<td>(&gt; 50)</td>
<td>3</td>
</tr>
<tr>
<td>Unsure</td>
<td>5</td>
</tr>
</tbody>
</table>

\(a\) All information was obtained through interviews—that is, self-reports.

\(b\) Some individuals have more than one career interest. Some families owned several firms in different industries.

\(c\) Generation-owner stands for the current generation that owns the firm.

\(d\) Effectiveness of succession was judged using a list of criteria generated from the literature as a checklist.
Exhibit 1. The Interview Guide

1. The family member’s career history and present involvement in the business, as well as future expectations
   A. Background on the firm
   B. Career history and present involvement in the family firm
      1. If not presently working in the business
         If job outside the family firm
         If in school
      2. If have worked part time in the family business
      3. If presently working or have worked in the family business
   C. Future expectations

(Complete Family Chart in Preparation for Interview Part 2)

2. In-depth Exploration of the Family
   A. Family structure
   B. In-depth exploration of family roles/interaction given a typical situation
   C. Reflection on roles/relationships
   D. In-depth exploration of a situation where there was a lack of agreement with authority figures
   E. In-depth exploration of an experience in the business involving family member(s)
   F. Family member structure and interaction in the business and in the family
   G. Critical incidents/problems

basis for the development of the framework highlighting the experience of the next-generation family member.

Results: A Descriptive Framework

The major results of the study are portrayed in a descriptive framework (Figure 1). This diagram presents the influences most central to the next-generation family members’ experience. Specifically, next-generation family members described various influences affecting the dependent variable—their quality of experience in the family firm. The quality of succession experience is defined as the degree to which one’s ongoing involvement in the family business is satisfying and productive from the perspective of the next-generation family member. Quality of succession experience considers how the next-generation family member personally experiences the succession process and therefore is a measure of internal fit.

The influences or independent variables affecting the quality of succession experience were categorized as individual influences and relational influences. Individual influences are forces from within the individual and therefore represent the intrapersonal level of analysis. Relational influences describe the individual in relation to others—specifically, other individuals in the family and the business. Relational influences thus represent the interpersonal and group levels of analysis. The purpose of the remainder of the article is to explain the range of influences impacting the experience of
succession and to provide examples of these influences—individual (that is, within the individual) and relational (that is, the individual in relation to others) from the perspective of the next-generation family member.

**Individual Influences.** Individual influences are those influences within the individual that impact one’s personal experience of the succession process. There are two individual influences—personal need fulfillment and personal influence (Figure 1). There are three components of personal need fulfillment associated with three distinct, yet related needs—career, psychosocial, and life stage. Each of these needs is explored, and the ability to personally influence their fulfillment in the context of the family business is also addressed.

**Personal Need Fulfillment.** Personal need fulfillment refers to the degree to which an individual’s needs can be met given opportunities in the context of the family business. The research finding associated with the concept of personal need fulfillment is stated as follows:
FINDING 1. The more a next-generation family member has achieved fulfillment of three needs (career, psychosocial, and life stage) given opportunities in the context of the family firm, the more likely it is that the individual will have a positive succession experience.

Individuals indicated three aspects of personal need fulfillment that impacted their quality of succession experience. The first component, known as career need fulfillment, is defined as the degree to which one's career needs were satisfiable in the context of the family business. Furthermore, the clarity or crystallization of career interest does increase as individuals move through life stages. Ten of the fourteen individuals entering adulthood (ages seventeen to twenty-eight) were unclear about what their plans for the future included. Five individuals at this early life stage talked generally about being successful or comfortable in the future but were unable to be more specific. And, interestingly, only seven of these individuals mentioned the family business as a possibility for five to twenty years in the future without being prompted.

Over time, individuals become aware of their own career interests and how well they can be met in the context of the family firm. Some individuals realize that there is a fit (or lack of fit) early in their career development. For example, one twenty-one-year-old individual recently tried working in the family textile business and quit after two days. She quit largely because of her lack of interest in business. Instead, she is majoring in communications in college, and she anticipates getting a job in public relations and eventually starting her own business. She feels she has given the business an adequate chance and has no interest in pursuing further involvement, given the poor fit between her interest in communications and the context of the family textile business. She explained that:

Business is just not my thing. Business per se, like that. True business—hard business, like you go into work everyday like “I’m going to make money.” That’s his kind of business: “I’m selling to make money.” Communications to me is more like “I’m going to do what I like to do, and in turn, I’ll be making money.”

Other next-generation family members may have had interests other than the family business, but they decided not to pursue them because they did not seem realistic. One individual (age twenty-one) was always interested in architecture and indicates that he would have studied it if the family furniture business had not been an option. He never did, however, because of his mediocre grades as well as the apparent interest he and others in his family had in the family business. He also indicated that what he personally likes about architecture—the opportunity to be creative, to build, and to design using space—can be satisfied in the family furniture business.
In the office furniture business, a lot is presentation. And I like presenta-
tion a lot. I love working on the computer; I have one at home. I've been
working on programs for the company, presentation programs.

Another individual (age twenty) explained that it would be hard to be
interested in something different from the family's interests. It seems that
next-generation family members are often "socialized" into the family
business; in other words, they become accustomed to what the family is
accustomed to in terms of career interests. This was a common finding; at
least half of the sample suggested that they would be involved in the same
type of business even if there were no family business. This suggests that the
family socialization process is a strong force influencing the development of
the individual's career interest or anchor (Schein, 1978). Even a twenty-year-
old male who had never worked in the family's store display business
indicated that working in business would be appropriate for him.

I find that . . . all my friends—regardless of if there's a family business or
whatever—want to do what their family wants to do just by virtue of the
fact that that's what they know. I could never see myself as being a doctor.
I have one relative that's a doctor and none of my parents' friends are
doctors. . . . Business is something that I've grown up with, and it seems
totally normal to me as a way of life and as what people do.

Those who have high career need fulfillment within the context of the family
firm tend to be personally invested, enthusiastic, and generally satisfied with
their experience in their family firm. One individual (age forty-four) has been
president and publisher of his family's newspaper business for eight years and
involved in the business for thirty-two years. He indicated that he always enjoyed
the newspaper business and feels that he would be working in publishing even
if his family did not have a business. He remembers "hanging around" in the
business when he was only about ten years old and reflects on these earlier years.

I can remember when I was in fourth grade I used to ride my bicycle down
to the old building . . . after school every day and just sort of hang around
and be a general pain in the neck, I'm sure. In the fourth grade I did that, and
I'm looking at my children now—one's just finishing the third grade and
the other one's just finishing the fifth grade—and that's when I was already,
really involved. . . . I loved it.

The second component associated with meeting one's personal needs
has to do with one's psychosocial need fulfillment—that is, the degree to which
an individual's need for personal identity is satisfiable in the context of the
family business. Other studies have suggested that sons and daughters can
have difficulty building their own identity in their father's shadow (Aberman,
1988; Davis, 1982; Dumas, 1988; Rosenblatt, de Mik, Anderson, and Johnson, 1985). This study found, in addition, that next-generation family members at each life stage tend to contemplate the question of whether they can meet their identity needs in the context of the family firm.

When psychosocial need fulfillment is low, individuals talked about feeling unimportant and without adequate responsibilities or ways of contributing to the organization. One's individuation or differentiation from one's parents (Williamson, Bray, and Malone, 1982) has important implications for one's quality of experience. For example, one individual (age twenty-one) described how his role in the family is very much a function of his relationship with his parents.

Although my relationship with my parents has developed and has grown tremendously over the years, I still see myself, to a very large extent, being a child, and them being my parents. That's a role that you're born into and is very difficult to escape from, try as hard as one might.

This individual's inability to conceptualize his role in the family as distinct from his parents has an important effect on his personal experience in the family business. In the firm, he has worked small jobs, helping to answer the phone and thumbing through résumés, and has attended occasional meetings with his father. However, given the highly technical nature of the consulting firm and the level of training required, he understands that achieving a sense of personal identity and making a contribution to the organization would be unlikely after he graduates from college.

Furthermore, because individuals at this life stage have not established adequate boundaries with their parents, they find it hard to feel good about their contributions to the business. For example, while one individual (age eighteen) admitted that he liked to work, he indicated that this did not include working for his father.

I just like working in general. I don't like working for my father yet because in my opinion I haven't been given enough responsibility or been treated well enough where I can really enjoy it. I just enjoy working. I won't say it's for my father.

Even next-generation family members who had already become president and in charge of their family firm were prone to feelings of low psychosocial need fulfillment. This was particularly likely when they lacked a sense of personal ownership of the business. One individual (age thirty-five) talked about the reasons for his "lack of psychological good feelings."

I was running my father's business, and I wasn't personally owning the business, in my own mind, in my own heart. Now, I am. Now it's becoming
my business, and I'm looking at it as my business. . . . Psychologically I was just running "the family business." Now I'm running my business, and the benefits of that business go to my family.

One's sense of psychosocial development is potentially enhanced when an individual is able to look at his or her development in time. For example, one college senior talked about how his father, grandfather, and uncle are grooming him to take over the top position. He also indicated that he was proud of his own personal accomplishments toward this goal (for example, learning the overall market, getting an undergraduate degree in business, and going to work for the company whose product they sell). However, twenty-one individuals in the study chose to work outside the family firm to establish their own identity. In addition, two individuals started their own business within the family firm as a way of establishing their own sense of self. Therefore, just nine individuals attempted to meet early psychosocial needs directly within the family firm. When these needs are satisfied, self-doubt and self-questioning are minimized.

The third component associated with meeting one's personal needs has to do with life-stage need fulfillment. This is the degree to which the need for exploration (while entering adulthood), for advancement (in early adulthood), and for balance (in middle adulthood) can be satisfied in the context of the family business. Individuals entering adulthood who are in the late teens through late twenties (fourteen members of the sample) indicated a strong desire or need for exploration. They talked about "the freedom to do what I want to do" and "the need for doing my own thing" and about disliking the feeling that "my job is too secure" in the family business. Only eight individuals in the study had entered or were entering the family business having received no prior outside work experience. One-fourth of these individuals were to start working in the business several months after graduating from college. The remaining three-fourths of the individuals admitted that if they could relive the entering adulthood stage again, they would get experience outside the family business.

The need for exploration, while critically important, can be a paradox for next-generation family members. The reason is that the need for exploration implies personal independence, while the family business is a context that implies family involvement. Thus, the majority of individuals entering adulthood tended to see the effects of entering the family business too early as potentially negative; one individual summarized that it can "limit your exposure" to the range of experiences available. With their focus on personal exploration, they typically thought of the family business as an option for the future or as a last resort. Having this option provides a "safety net" that actually enables exploration. One college student (age twenty) explained:
In case I don't like to work someplace else and I want to be my own boss, I can always come back here. And that's what my father has been telling me all the time: "go out, do whatever you want, and this is a safe boat."

Individuals in early adulthood (ages twenty-nine to thirty-nine; ten members of the sample) expressed a strong interest in their own advancement. They talked about a desire to "see things get achieved," to realize "the potential," and to "prove out what I see for this business." They used terms like opportunity, challenge, planning, succeeding, and momentum. They seemed to think about their own advancement in terms of the business's growth and development. For example, when the thirty-six-year-old vice-president of operations of a successful restaurant chain was asked about where he would like to be five years from now, he responded that he has been doing some creative map work that could take them down the road toward the future.

I don't think we should operate a mundane business. I've always thought we should have fun in what we're doing. But still addressing the needs that we need to grow and make money. Those are the challenges; you want to have fun, you want to enjoy what you're doing. We want to be a forerunner in the business. Those are goals. How do we do that? Growing a business and making money. So that becomes a challenge. If those can be successfully integrated, our—or my—mission I feel has been accomplished, anyway.

Individuals in middle adulthood (ages forty to fifty; eight members of the sample) indicated a growing desire for a stable life structure (Levinson and others, 1978) where there is a balance between work and other activities. Next-generation family members at or nearing this stage of life talked about looking forward to slowing down, spending time outside the business, and retiring. Achieving a sense of balance appeared especially important for individuals who were between forty and fifty and in the business involvement phase of the succession process. These individuals had each become involved and stayed in the family firm for reasons associated with personal security and safety. A career anchor perspective (Schein, 1978, p. 149) would suggest that the family business allowed them to have "stable membership in a given organization," which was important for their security. Six individuals attributed their involvement in the business to a sickness or disability. And three individuals had worked in their family's business for over twenty-five years.

The implications of having life-stage needs met in the context of the family business are noteworthy. Satisfying exploration needs while entering adulthood is important for individual development. Those next-generation family members that do not have their exploration needs met either within
or outside the business can feel trapped or closed in and can experience a sense of despair during the course of their involvement in the family firm. Similarly, those individuals that cannot meet advancement needs in the business can experience negative feelings, including a sense of ongoing failure or lack of fulfillment as well as anger, resentment, and despair. Finally, because of the sample's boundary in terms of age, the effects of achieving balance between work and other activities outside work are uncertain. However, it does seem that a sense of balance between work and activities outside work is achievable for many in the context of the family firm.

**Personal Influence.** A next-generation family member has the potential to use personal influence to the degree he or she feels personally able to influence or effect change so that personal needs are met in the context of the family business. The research finding associated with the concept of personal influence is stated as follows:

**Finding 2.** *The more a next-generation family member has the potential or ability to exercise personal influence given the family business, the more likely it is that the individual will have a positive succession experience.*

Thus, the potential to exercise personal influence is important for a high quality of succession experience. Even though this influence reflects both an individual's ability to influence other individuals and his or her own situation, it is classified as an individual influence rather than a relational influence. The reason is that personal influence is largely a matter of personal style. Individuals with low personal influence tend to talk passively about themselves, using expressions like “They expect me to do [xyz]” or “I was running my father's business.” Individuals with high personal influence use active verbs. They are likely to describe situations where they were catalysts of change and are likely to say that their own development took place because of their active pursuit of goals.

Furthermore, personal influence is highly related to one's posture toward authority. Dependent (conforming) individuals are least likely to exercise personal influence as next-generation family members. Instead, they tend to be highly concerned with pleasing others and are likely to downplay their own personal needs. Thus, the inability to use personal influence is likely to have a negative effect on their quality of succession experience. Counterdependent (rebellious) individuals typically rely heavily on personal influence to get their needs met. However, there is often a negative feeling associated with this use of influence; for example, they see themselves as having to be forceful to get what they want.

Finally, individuals with an interdependent (situational) posture are most likely to exercise personal influence in a way that is productive both personally and for the organization. The use of influence in this case is a neutral action and appears devoid of the underlying negative energy typical
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of the counterdependent individual. For example, one individual (age forty-four) talked about how he took charge of his own career development. Managing his career path not only enabled his own advancement but also led to the ongoing growth and expansion of the family newspaper business.

[T]he path was my choosing. I was a bookkeeper, and then I was a business manager. That was my father's plan. And... as I started doing things, I was business manager, when there was still a general manager who was my father, I didn't have the authority to tell anybody else anything. So I "manipulated" the "Assistant General Manager" [position], and then at one point, I can't remember why, but I became general manager... [and finally] publisher.

He explained that the change in title was not that important because it was really the same job he was performing all along until he became publisher. However, what achieving these new titles did was to send out a message; he was indicating that he was capable of exercising personal influence. He could be an effective successor to the leadership of the family newspaper business.

Personal influence is highly related to personal need fulfillment. While the fulfillment of personal needs provides a sense of internal fit for the next-generation family member, the potential to exercise personal influence enables the ongoing adjustment of this internal fit. Personal influence therefore is a dynamic influence; for those who can exert personal influence, there is the opportunity to increase their self-concept through the fulfillment of personal needs. Thus, one's ability to exercise personal influence may aid in triggering a cycle of psychological success (Hall, 1976). For this reason, both the fulfillment of personal needs and the potential to exert personal influence are necessary for the highest quality of succession experience.

Furthermore, individuals at different stages of life manifest personal influence in distinctive ways. For next-generation family members entering adulthood, exercising personal influence means creating options for exploration. In early adulthood, personal influence is manifested to the extent that the next-generation family member can enable his or her own advancement along a life course. Finally, in middle adulthood, one uses personal influence by creating balance between work and other activities in one's life. This often means cutting back one's responsibilities, spending more time with family, and beginning to groom family members from the next generation.

Relational Influences. Four relational influences are central to the next-generation family member's experience of succession (Figure 1). Each of these four influences involves the next-generation family member in relation to another individual or group. The first two influences are interpersonal: (1) mutual respect and understanding between the next-generation
family member and the founder or owner, and (2) sibling accommodation between the next-generation family member and other siblings or relatives from the same generation. The other two influences are intergroup or boundary issues, because their existence is a function of the overlap between family and business systems or groups. The first boundary issue is represented by the (3) commitment to family business perpetuation. This is manifested by the family's contributing, helping, and sharing in the business. It is considered a "boundary issue" because it is a family value that manifests itself through the contribution of family members within the business. The second boundary issue is manifested in (4) separation strains due to family involvement. In other words, the difficulty separating family and business puts a strain on family and business functioning. Each will be discussed in turn.

**Mutual Respect and Understanding Between Generations.** The research finding associated with mutual respect and understanding between the next-generation family member and the founder or owner is stated as follows:

**FINDING 3.** The more a next-generation family member achieves mutual respect and understanding with the predecessor in succession, the more likely it is that the individual will have a positive succession experience.

The evolution of a relationship between current and next-generation family members based on mutual respect and understanding is one of the most important influences on the quality of succession experience for the next-generation family member. "It's an extension of the parent-child relationship; the business acts as a powerful amplifier" (Jonovic, 1982, p. 71; also see Bernstein, 1985). At its best, it encompasses the qualities of mutuality, earning of respect, trust, support, feedback, learning, friendship, and sharing. At its worst, these relationships between current and next-generation family members were described in terms of the parent's criticism, judgment, conservatism, lack of support, narcissism, and lack of trust. In addition, communication difficulties typically underlie these intergenerational relationships.

Next-generation family members who have positive working relationships with their predecessor indicate a range of effects on their experience in the family firm. These include enrichment, growth, and further strengthening of their relationship with the current-generation family member. The development of confidence, trust, and comfort with one another is an important part of this process, as one woman (age twenty-eight) explained:

[My position] has evolved... through trust—a good working relationship with my father. He wanted his hands in everything. He didn't feel as if I knew enough to be left alone to make certain decisions. Now he has a lot of trust in me, and I make a lot of decisions, and he asks me quite a bit for my input. And that's nice—it's taken me many years to develop to that
point and have that kind of relationship with him. And that has been—more than money, more than benefits, more than having a piece of the rock—that has been the most rewarding part of my being involved in this family business.

This woman is representative of the individuals whose relationship changes and grows through their working together. Before entering the family firm, she had always looked up to her father and considered herself to be her father's "kid." She had the qualities and mannerisms of her father. However, during her early involvement in the family printing business, there were many rocky times.

There was a lot of aggravation. I quit twenty times. He fired me twenty times. I fired him twenty times. We fired each other—we both walked out—we were gonna close the whole place. . . .

She explained that working for him required an important transition—the evolution of a father-daughter relationship into a working association. A key characteristic of this relationship is that the respect be mutual. For this to happen, next-generation family members must have the confidence in themselves in order to build their parent's respect. The development of this mutual feeling derives from both individuals' experience, knowledge, and involvement in the family firm together (Handler, 1990).

When the working relationship between generations lies on the negative end of the continuum, the possibility of a highly satisfying experience in the firm is severely hampered. In addition, next-generation family members are likely to feel resentment, anger, frustration, and lack of recognition while involved in the firm. And though exercising personal influence can improve their overall experience in the firm, it is doubtful that it can alter the relationship.

There are several possible reasons why some relationships are better than others. One reason for good working relationships stems from the owner's positive self-concept and healthy attachment to his organization (Kets de Vries, 1985; Levinson, 1971; Zaleznik and Kets de Vries, 1985). In his study of family companies, Davis (1982, p. 184) found that "in the best father-son relationships . . . the father demonstrates a strong desire, unqualified by his attachment to his company, to see his son grow into all that he can be." This parallels findings in the career development literature that indicate that capable mentors tend to be those individuals who feel good about their own accomplishments (Kram, 1985).

Another explanation for good work relationships is based on the relative life stages of the parent and the next-generation family member. Specifically, Davis (1982) found that the quality of the relationship between father and son is generally harmonious when the father is in his fifties and the son
between the ages of twenty-three and thirty-two. This study validates Davis's explanation for the findings; the reason for the harmony may lie in the ability of both individuals to satisfy personal needs as well as goals associated with the business. In other words, compatibility of needs, as well as the ability to compromise or adjust expectations (Davis, 1982) and to resolve conflict (Patrick, 1985), may be key components of the harmonious relationship at this life stage for father and son.

This study suggests that the significant improvement of a relationship where there is a low level of mutual respect and understanding between generations is rare and that it is highly dependent on the predecessor's openness to learning. Those next-generation family members that remain involved in the family firm in anticipation of an improved relationship are typically disappointed. This was the case for one individual in his early fifties. For thirteen years, he was his father's errand boy in the family oil business. He explained how his father expected this service but never showed any sense of recognition, praise, or respect in return.

I had a tremendous affinity with my father—mind you, still not earning his approbation. . . . [My father] is a man in a small company who's a big shot. He's got a son who runs around and does all the paperwork he doesn't like, all the dirty work he doesn't like. He loved it. . . . And I never got the picture. I was so damn dumb that I kept trying to please someone whose goal was not to be pleased. He won. The day he died, he died not being pleased with me. And that was the way he lived.

Sibling Accommodation. The research finding associated with sibling accommodation is stated as follows:

**Finding 4.** The more siblings can accommodate rather than conflict with one another given the family business, the more likely it is that the individual will have a positive succession experience.

Sibling accommodation occurs when siblings or other relatives of the same generation working in the business agree on their relative positions of responsibility and power. When a next-generation family member has siblings, certain aspects of the relationship while growing up may carry over into the business association. These include attributes due to birth order as well as the extent of sibling conflict and sharing. At its best (and in about five reported situations), sibling accommodation enables the development of a team feeling within the business. For example, one daughter (age twenty-nine) recalled:

In my first couple of months here [working for my family real estate firm], my father took my sister, my husband, and me walking on Park Avenue [New York], looking at the buildings we have owned . . . and pointing out different aspects of other buildings and then walking us through a rehabili-
tated one and feeling like the three of us were so in tune and learning, and here are my sister and I learning. I'm learning from Susan, Susan is learning from my father, and I'm learning from both really.

On the other hand (and in approximately six reported situations), sibling relations can be manifested by rivalry, having potentially damaging effects on the succession process. For example, one individual's (age nineteen) family owns a chain of department stores that generate yearly sales revenue of $200 million. Since the business is so large, the family wants more than one family member involved in the future if it is going to stay in the family. The two oldest brothers appear to be the likely pair. However, the younger of the two admits:

I don't enjoy working with my brother. That would probably be one of the reasons—if I don't go into the business—he'd be it. He's a nice guy and everything, but he enjoys bothering me, making me mad... even when I'm working.

In the remaining twenty-one situations, sibling accommodation within the business was either not an issue or was managed adequately. Dividing responsibilities between siblings within the business was an approach used in twenty-four of the family firms in the sample; the effect was to minimize the likelihood of comparisons between siblings (also see Crane, 1982; Ward, 1987). Sibling accommodation can signify, too, that an understanding exists (although often not explicit) concerning who will be the successor. For example, one individual (age thirty-two) is the middle of three sons; all are vice-presidents in charge of the family restaurant business. Despite his strong leadership ability, when asked to talk about his desire to be successor, he admitted he could not think of being in charge of his older brother, who has worked in the business longer than he has:

I really can't be boss here because I have an older brother as well as a younger brother. For me to step in and be the boss with my older brother [in the business] just won't work. I mean, I've come to terms with it. I understand it... It's just the kind of thing I can't do.

The input of siblings not working in the firm is also important to the succession issue; their concerns often focus on the division of the company's assets and stock.

Boundary Issues. Miller and Rice (1967, p. 163) have singled out the family business as an example of "when the boundary of a system of [family] activities crosses enterprise boundaries." The two boundary issues described by next-generation family members exist due to the overlapping boundaries between family and business systems. Miller and Rice found that these overlapping boundaries can produce certain tensions experienced by indi-
viduals involved in either system. According to the findings of this research, there appear to be positive as well as negative influences on the quality of succession experience for those involved. The first boundary issue is the commitment to family business perpetuation, which is a family value that manifests itself through the contributions of family members within the business. The second boundary issue is represented by separation strains due to family involvement. These strains occur because of the difficulty of achieving separation between family and business tasks; they can produce observable effects in both arenas.

Commitment to Family Business Perpetuation. The research finding associated with commitment to family business perpetuation is stated as follows:

**FINDING 5.** *The greater the commitment to family business perpetuation as a family value, the more likely it is that the individual will have a positive succession experience (except when the commitment is to business means rather than business ends).*

Commitment to family business perpetuation, as a family value, is generally manifested through family helping, sharing, and contributing for the sake of the business. It is similar to family values associated with honesty, justice, happiness, and peace in that they represent important messages about how families live. However, this value associated with the family's intentionality (Davis, 1983) is practiced within the business, and that is why it is considered a "boundary issue." In addition to guiding the next-generation family member's earliest decision around joining, the value shapes future actions concerning long-term involvement and succession and can have positive or negative effects on an individual's quality of succession experience.

Commitment to perpetuation was discussed in terms of family pride in the business, ownership, commitment, accountability, and longevity of family involvement. It also manifests itself in certain norms or business policies. When these norms are associated with *business ends*, such as success, growth, or other values related to the organizational mission, they enable family members to work together toward their achievement. For example, one individual (age thirty-six) explained how the family restaurant business evolved out of his grandfather's interest in quality and consistency of food. He called this the beginning of "the family food culture."

> My grandfather had a philosophy of always using the best—finest quality. And so what we've tried to strive for—no matter what we get involved in—we want it to be the very best in terms of quality, and consistency. And that's where I think the beginning of the culture started.

On the other hand, when norms or traditions that are passed down through generations are associated with *business means*, or the details of
operating the business, they can be detrimental to the organization and the individuals involved. In fact, such family traditions appear to explain why many family firms are slow to modernize with new technology and more formalized systems. In their commitment to perpetuate the business, there may be an unspoken underlying desire to maintain certain methods of operation, even those that are antiquated. For example, there was a common belief that firing a family member or having him or her quit was wrong.

That [firing] could never happen in my family. It could never happen. If my father thought I was doing a terrible job, was a rotten employee and wanted to fire me, he would catch SUCH a wrath from my mother—"You fired your own SON?! This is my flesh and blood—you fired my flesh and blood?!" It would be such a nightmare. That could never—and I say that with utmost conviction—that could never, never happen.

It is doubtful that such policies concerning family member involvement and disengagement from the organization are useful to either the firm or the family member (who might be better off not working in the organization).

However, not all of the next-generation family members talked about the perpetuation of the family firm with such conviction. In fact, ten of the individuals interviewed mentioned the possibility of selling the firm. This was typically considered as an option if the next generation was not interested or could not run it effectively, and if the business was undergoing difficulties. One individual (age thirty-three) indicated that selling the family drugstore would be a possibility if he and his sister were unable to manage the business through future business downturns.

We would like to keep the business and run it, but we also are in no illusions; if things get bad, we would sell out in a heartbeat. I would sell this business so fast it would make your eyes blink. I have no intentions of taking substantial assets and running them down the tubes.

Several individuals also indicated how complex and difficult the recent business environment had become. Contemplating the option to sell the business seemed necessary for the realistic next-generation family member. Mention of the rules, regulations, tax considerations, legal and business expenses, and tight employment pool indicated an awareness of the potential risks of operating a family business.

Separation Strains Due to Family Involvement. The research finding associated with separation strains because of family involvement is stated as follows:

FINDING 6. The greater the existence of separation strains due to family involvement in the business, the less likely it is that the individual will have a positive succession experience.
Separation strains occur when the family and business overlap and permeate each other, so that they produce tensions in the family and/or the business. Although the intensity and type of strain varied depending on the nature of the family and business relationship, all of the individuals in the sample indicated that separation strains existed. All of them mentioned some type of business strain associated with separating business and family. These included family conflict, emotionality, heated arguments, unrealistic expectations for family members, arbitrary rules, and informal policies. About ten of the participants indicated that such strains were marked, so that they had a negative effect on the quality of succession experience. One individual (age fifty-three) indicated how the infighting in his family had taken away valuable energy from necessary business decisions and planning.

It's a shame because all the infighting and all this psychological stuff took 50 percent of the energy that if I had directed it at the business—you know, if we had all been pulling in the same direction—we might have had a good business.

An example of how business strains can be manifested in terms of informal and arbitrary policies is provided by another individual (age thirty-five), who is president of the family insurance business. When he was asked if he reported to anybody, he responded:

Are you kidding? Are you kidding? Ask the next question—"how are raises determined—particularly for me?" I'll tell you when I got a raise; I got a raise when I got married. I got a raise when I bought a house. I got a raise when my first child was born... My sales haven't made any difference—nothing I do makes any difference. There is no performance relationship. And the same thing with everybody else [in the organization].

Approximately ten of the participants also suggested that there were family strains due to business issues being brought home, so that there was little separation between family and business outside of work. When poorly managed, these strains can intensify into family battles as severe as in the accounts of the Bingham ([New York Times, Jan. 19, 1986]), the Mondavis ([Money, July 1983]), the Lorentzens of Levolor ([New York Times, May 15, 1988]), the Tompkins of Esprit Corp. ([Newsweek, May 23, 1988]), and the Shoens of U-Haul ([Business Week, Aug. 29, 1988]).

Implications for Research and Practice

This study has valuable implications for research and practice. In terms of research, it furthers our presently limited understanding of successful or likely successions (Lansberg, 1986; Malone, 1989; Stempler, 1988) by
delineating significant influences affecting the experience of the next generation. Further investigation will be necessary to better understand the nature of these influences—at the individual and relational levels of analysis—and to test propositions indicated by this study. Also, various perspectives in addition to that of the next-generation family member will add further richness and integrity to these findings. Finally, the qualitative grounded theory approach used in this study seems applicable to future studies of family business issues, given the opportunity it allows to access one's depth of experience.

A major implication for practice is the potential use of the framework as a diagnostic tool for evaluating next-generation family members' experience of succession. The relevance of the study's findings for many individuals is worth noting. According to the literature, at least 90 percent of businesses in the United States are family owned or controlled (Beckhard and Dyer, 1983). This suggests that the vast majority of the United States' next generation are affiliated with a family firm. And since many other countries also rely on family businesses for economic growth (Gallo and Pont, 1988; Okochi and Yasuoka, 1984; Thomassen, 1988), the number of next-generation family members on the international level is also extensive.

Specific implications exist on the two levels of analysis associated with the descriptive framework. On the individual level, the study suggests that next-generation family members judge their experience in the family firm in terms of the degree to which needs associated with individual development are satisfied. Specifically, the importance of meeting needs associated with one's career, psychosocial development, and life stage are critical for the next-generation family member. The ongoing assessment of these needs through personal reflection and planning is necessary.

In terms of career needs, individuals should ask themselves: In what ways does working in the family firm satisfy my career interests? In addressing their own psychosocial development, individuals should consider the extent to which they are capable of their own accomplishments and accountable to themselves while involved in the family firm. Finally, in meeting life-stage needs, individuals should consider the question: In what ways are my needs changing over time, and how can they be satisfied through the family firm? Individuals also should consider whether they can exert personal influence and should evaluate relational influences associated with their experience.

On the family level, the study suggests that mechanisms are required to strengthen family relationships through improving communications both within and between generations, as well as to manage boundaries between family and firm. Working on communication between family members is necessary to institutionalize succession planning in family firms by reducing the conspiracy (Lansberg, 1988) or resistance (Handler
and Kram, 1988) associated with succession planning. Increasing awareness in families of the existence of an overlapping system between family and business is also necessary. Related to this is the creation of family values associated with the business mission or goals and the establishment of norms for minimizing the interference of family issues in business (see Ward, 1987).

Finally, the major implication for succession planning lies in recognizing the perspectives of the next-generation family members. Strategic planning associated with succession should incorporate their needs. These individuals should be actively involved in planning for the future, particularly given that the leadership of the organization is likely to depend on them. Thus, this study suggests that the challenge for organizations lies in managing succession as a means of enhancing the continuity of organizations as well as the quality of experience of the individuals involved.

Appendix A. Detailed Discussion of the Research Methodology

To generate theory through the determination of general categories and properties, a grounded theory approach was used (Glaser and Strauss, 1967). This approach relies on letting theory emerge or unfold, rather than solely verifying or disputing existing hypotheses. Clinical field methods (Berg and Smith, 1985; Schein, 1987) were also utilized to achieve a rich portrayal of the influences on the succession experiences of next-generation family members.

The participants were gathered through the use of “theoretical sampling” (Glaser and Strauss, 1967). The research was developed and controlled by the structure of the emerging theory, as explained by Glaser and Strauss (1967, p. 45): “Theoretical sampling is the process of data collection for generating theory whereby the analyst jointly collects, codes, and analyzes his data and decides what data to collect next and where to find them, in order to develop his theory as it emerges. This process of data collection is controlled by the emerging theory. . . . The [researcher] may begin the research with a partial framework of ‘local’ concepts, designating a few principal or gross features of the structure and processes in the situations that he will study.”

The adult or life stage was broken down into three periods, based on the literature on adult development (Erikson, 1963; Gould, 1978; Levinson and others, 1978; Super and others, 1957; Vaillant, 1977). The first phase, called entering early adulthood, extends from age seventeen to twenty-eight and involves the tasks associated with moving into the adult world by exploring its possibilities. The second phase, extending from age twenty-nine to thirty-nine, is labeled early adulthood; its tasks involve establishing one’s place in society and working at advancement. The third phase, extending from age forty to fifty, is labeled entering middle adulthood. Achieving a sense of balance
between work and life's other activities is critical to individuals at this stage (Levinson and others, 1978).

Three phases in the succession process were also designated. These phases are consistent with work done by Longenecker and Schoen (1978) as well as by Churchill and Hatten (1987). The phases are as follows: (1) the personal development period, where the individual works at most part time in the business; (2) the business involvement period, where the individual is actively involved working full time in the business; and (3) the leadership succession phase, where the individual is in charge and/or has the title of president. Another variable critical to the development of the sample was the effectiveness of succession. A list of criteria associated with effective successions generated from the literature was used as a checklist to determine the effectiveness of succession. Thus, the rating that the succession process was given was based on the self-report of individuals, using the checklist as a guide. Other variables noted were the gender and career interests of the individual and the generation, size, and age of the firm. Also, to further bound the sample, only individuals from private firms were selected. (A summary of the sample is presented in Table 2.)

The sampling process took place over a five and one-half month period, during which a file of possible referrals was created and updated. This file was developed through contacting colleagues, students, and associations with members consisting of family firms. In all cases, my initial contact with the potential participant was through a phone call. The phone conversation was considered the first step in establishing rapport and was critical to the participants' agreement to participate. The conversation would begin by indicating the source of referral. Following this, the nature of the study, the time involved, and the confidentiality and anonymity of responses was discussed. Questions were then asked about the nature of the firm, the individual's degree of involvement, and the age range of the individual. This allowed me to target the individual in terms of the appropriate sampling cell (see Table 1) or to rule out the individual based on the need or lack of fit with sampling criteria. The referral system of sampling was successful; only one individual flatly turned down participation, claiming his family business situation was too unpleasant to discuss. Another individual indicated that she could not participate because of time pressures.

The data analysis stage actively involved myself as researcher in a back-and-forth process between the data and the development of grounded theory (Glaser and Strauss, 1967). There were certain distinct yet overlapping steps, beginning with the detailed coding of the data. The cumulative coding of each three- to four-hour interview took between six and twenty-two hours, depending on the length and richness of the information. Individual folders for each of the thirty-two members of the sample were set up. These folders were reviewed many times, and common themes were coded and tabulated. Through my review of all the folders and because of my familiarity with each individual, the influences
began to emerge from the data. The descriptive framework presented in Figure 1 is the integration of these themes.

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