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## The Process of the Intergenerational Succession of Leadership in a Family Business

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## ORIGINAL ARTICLE

# The Process of the Intergenerational Succession of Leadership in a Family Business

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### Abstract

**Background and objective:** In this paper, we explore first-generation leadership succession in family businesses which, despite extensive literature on the subject, remains insufficiently understood. Our goal is to acquire new knowledge and understanding regarding this phenomenon with a view to making it more effective.

**Method:** The basis of our research is a qualitative multiple case study that includes six medium-sized manufacturing family businesses. We conducted semi-structured interviews with incumbents, successors and family representatives, and analysed the data obtained using the content analysis method.

**Results:** The data analysis and interpretation led to a definition of the category “The way ahead: the process of succession” along with descriptions of its nine elements that help answer three research questions.

**Conclusions:** The research results show significant differences between the processes considered together with their uniqueness. While the need for succession planning and plan preparation is clearly expressed, no steps are taken due to the underestimation of its importance, the lack of both experience and relevant knowledge, often accompanied by emotional burdens that discourage planning.

**Contribution:** The study contributes original insights and new knowledge concerning the leadership succession process, succession planning, and its implementation.

**Keywords:** Intergenerational leadership succession, Family business, Multiple case study, Qualitative methodology, Content analysis method

**JEL classification:** L26

### Introduction

Succession in the family business (FB) is a phenomenon studied all over the world. The creation, growth and development of FB coupled with biological conditions and the passing of time make such succession necessary. Namely, at a certain stage in its active lifetime, each FB faces the issue of succession in terms of both the ownership and leadership of the company (Duh et al., 2005; Dyck et al., 2002; Miller et al., 2003; Morris et al., 1997; Sharma et al., 2003a). The goal of intergenerational succession is to keep the ownership and management of the company within the family, while ensuring its smooth operation and development and simultaneously maintaining the

harmony of the family, where the latter can also be an important strategic opportunity.

Empirical studies show that only about 30% of FBs survive the transition from the first to the second generation, while just 10% to 15% survive through to the third generation (Bozer et al., 2017; Davis & Harveston, 1998; Miller et al., 2006). We were unable to find any data on the success of FB succession in Slovenia. We assume that it is at around the same level as established for FBs in the EU.

Unsuccessful (failed) successions create a problem for owners, the FB, the employees and, given the overall significance of these companies, even for individual national economies. The primary causes relate to the complexity of the succession process

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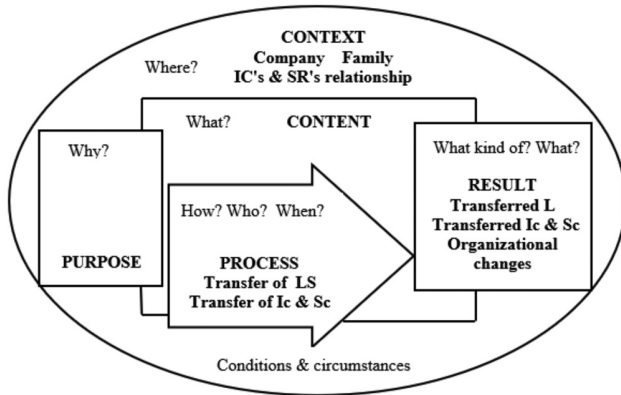


Fig. 1. Five-dimensional conceptual framework. Legend: IC incumbent; SR successor; LS leadership succession, L leadership; Ic intellectual capital; Sc social capital.

itself, psychological and emotional problems, and national legislation (European Commission, 2002). They also relate to the carrying out of successions on the applied, practical level, e.g. awareness of its importance, planning, implementation, process control and commitment, level of knowledge, and regulations of interpersonal relationships.

The purpose of this paper is to detail the process of first-generation leadership succession in FB from the perspective of the two key participants in the process: the incumbent and the successor.

The paper is based on a broader study of intergenerational succession that sought to improve understanding of this phenomenon and contribute to greater awareness of its significance. First, we investigated it theoretically by reviewing and analysing relevant literature and empirically by using the multiple case study method, which provides an in-depth insight into the phenomenon under study.

For the research, we used a three-dimensional conceptual framework we had developed based on De Wit and Meyer (2005, 2010) strategic management model. Building on our empirical research results, we later expanded it to a five-dimensional framework (see Fig. 1).

In this paper, the focus is on the “Process” dimension, while due to space constraints other dimensions of the conceptual framework are not discussed. The paper thus aims to connect the empirical results with theoretical findings and highlight those components that most clearly and distinctly define the succession process within the FBs considered and lead to a better understanding of it.

In this paper, we answer three researched questions (RQs):

**RQ1:** How do the incumbent and the successor view the leadership succession? In which ways do they perceive,

understand and experience it? To what extent do they regard it as important?

**RQ2:** How do the incumbent and the successor describe and explain the expectations, interests and needs associated with the succession? What is their emotional attitude to this process?

**RQ3:** What significance do the incumbent and the successor attach to their mutual relationship and the relationship with the family and its members for the succession process?

The paper is structured so that the introductory part is followed by a presentation of the theoretical background, the methodology, results, discussion and a conclusion in which answers to the RQs are presented. At the end, we outline the contributions made by our paper to theory and practice and make suggestions for future research.

## 1 Theoretical background

### 1.1 Intergenerational leadership succession (ILS)

In general, succession means the acquisition of a particular position, function or property, or certain rights from someone else. The one who takes something directly from their predecessor who leaves it to them is known as the successor. Leadership succession in FB means the acquisition of the position of head of the company as left to the successor by their predecessor, i.e. the incumbent, who also founded the company. The incumbent, namely the father or mother, and the successor, the son or daughter, represent two generations, thereby leading to intergenerational leadership succession (ILS). Intergenerational internal family succession may be defined as a set of activities and events that lead to the transfer of leadership from one family member to another (Sharma et al., 2001). It is the transfer of leadership from incumbent to successor (Aronoff et al., 2011).

ILS is an outcome of the passing of time that affects all organisations and relates to the life cycles of the individuals involved in the FB (Parada Balderrama, 2015). Succession can only be avoided by ‘closing the company down’, e.g. by liquidation, bankruptcy, merger or sale, but not otherwise, because it is generated by the FB’s growth and development and by the main participants’ life cycles (biological givens). In any case, in a certain period of FB and entrepreneurial family life, there is a transfer of ownership and leadership from the founding (as a rule) to the hereditary generation. Succession is accordingly also defined as one of the strategies that determine the possibilities of the FB’s life span (Ye, 2013).

Succession includes a set of actions, events, and organisational mechanisms by which the top management of a company and often also the ownership is transferred (Le Breton-Miller et al., 2004). Such a transfer requires and consumes a certain amount of time. This means succession to ownership and leadership is a process more than an event, although it is that as well (Sharma et al., 2001). Haag (2012) ascertains that succession is complex and demanding, requiring considerable time and that it is typically described as a process of several sequential phases. Handler (1994) regards succession as a relational process in which the individuals involved adapt their behaviour to other participants in the process. From a relational point of view, regarding which communication is important, succession is a joint action that can create possibilities that would not otherwise be discovered (Haag et al., 2006, p. 10).

In comparison to a non-family succession, involvement of the family in succession makes it much more complex and often full of tension, generally due to the small set of possible successors, emotionally complex interrelationships, and the family's emotional connectedness to the succession process (Gersick et al., 1997; Miller et al., 2006). In addition to individual psychological and sociological questions, during the succession process the following come into play: legal, financial and fiscal issues, on top of the complexity of the process itself (Le Breton-Miller & Miller, 2006; Steier, 2001). Succession is a major challenge for FB leaders, represents a disruption, and can even destroy a FB regardless of its financial or market power (Chua et al., 2003, as cited in Bozer et al., 2017). As a key determinant of intergenerational continuity, succession involves the dominance of 'blood ties' over external participants (Bozer et al., 2017; Sharma et al., 2001) and may therefore also act as a multifaceted opportunity to create the future of family members. Succession generally occurs only twice in the lifetime of each successive generation and only once in the lifetime of the founding generation. ILS may accordingly be defined as (1) the goal of the entrepreneurial family, as (2) a means for maintaining the FB, as (3) an evolving relational process, and/or as (4) a result of this process.

### 1.2 Leadership succession process

Succession is one of the most critical processes of FB (Bizri, 2016) which entails a long-term process of socialising (Longenecker & Schoen, 1996) or integrating the successor into the FB through a lifetime of learning experiences. Cabrera-Suárez et al. (2001) consider it as a multi-stage process that involves the successor's gradual integration into FB that also reduces the time

of the incumbent's involvement in FB until power is actually transferred. It is a slow, evolutionary and reciprocal process of adjusting the roles of incumbent and successor, one that occurs over a long period of time and might begin even before the successor has entered FB (Cabrera-Suárez et al., 2001; Handler, 1994).

Decker et al. (2016) describe succession not simply as an event but as a multi-stage process bringing changes in leadership and ownership and encompassing the levels of the individual, the organisation, and the environment. On the organisational level, Pieper and Klein (2007) distinguish between the dimensions of family, business, management and ownership, and similarly to Le Breton-Miller et al. (2004), they define the succession process in five stages: preparation, choice of successor, exploration and implementation, incumbent owner-manager withdrawal, and post-succession period.

*The first stage* (i.e. succession preparation) involves *the successor generation's intention and decision to join and enter a FB*. It is encouraged by or depends on the commitment of the family heirs to the FB. The incentive may be previous involvement, participation in the FB, and the incumbent's encouragement of the successor (Dumas et al., 1995). The succession generation's decision to join the FB is a necessary condition for an effective succession and family (Decker et al., 2016). This stage also includes succession planning, which most FB researchers consider necessary if succession is to be effective (Santiago, 2000; Sharma & Rao, 2000). Nevertheless, succession is rarely planned (Bozer et al., 2017).

Some authors emphasise the importance of succession planning but also that it is not the most essential element of the process (Astrachan & Kolenko, 1994, as cited in Bulut et al., 2019; Pardo-del-Val, 2008; Santiago, 2000). The incumbent's characteristics (age, education, ability to adjust personal goals) influence planning and intended retirement (Gagné et al., 2011). Higher incumbent age is positively associated with succession planning (Marshall et al., 2006). Still, it detrimentally affects the management of conflicts that are positively associated with it (Decker et al., 2016). The poor performance of the FB may force the incumbent to start planning (Westhead, 2003); on the other hand, a great obstacle to planning is the unavailability of an appropriate successor (Motwani et al., 2006).

*The second stage* (i.e. choice of the successor) depends on the characteristics of the potential successor. The most crucial feature and at the same time a distinguishing criterion is their integrity and commitment to the FB (Sharma & Rao, 2000). Their characteristics must match the characteristics and needs of the organisation. A distinct idiosyncrasy of a FB is the

characteristic that makes a successor out of family members rather than external persons, even though the family member might be less competent. As a rule, a family successor is chosen when specific knowledge is closely related to the FB (Royer et al., 2008). The size of the FB does not affect the choice of successor (Decker et al., 2016). Deciding on a successor should not be left to the incumbent alone, due to the psychosociological processes to which they are exposed (Kets de Vries, 2009).

*The third stage* involves the preparation and implementation of the leadership (ownership) transfer. It is a critical phase in the succession process. Two fundamental questions must be answered regarding the leadership transfer: when and how should the leadership be transferred, and how can tacit knowledge and social capital be transferred. The question of barriers, determinants, and the leadership style of a successful transfer process also needs to be answered (Decker et al., 2016).

*Transfer of leadership.* The timing of the conveyance is affected by two factors. Parents/transferrers may delay transmission due to self-perception (Matthews et al., 1999, as cited in Parada Balderrama, 2015) or encourage a premature transfer due to the need to repay loans (or other problems that limit FB operations) (Kimhi, 1997, as cited in Decker et al., 2016). A condition for a successful transfer is the outgoing generation's benevolence (Janjuha-Jivraj & Spence, 2009). On the individual and family levels, it is encouraged by the successor generation's ability to acquire entrepreneurial skills and build harmonious relationships (Haberman & Danes, 2007).

Participants can either encourage or hinder the transfer of leadership as individuals or a group, depending on how they perceive changes in the power structure and in their interpersonal relationships (Haberman & Danes, 2007; Murray, 2003). Lambrecht (2005) defines five modes of business transfer: the successor takes the lead; succession begins on the explicit request of the incumbent; the successor feels morally obliged to engage in succession; the succession appears in a predetermined way, e.g. the first of the heirs; the incumbent guides and encourages the successor in the best way for the successor. A sudden, unexpected transfer due to the incumbent's death or incapacity may be added to the list.

*Knowledge and social capital transfer.* The competitive advantage of FB may include tacit knowledge that only family members possess (Lee et al., 2003). The successional challenge therefore entails transferring this knowledge to the selected successor (Jaskiewicz et al., 2013). Cabrera-Suárez et al. (2001) developed an integrative model using the resource-based theory, arguing that knowledge transfer is influenced

by the business and family context, the quality of the incumbent-successor relationship, and successor training (Decker et al., 2016). Steier (2001) states that social capital (actual and potential) can be acquired by the successor by knowing others who are part of the social network along with them or simply being known to them and having a suitable reputation.

*The fourth stage* (i.e. the incumbent's withdrawal) answers the question of which threats and opportunities can be expected after the transfer. Conflicts often arise after the transfer mainly because of the incumbent's lack of trust in the successor, inappropriate communication, changes in the business strategy and leadership style, the incumbent's reluctance to cede informal power, and/or their continued interference in the successor's important decisions (Decker et al., 2016). The incumbent's age affects the time of their retirement (Marshall et al., 2006), the manner of their retirement and withdrawal, while how their new roles are defined is essential.

During the withdrawal stage, the incumbent can assume two role types, those related to the FB, namely, the roles of symbol, safeguard, observer and mediator, and the roles of promoter and trustee which are related to the successor (Cadieux, 2007). Many incumbents are willing to transfer the leadership but wish to retain ownership. Ownership control may be understood as a symbolic expression of resistance to the final withdrawal (Brun de Pontet et al., 2007). Sonnenfeld (1991) identified four types of incumbents (monarchs, generals, governors, ambassadors) according to the way they withdraw, maintain ties and integrate (or not) into the FB after the transfer of leadership. They generally all share the same thinking: they have earned a special heroic status through their work and sacrifice.

*The last stage* (i.e. the post-succession period) involves a discussion about the effectiveness of the succession. A combination of several factors on the individual, family and management levels is required (Decker et al., 2016; Morris et al., 1997). Factors like the readiness level of the successor, the incumbent's personality, the family's entrepreneurial culture, quality of the incumbent-successor relationship, leadership transfer planning, and monitoring the implementation of succession activities predict whether the transfer will be successful (Decker et al., 2016; Morris et al., 1997). Succession typically runs more smoothly when the successor is well prepared, family relationships are based on trust and amiable, and the family is involved in the planning. Internal family relationships are an important driving force of effective succession (Morris et al., 1997).

There is no single answer to the question of what guarantees satisfaction with ILS. Five factors

(presumably) lead to it: the incumbent's willingness to withdraw; the successor's readiness to take over; succession planning; agreement on continuation of the FB's operations; and the willingness of family members to accept new roles (Sharma et al., 2001, 2003b; Venter et al., 2005). There is also no clear answer to the question of how succession affects the family business. Definitions and measurements of ILS performance vary according to individual research. Based on objective financial data, some authors argue that no link exists between the nature of the transition process and the FB's effective performance in the post-succession period (Molly et al., 2017; Morris et al., 1997). Some profitability-based studies report different results, namely that the profitability of the FB is influenced by the successor's willingness to take over the leadership, the level of their competence, and the quality of the incumbent-successor relationship (Decker et al., 2016). An effective transfer of roles and successful implementation of the succession, during and after the transfer, is most likely in a relationship where both the incumbent and the successor are proactive and willing to accept new activities and roles, or when we can talk about congruence, i.e. the consistency of the proactive and willing personalities of the incumbent and the successor (Marler et al., 2017).

## 2 Methodology

### 2.1 Qualitative case study

The research is designed as a qualitative study of the intergenerational succession of leadership in the Slovenian medium-sized manufacturing FBs. It is based on the philosophy of social constructivism and interpretivism. The basis for the research is a qualitative multiple case study that includes six FBs with three participants each – incumbent, successor, and family representative. With these as the primary data sources, we conducted semi-structured interviews (SSIs), whereas other data used in the research were obtained from secondary, publicly available sources. We analysed the SSI transcripts using the content analysis method, identified categories and eventually interpreted the data linked to the (three-dimensional) conceptual framework defined at the outset of the study and expanded based on the empirical research results.

### 2.2 Research assumptions and limitations

Assumptions for the qualitative research methodology are not typical. Nevertheless, they are stated to

present them as the partial starting points for use in our research. We assume that: a) the effectiveness of ILS depends the most on the incumbent who often has conflicting needs and interests; and b) the differences in the size of the FB have a significant effect on the ILS.

The content limitations are as follows. a) The subject of the research is ILS, not the succession of ownership. We investigate single-generation leadership transfers from the founding to the successive generation as a one-off event, a process that as such will never be repeated. b) The subject of the research is understanding of an effective performance in the leadership transfer from the points of view of both the incumbent and the successor, but not its impact on the FB's economic performance and efficiency. c) Only the Slovenian medium-sized manufacturing companies are included in the research. d) At the forefront of the research is the explicit content expressed by the data obtained from the SSIs conducted with the research participants, not the implicit content expressed by these data.

The methodological limitations are the following: a) The possibilities of generalisation are consistent with the nature of the qualitative research methodology used. b) Due to the very large amount of data obtained and the manual analysis of the data obtained from the SSIs, aspects relevant to the research might have been overlooked. c) The size and composition of the sample and the large amount of data obtained mean that attention is focused on the incumbent and successor of the individual case study (CS) and less so on identifying and analysing the differences and similarities within (and between) these two groups of participants, as well as between and across the CSs. d) Implicit content is left aside due to space constraints and is not analysed in the manner we would like to. e) The bias of the researcher arises from many years of management experience with large manufacturing companies and in the field of business consulting, including succession.

### 2.3 Sample

Many researchers openly acknowledge the lack of standards for determining the sample size for case studies using qualitative methodology (Marshall et al., 2013). Yin (2009) recommends at least six and Creswell (2007) no more than four to five case studies in a multiple case study with three to five participants. We considered the opinion of Marshall et al. (2013) and opted for six cases with three participants each. The saturation of the data obtained was achieved by the number and composition of cases and by the scope

and depth of the interviews performed (see Eisenhardt, 1989).

We selected active companies that meet these criteria: a) medium-sized; b) family majority ownership of the first generation; c) with at least two employed family members (in addition to the incumbent who is the director and (majority) owner, it is also expected that in the company a successor is employed (it is also possible that the successor is already selected but not yet employed in the FB because, for example, they are concluding study/school, are employed outside, etc.); d) the incumbent perceives the company as a family business; e) the enterprise's activity is production (manufacturing); and f) the successive ILS process is ongoing, meaning that the agreed (at least roughly defined) activities have already been carried out.

FBs are selected by using an opportunity sample (Trnavčević, 2001; Vogrinc, 2008), according to predetermined criteria or measurements to include those companies and their participants that could provide relevant data for the research. The main reason for choosing medium-sized companies, instead of small and especially micro ones, is size. Size is associated with a higher level of professionalism (e.g. the involvement of a large number of non-family professionals and managers, decision-making process, planning system, defining strategies, etc.) and the greater accumulation of intellectual and social capital, yet also age, oldness (although not necessarily) of the family and the incumbent, and with age-related specifics, all of which create a more complex and different research context than possible contexts within which smaller companies would be considered. The publicly available *AJPES* (n.d.) and *GVIN* (n.d.) databases were used for the set of companies included.

The first-generation FB was chosen given the more pronounced influence of the founder (incumbent) on the succession process, the lack of common succession experience, the smaller number of but more directly involved process participants than in multigenerational companies. We decided on a manufacturing FB, because it accounts for the largest share of the secondary economic sector. In addition, they also differ from companies in this sector (construction, energy, etc.) and even more from the tertiary (trade, tourism, transport, etc.) and quaternary sector (health, education, etc.) companies. We researched successions in progress or not yet fully completed because the process is at the forefront, which is just opposite to a completed succession in which the question of 'memory' and the gap between initial and retrospective satisfaction arises (Sharma et al., 2001).

## 2.4 Data collection methods

Several data collection methods were used to obtain data about the studied phenomenon, that is succession, the participants, and the context of the research. The central data collection method is the SSI. We used it with the research participants – incumbents, successors, and nuclear, primary family representatives – which means with three subjects in each FB considered separately. We decided to include a family representative who could be any of the adult family members, because we believe the role of the family in the first-generation succession is more important than the role of the company (business). In five CSs, representatives are the incumbent's wife, namely, the successor's mother, and in one CS, it is the incumbent's son, the successor's younger brother.

Taking the RQs into account, we defined the SSI questionnaire with a set of 10 questions and 2 sub-questions for the incumbent, and adjusted it for the 2 other groups of participants. We estimated we would need to meet with each participant at least twice (presentation and active meeting), lasting up to 2 hours. The interviews were recorded with the agreement of the participants. The total length of the interviews (answering questions only) is 18 hours and 56 minutes, or 63 minutes per participant. Unrecorded conversations with incumbents lasted about as long as recorded ones. The audio transcripts contain 86,139 words.

## 2.5 Content analysis method

We processed the data on the studied phenomenon, i.e. succession collected by the SSI using the content analysis method. Content analysis is defined as a package of techniques for systematic text analysis (Mayring, 2000). It is a research technique for making reproducible and valid inferences based on textual consideration (Krippendorff, 2018, p. 18). It is a scientific tool that includes specific procedures and provides new insight and increases the researcher's understanding of a phenomenon. Qualitative content analysis analyses not only manifested but also latent content (Erlingsson & Brysiewicz, 2017; Mayring, 2000). Bryman (2015) highlights the researcher's role in enabling categories to emerge and identifies important specificities for understanding the context in which they occur. The key and central tool of any content analysis is its system of categories in which each unit of analysis must be categorised and classified in one or more categories (Kohlbacher, 2006). The qualitative analysis focuses on creating a compound

broader picture of the phenomenon under study (White & Marsh, 2006, p. 38).

The analysis was performed manually using the content analysis method. Content analysis can be used in both qualitative and quantitative research (Kohlbacher, 2006; Mayring, 2000; Vogrinc, 2008). The object of the qualitative content analysis can be all types of recorded communications (interview records, discourses, observation protocols, etc.). While analysing the data, we relied on the descriptions of several authors: Erlingsson and Brysiewicz (2017), Graneheim and Lundman (2004), Kohlbacher (2006), and Mesec (1998). We listened to the audio recordings of the SSIs (initially all three participants of one and then of the five other companies), some parts several times to ensure complete understanding of the differences and similarities among the participants. We transcribed the records and edited the material whereby we did not alter the content of the participants' statements and narratives. We omitted the padding and nonsignificant, repetitive parts of the statements. Then, we performed a reduction, where we excluded parts of the texts irrelevant to the research (e.g. descriptions of technologies, products, etc.). An individual company (CS) was defined as a unit of analysis. Within our multiple CSs, there are several possible levels of analysis. We considered the basic level, i.e. the level of individual participants, and the level of an individual CS with the identification of similarities and differences between and across the CSs.

In the next step, we entered in the coding card the matrix of a certain CS under each individual SSI question's (there were 12 in total) answers (statements, confessions) by all three CS participants. These were openly coded, which means we assigned them to individual meaningful expressions, i.e. to codes derived from the text. The codes were then compared with each other and later connected to form subcategories (axial coding). In the next step, content-related subcategories were grouped into categories.

The coding and categorisation were performed sequentially in all the CSs in the same way as for the first CS. With the new findings, we returned to the already discussed CSs until we arrived at appropriate definitions of the categories and also the subcategories within an individual CS and for all the CSs. In this way, in the broader research project we formed 7 categories and 22 subcategories. The former of the two were then finally classified into five dimensions of the conceptual framework, as shown in Fig. 1 above. Among these categories and in line with the purpose of this paper, we present the "The way ahead"

category, which relates to the dimension of the succession process.

### 3 Results

The results of coding and categorising the individual CSs are presented in the form of a coding matrix for each CS separately, listing the citations (analysed parts of the texts obtained) and the codes and subcategories with which they are related. As an example, we present answers, e.g. codes (statements, confessions), obtained in CS2 related to the succession process (see Table 1) and part of the CS2 coding matrix (see Table 2).

### 4 Discussion

The category "The way ahead": The process contains data related to the implementation of the ILS process. The title or name holds broader meaning, since it represents the path that the founding and 'new generations' are treading together with a view to assuring the future success of the FB and keeping its leadership within the family. We present the elements that emerged from the content analysis performed according to the process sequence proposed by Le Breton-Miller et al. (2004).

#### 4.1 ILS planning

Succession as a process has its beginning, end and path, i.e. the way that connects them. Although many FB researchers believe that succession must be planned if it is to be effective (Santiago, 2000; Sharma & Rao, 2000), it is in fact rarely planned (Bulut et al., 2019). In all the CSs, the transfer of leadership is taking place, in three CSs more or less according to the participants' expectations and without any significant differences, while in the three other CSs in their own specific ways. The differences between both groups are big as well as between the CSs in the second group. However, what all of the CSs have in common is that no company has a written succession programme (plan). While this does not mean the programme does not exist, the question that appears is who adopted it, who knows it, and who and how explains it in the event of different understandings.

If it is just in your head, it is also hard to keep track of. CS1 family representative (4; 18) states "that the succession process has begun but has not been defined in writing or formally accepted". CS1 successor (2; 10) believes "that the succession is an incomplete, undefined process and that everything is so in the air" and adds "that it would make sense to conclude



Table 1. Statements of CS2 participants.

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CS2IC3.1; 7 – Transfer is going on smoothly and in the right direction.  
 CS2IC3.1; 8 – IC expects to withdraw completely from the FB in a few years.  
 CS2IC4; 2 – Knowledge and experience transfer to both children has started during their study.  
 CS2IC4; 3 – Starting the transfer at first to the older daughter envisaged to take over the management.  
 CS2SR4; 13 – IC is almost no longer involved in current operations; is in the role of consultant, SR assistant.  
 CS2IC5; 6 – Family together decided to have a son as successor.  
 CS2IC5; 7 – Daughter’s previous resignation, withdrawal from the transfer process.  
 CS2FR5; 25 – Father’s and mother’s intention; written regulation of succession, as nothing is written.  
 CS2FR6; 16 – Due to an “unpleasant event” that happened some time ago, company has lost its quality certificate; some customers were injured.  
 CS2FR6; 17 – At the time of the “unpleasant event”, the successor poorly, deficiently led the plant.  
 CS2FR6; 18 – Due to an “unpleasant event”, we had been losing orders; we let down the biggest customer.  
 CS2FR6; 20 – Son’s premature (a year ahead of time) appointment as director of the company.  
**CS2IC8; 2 – Parents’ decision that son will become their successor.**  
**CS2FR8; 8 – Accelerated family joint actions for parents’ withdrawal from the family business after the transfer is completed.**  
**CS2FR8; 9 – IC and FR are actual procurators and SR’s consultants; (as a rule), they work in the FB every day.**  
 CS2IC9; 4 – Daughter’s unpreparedness (unwillingness) to take over; therefore, reconsiderations of an external successor; the son was still studying.  
 CS2IC9; 5 – Son’s, SR’s decision to take over; he changed his mind according to his primary wishes and entered instead of his sister.  
 CS2SR9; 9 – After the withdrawal of his sister, SR quickly and intensely jumped into the vacant position of the successor.  
 CS2SR10; 5 – SR grew up in the company – he was helping during the holidays.  
 CS2SR10; 6 – Withdrawal of SR’s older sister envisaged for the successor from succession and FB.  
 CS2SR10; 7 – SR’s inclusion (entrance) into FB; after sister’s withdrawal as successor.

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Legend: CS2IC8; 2 e.g. means: CS2; IC incumbent; 8. SSI question; 2. code related to the IC’s statement. SR successor; FR family representative; FB family business.

a written agreement on the course and overall implementation of the transfer; without making false promises” (CS1SR7; 6). The succession process in CS1 is the most complex of all six processes (it involves two primary families, three or four potential successors, and an “I am leaving/staying incumbent”). This makes it understandable why precisely here the need for a written document on the agreed implementation of the transfer is exposed. In the other CSs, this issue was not stressed, and neither the need for such a document nor the cognition that the document was not needed was perceived. There is no programme in CS3 “because everyone grew up with the firm” and in CS4 because “everything is happening spontaneously, just like time passes” and because only those family members are included who see the transfer process as a “normal and acceptable happening” (CS4FR3.1; 4).

The research participants, including all incumbents, attach considerable, some even huge, importance to the succession. It would thus be reasonable to expect that it would be approached in a planned manner. After all, planning is a fundamental function of management. To what, then, can the non-planning of succession be attributed? First of all, it may be the lack of both awareness and knowledge about the importance of planning, or the underestimation of its importance. Hence, the incumbent in CS1 explains he is not engaged with the succession but with the FB’s development and operations. Participants in the first-generation succession do not have succession experience and knowledge that would allow them

to prepare appropriate programmes. This applies to all of the CSs considered. Further, succession is an emotionally-laden process that frequently, intentionally or unintentionally, discourages incumbents from meaningful and necessary succession planning. The latter applies mostly to CS1, and slightly less to CS6 where the successor and the family representative emphasise the “incumbent is preparing a document himself and will write down how it should be”.

According to [Lansberg \(1988\)](#), an important factor that deters incumbents from succession planning is unpreparedness or unwillingness to confront their own mortality. This is a very difficult and challenging psychological decision ([Sharma et al., 2001](#)) since, in most cases, incumbents find it difficult to imagine their lives without a significant leadership role in the FB ([De Alwis, 2016](#); [Kets de Vries, 1985](#)). Many incumbents prefer to live in doubt despite the benefits and advantages that the planning and implementing of succession bring. Many of them avoid, dodge or even resist planning, because it entails premature reflecting on the expiration of one’s life ([Aronoff et al., 2011](#)). Early succession planning can increase the probability of its success. Still, although incumbents are aware of the importance of succession planning, very few actually prepare and use formalised plans ([Bozer et al., 2017](#)). [Antončič et al. \(2015\)](#) found that 82% of the Slovenian FBs plan to transfer the leadership/ownership to the next generation, but that “following up a structured transfer process” only held modest importance as a factor in a successful transfer

Table 2. Part of the CS2 coding matrix.

CS / participant	Statement	Code	Subcategory / category
	8. Do you expect the transfer of leadership in your family business to be successful? What do you attribute your expectations to?		
CS2 IC	I think it has been so far and it will be very successful in the end as well. Mainly, because the son is of such a character and because he was gradually introduced to the company. During the holiday, he worked in production some time and in product expedition as a driver or a delivery man. All the time he lived with our company. Even during his studies, he kept coming back. <b>My wife and I decided that the son would take over and would become our successor.</b> . . . . . . after showing his skills and abilities while working in the company. He knew the production because he worked there. He was interested and delighted.	IC1 – IC's opinion that the transfer will be very successful because of SR's personality, his connections with business, and gradual introduction into it. <b>IC2 – Parents' decision that son will become their SR.</b> IC3 – SR expressed his interest, enthusiasm and showed his abilities.	Transfer result  <b>Process</b> Successor SR
CS2 SR	Yes, the leadership succession will be successful. Because we talk about it very patiently, we respect each other very much and because we don't, it seems to me that none of us is making false promises. We respect each other and cooperate very openly, transparently and allow each freedom we need. Because of this, and this is crucial, the transfer will be successful.	SR4 – SR considers that the transfer will be successful; it is going on without making a false promise; tolerant and open family conversations; mutual respect, acceptance.	Transfer result
CS2 FR	I expect the transfer to succeed. Because it seems to me that we are so far with this now, I think we are already over 80% of what is needed to be done. I am sure that because we have been doing this gradually for some time, not in a hurry and overnight, and not unprepared. Time also brings more systematicity and options for adaptation. One thing is cooperation in the transfer and the other one is that you need to know what you want to achieve with the transfer, i.e. the goal. And then, there is the third thing which is that once you hand it over, you have to know how to "detach yourself from the company". And all this is happening now. <b>We are working intensively on the issue of my and my husband's withdrawal from the family business immediately after the transfer of management is completed.</b> <b>Now my husband and I are actual procurators, not only formal but we also substitute the director during his absence. Otherwise, we are more in the role of a counselor when he needs us. As a rule, we are in the factory every day and we work. However, we take more and more time for ourselves and we are more absent than we were.</b>	FR5 – Transmission will succeed; the transfer is already realized 80% successfully. FR6 – The transfer takes place with consideration, gradually, systematically; more customization options. FR7 – S result depends on the participation, objectives, and withdrawal after the transfer  <b>FR8 – Accelerated family joint actions for parents' withdrawal from the FB after transfer is completed.</b> <b>FR9 – IC and FR are actual procurators and SR's consultants; (as a rule) they work in the company every day.</b>	Transfer result       <b>Process</b>

Legend: CS2 case study 2; IC incumbent; 8. SSI question; SR successor; FR family representative.

(14% compared to 63% attributed to the “assessment of the ability of potential family successors”).

The data analysis of the two CSs shows that the ILS process can be successful even without a (solid) plan. Of course, this does not mean that the succession implementation might not have been even more successful had a written plan been adopted. However, it shows that in particular contexts certain other factors can prove to be even more important. This finding is in line with the results of a study of a company where there were several suitable successors and thereby several succession options. Successful implementation was based (only) on defined basic objectives and succession rules, albeit without a detailed plan (Pardo-del-Val, 2008). Some authors who stress the importance of planning also note that this is not necessarily the most essential aspect for a FB’s long-term survival (Decker et al., 2016), to which we may add that this is especially true for companies with less family dynamics and orderly interpersonal relationships.

#### 4.2 Starting the ILS process

Within individual CSs, there are large differences between the start and foreseen end in terms of the duration of the succession process. Table 3 (data were obtained by the questionnaire prepared to present the sample under research) reveals that the shortest expected duration of the process is at least 5 years and the longest 13–15 years. The gap among the CSs is large. The interval is completely consistent with the interval defined by Aronoff et al. (2011) of 5–15 years.

They emphasise that most incumbents start thinking seriously about succession between the ages of 45 and 50 and about plans for retirement between the ages of 60 and 65. Typically, successors are expected to be 25 to 30 years old at the beginning of the succession process, have completed schooling and possess some external experience.

Two matters are worth highlighting. The first is the expressed expectation or doubt of the successor and family representative that the succession in their FB (CS1) will never end, despite it being expected to happen in 2 years (the incumbent’s forecasts). This belief is confirmed by the results of data analysis of some other categories, even though there are two suitable successors, the successor and his younger brother, and the incumbent’s age does not represent any advantage for the leadership. The reasons for the incumbent’s behaviour that are supposed to have led to this were noted already. We only add that in this case the findings (Marshall et al., 2006) that a higher age of the incumbent is positively associated with formal planning simply do not apply. On the other hand, it should be noted that succession in a FB (CS3) “lasts from the successor’s young feet onwards” and that the transfer is expected to last 15 years. Considering the findings of Aronoff et al. (2011), we may say that this is a model case of succession in terms of beginning, duration and termination.

#### 4.3 Strategic manoeuvre

Incumbents can be forced by the FB’s poor performance to start planning succession (Westhead, 2003).

Table 3. The start, the duration, and the end of the succession process.

Age (years) in 2019	Start	End	Duration
CS1	IC – less than 3 years ago (2016)	IC – not before my 80th birthday (2021)	IC – at least 5 years
IC 78	SR – some time ago	SR – never	
SR 37	FR – upon employment of middle son (2016)	FR – if ever ends at all	
CS2	IC – 8 years ago (2011)	IC – in a few years	IC – 11 or a few years more
IC 68	SR – upon my employment (2011)	SR – in a few years	
SR 37		ER – in a few years	
CS3	IC – 7 or 8 years ago (2011- 12)	IC – in 5 to 7 years (2024-26)	IC – from 13 to 15 years
IC 61	SR – I grew up here		FR – (more than 20 years)
SR 24	FR – from SR’s small feet onwards		
CS4	IC – somehow a year ago (2018)	IC – in 5 years or later	IC – from 8 to 9 years (2024) or more
IC 61	SR – 2 years ago (2017)		
SR 31	FR – from 3 to 4 years ago (2015–16)		
CS5	IC – before 5 to 7 years (2012–14)	FR – after IC’s and FR’s withdrawal as procurators	IC – from 6 to 8 years (2022)
IC 63			
SR 38			
CS6	IC – before 18 months (2017)	IC - 30.5.2024	IC – 7 years (2024)
IC 53	SR – at my employment (2017)		
SR 24	FR – upon son’s, SR’s employment (2017)		

Legend: IC incumbent; SR successor; FR family representative.

This finding can also be understood more broadly, namely that the (poor) operation of the company can also affect the course and completion of the transfer process. Moreover, it can also be affected by unforeseen, unpredicted events. The results of the analysis show that in one case (CS6), the older son had been publicly presented as the successor, also under the pressure of an unsuitable business situation and as proof of a serious intention to ensure its long-term remediation. At the same time, the estimated date of the takeover was also set.

In the second case (CS5), to avoid expected business problems the offices were “suddenly changed” and the eldest son, otherwise anticipated as the successor, was appointed (prematurely) as the formal director, thereby replacing his father. In the third case (CS2), as a sign of taking responsibility for having caused damage to business partners due to an “unpleasant event” and to confirm their readiness to settle their business relationships, the parents resigned from running the company and the “1 year ahead of time” (FR6; 20) appointed their son, otherwise responsible for the “unpleasant event”, as the head of the FB. They thereby ensured the company’s continued existence and at the same time kept the leadership within the family. All three cases have a common ‘prematureness’ that would not have existed had there been no unforeseen events/situations. Thus, the activities within the L transfer process were used as a tool to defend the interests of the FB, family and owners indirectly. The transfer process was implemented as a strategic manoeuvre.

#### 4.4 *The successor’s involvement in the FB*

Two successors (CS3 and CS6) were born 6 and 5 years after the FB was established. Both of them, like their parents, proudly point out that “they were simply born into the company”, played there with their siblings and grew up with the company. The other successors were aged 9, 8, 6, and 2. It also applied to them that they had grown up with the company and, between the ages of 13 and 15, started to join the company during the holidays and when their help was needed with various tasks. The data analysis indicates that the successor’s early inclusion in the FB is useful and needed to gain knowledge about the work and the company and that the successor’s early entry to the company strengthens the relationship with the incumbent and enables the easier transfer of knowledge and ideas about the succession (CS1SR2; 12, 14). These findings are consistent with the research findings that underline the importance of successors’ proactive involvement in the FB from early childhood

onwards (Decker et al., 2016; García-Álvarez & Lopez-Sintas, 2001; Gersick et al., 1997). Early involvement enables the successor to gain knowledge and experience, build relationships, and become familiar with the entrepreneurial culture and values (Le Breton-Miller et al., 2004; Pyromalis & Vozikis, 2009).

#### 4.5 *The successor’s external experience*

Some researchers (Alayo et al., 2016; Cabrera-Suárez et al., 2001; Le Breton-Miller et al., 2004; Venter et al., 2005) attach great importance to the successor’s previous work experience outside the FB in other (perhaps even competitor) companies. Through such experience, the successor gains in-depth insight into the business and the leadership of the company, as well as new specific knowledge and experience. Still, previous external experience is perhaps even more important, because of the impact it has on the separation and individualisation of the successor with respect to the family and the incumbent (Kets de Vries et al., 2007).

Nevertheless, the data analysis results show that only two successors have external work experience which, however, is unrelated to the FB’s activities. The results also show that only two of all research participants see a lack of external experience as a weakness and a missed opportunity (CS3SR3; 10 and CS5IC5; 5). The others do not think about it or have no opinion. The exception is CS4 where “successor exchange” that would allow the successor’s acquisition of useful and relevant external experience had been considered. Still, they backed away from this idea in the belief that it would not be beneficial to invest in the successor of others. “A boy comes, we invest in him for a year and then he leaves. We prefer to spend and invest energy, time, knowledge on our child” (CS4FR2; 12). The exchange of successors could be an appropriate way of gaining external experience but should occur in an early stage of the successor’s involvement with the FB. Successors must be involved in middle management work so that “the name’s influence is lost”. Neither side loses and instead both gain as the exchange is about reciprocity.

#### 4.6 *Participants in the succession process*

A few researchers (e.g. Aronoff et al., 2011; Carlock & Ward, 2010; Gersick et al., 1997) emphasise that succession in a FB affects all the participants, because in a certain way they all feel the changes brought by leadership transfer. Therefore, everyone should be treated with respect and given due attention by

the incumbent and the successor. The direct participants in the ILS process in all of the CSs are members of nuclear families, in CS1 even of two. There are no other direct participants. Employees and business partners are most often mentioned as indirect participants, including customers who should know “what is happening”. Members of secondary families, i.e. the successors’ families, are not involved in the process in any of the CSs. The data analysis led us to the exposed issue of the “successor’s partner’s involvement in the transfer process”. Incumbent CS4 states that “succession clashes because of family considerations” are expected, and not because of the incumbent as a person (CS4IC3; 1). He points out that there is a fear of the expected “negative influences of the children’s partners” should they join the company (IC3; 2). “Therefore, the children’s partners will not work in the FB as long as he stays there. It is a requirement, a condition” (CS4IC3; 3). Incumbent CS5 holds a similar opinion, stating that “according to the family agreement, the sons’ wives are not allowed to work within the FB and business issues are not discussed with them” (CS5IC5; 2).

In CS2, none of the successor partners is (any longer) employed in the FB. Business issues are not discussed in their presence. All of this arises from negative experiences of the conflict between the incumbent and the daughter’s partner and hence also between the father and the daughter as successor (soon after they both left, the FB and ILS stopped). We were unable to find in the reviewed literature a situation where this issue would be so directly exposed. [Kets de Vries \(2009\)](#) and [Zellweger \(2017\)](#) mention “in-law”, which can be understood to mean that the succession decision-making process should include members of the nuclear family or those without whose participation the succession decisions would be unfeasible.

However, we must add the opinion given by the family representative in CS1 that the family had never discussed succession together, that the incumbent should have taken care of it, but he had not gathered enough strength or will to do it and probably never will (CS1FR5; 26). The decisive participant in the process is thus the incumbent (which also applies to CS6), as the successor states “the succession decisions are and will be made by my father and they are final” (CS6SR4; 13). The incumbent can act as the “sole and only one”, yet “excluding those who are involved” does not allow for proper open communication and does not create a harmonious atmosphere, even though both support the planning and implementation of the succession ([Filser et al., 2013](#)). Problems in the first case are recognisable, in the second slightly less so.

#### 4.7 *Transfer process started twice*

We could not find a presentation of a ‘twice-initiated transfer process’ in the literature. Nonetheless, our research led us to two such cases (CS1 and CS2). In the former, the chosen successor (the younger 30-year-old son, according to the incumbent an excellent successor) “escaped from the company” after 1.5 years due to disagreements with the incumbent (CS1FR9; 8). Where the first attempt ended, the second began, then continued by the older son (37 years, more than 10 years’ work experience in the FB) who, however, is a “perfectionist, reserved, professional staff, he, he, . . .” (CS1IC4; 1) and is at the point of leaving his father and the company. In the second case (CS2), a daughter, the eldest of siblings, was selected as the successor. The transfer process had begun and ended after 1 year due to misunderstandings between the incumbent and his daughter’s partner also employed at the FB. The daughter and the partner left the FB. After some time, the younger brother entered the vacated place and the succession started from scratch.

Both cases are specific. Their beginnings and unsuccessful continuation of transfer processes may be considered from several aspects (family relations, incumbent-successor relationship, criteria and selection of the successor, and the role of incumbent’s spouses). However, what they share is a common inability and/or unwillingness to resolve emerging succession conflicts. The finding is consistent with the finding that “higher age of the incumbent negatively affects conflict management” ([Decker et al., 2016](#)).

#### 4.8 *Team of siblings*

The data analysis allows the conclusion that the idea of team management by siblings is present in all the CSs where the siblings of the successors are/could be employed. Nevertheless, incumbents stress that only one can lead and that ultimately only one can make the key decisions. This makes it necessary to “appoint the first among the successors”. One of the incumbents argues that the succession process is not very different to other organisational processes. Therefore, a team approach is also important for ILS and teamwork is an appropriate way for implementing it. Leadership will be taken over by the sibling team from parents who are preparing them (CS4IC5; 7, 5). The incumbent in CS6 wants to assemble a team of all three children to lead the FB (CS6IC8; 2). While the leadership in CS2 is participated in by the successor and his sister, in CS5 all three brothers work together as a team prepared by the parents. The successor in CS1 is ruminating about the sibling team (CS1SR3; 7). He would like “to call his brother and

sister back to join and participate in the leadership; it would be a pleasure to work with them". The incumbent is compelled or obliged (by agreement) to choose his successor, even if he is emotionally devoted to all of his children equally. To minimise the differences between them, agreed organisational solutions that enable cooperation can be introduced (Poza, 2010).

Siblings enter or remain in the company after the successor has been selected either out of a sense of obligation to their parents or because of the challenge posed by working in the FB. In the former case, they are expected to leave the company when the obligation expires. Throughout phases of the lifecycle (individual, family, FB), the interests and entrepreneurial behaviour of siblings change and these individual factors come to the fore instead of collective ones, which (may) affect their interpersonal relationships and roles during and after the process (Bizri, 2016). A family team is specific and successful when its members share common values and norms, have clear roles and procedures, can resolve conflicts, and when their goals of joint business management are aligned (Uhlener, 2006).

#### 4.9 Mediator

Our findings also include the role of a mediator. This is a possible successional measure defined in response to the rhetorical question: "How we get to a successful transfer is an open question, alone or with a mediator?" (CS6SR8; 6). The relationship between the mediator and the incumbent is emotionally strained and geared more towards proving points than supporting. As the mother (FR) is "somewhere in between", an outside intermediary could help restore and maintain the balance needed to ensure a successful transfer. This was also mentioned by another successor stating "we will find help if we need it" (CS3SR8; 4), albeit in the sense of finding appropriate professional solutions rather than resolving contradictions overloaded with emotions. Individual satisfaction with the succession process can be increased (and maintained) by revealing and eliminating emotional tensions between participants and by adjusting their roles (Bertschi-Michel et al., 2020). This is more easily achieved by the mediator (i.e. the consultant) than by one of the FB participants, mainly due to their emotional neutrality and professionalism.

## 5 Conclusion

Our research results are based on the data obtained via direct contact with the participants in their particular living environments, based on their personal,

often intimate confessions concerning their feelings, emotions and perceptions of the ILS and the environment in which the business takes place. The results led us to some new insights that provide a better understanding of the ILS process. We may conclude that the ILS processes of the FBs considered differ significantly from each other, even though the companies are comparable in size, age and production activity, and complexity, longevity and uniqueness are common features of the ILS processes. Each succession process is unique and exploring each one brings new cognitions and insights.

Based on the research questions stated in the introduction, we may conclude that our research results provide answers to each question. We respond to RQ1 with the following elements: LS planning, Starting the ILS process, Strategic manoeuvre, and the successor's involvement in the FB. We respond to RQ2 with the elements: The successor's external experience and Participants in the succession process. Finally, we respond to RQ3 with the elements of Transfer process started twice, Mediator, and Team of siblings.

All of the CS companies examined share the fact that none had written down a leadership transfer plan or programme. The companies evidently do not perceive the need to prepare such a document but, at the same time, they do not believe that such a document is not necessary. One exception is a company for which the succession process is the most complex by virtue of the involvement of a large number (two primary and three secondary) of families. Therefore, the need for succession planning and plan preparation is clearly expressed. We may conclude that the *non-planning of succession* is, on one hand, an outcome of underestimating and/or unawareness of its importance, a shortage of succession experience and relevant knowledge, and, on the other hand, emotional burdens that discourage the incumbents from planning.

This finding complements what is known about *the beginning and duration of the ILS process* in which a notable gap exists between the companies involved. Namely, the shortest expected duration of the process is "at least 5 years" in the company where the incumbent has no intention to hand over the reign before he is 80 years old and the maximum duration of 13–15 years in the company where the "successor was simply born into the company". The gap is above all, on one side, related to the perception including emotional experiences and the incumbent's attitude to succession and, on the other, to the 'earliness' of the successor's entry to the FB and his readiness to take the leadership over. On the other side, the gap is related to the context in which the succession takes place (mainly family relationships), which makes the

duration of the ILS process impossible to predict any more precisely.

The research led us to two examples of a *Transfer process that started twice*. In the first case, the selected SR “escaped from the company” after 1.5 years due to disagreements with his father (incumbent). In the second case, misunderstandings and conflicts between the incumbent and the successor’s partner employed in the FB saw the transfer end with the departure of the latter two. Although the cases are specific, they share one feature: the inability and/or unwillingness to confront and resolve succession conflicts. Here, the incumbent’s role is exposed. The latter therefore has a key role to play, coming to the fore especially when conflicting views and beliefs about the FB’s future development emerge.

The paper also presents the finding that ILS can be used as a *strategic manoeuvre*, as a tool for indirectly defending the interests of the FB, the family and the owners. In addition to the company’s (poor) performance, the course and completion of the transfer process can be affected by unforeseen events and situations. In one case, under the weight of an unfavourable business situation and as proof of the seriousness of the intention to ensure its long-term regulation, the elder son was publicly presented as the incumbent’s successor. In the second CS, to avoid expected business problems, the otherwise anticipated successor was prematurely appointed as the formal head of the FB. In the third case, as a sign of taking responsibility onto their shoulders for having caused damage to business partners, the parents withdrew and prematurely appointed the son in fact responsible as the general manager for the “unpleasant event”. Prematureness is a common peculiarity, a feature of all three cases, which might not exist if there were no extraordinary circumstances in place.

We also note that members of the secondary, i.e. the successor’s family, are not included in any of the CSs’ FBs. In three CSs, the issue of “*involving successor partners in the succession process*” (in-laws), as well as in the FB, is exposed with all seriousness and determination. “Negative impacts of the children’s partners” are expected should they join the FB. Accordingly, they cannot work and be employed by the FB, nor be included in the handling of successional and business issues. This important succession issue is not mentioned so directly in the reviewed succession literature. In our opinion, however, this is only until the secondary family becomes the nuclear entrepreneurial family of the successor.

Even though great importance is attached to the successor’s previous *external work experience*, we find that none of the FBs included pays any attention to this experience and that not one successor has

relevant experience outside the FB. We also find that both the incumbent and the successor exclusively pay attention to acquiring experience and knowledge within the internal environment of the FB and that the successor’s earlier integration into the company is also part of this.

It is important to note that the idea of a *team of siblings*, i.e. of co-leadership of the FB by a team of siblings, is present in all of the CSs considered where the successor’s siblings are already/could be employed, regardless of the assessment of the expected transfer success. A family team made up of siblings is a specific team that is successful when its members share common values and goals, when the roles and procedures are clearly defined, and when they are able to resolve conflicts.

Half of the FBs are considering involving an external expert, a *mediator*, to provide support and assistance in resolving potential succession conflicts and for finding appropriate solutions. Especially in emotionally burdened succession processes, the participants’ satisfaction with both the process and the success of the succession is likely to increase because of the emotional neutrality and professionalism of the mediator. Our findings suggest that on one hand the incumbent’s and successor’s considerations and preparedness for the mediator’s (possible) inclusion reflect their understanding of the complexity and importance of this process and, on the other hand, that it is (might be) a measure for a more effective succession process in many FBs.

The findings of our research may be useful for FBs, entrepreneurial families, individuals, especially incumbents and successors. The results are important from the perspectives of initiating, planning, implementing and managing the ILS process and constitute an important background for defining concrete operational succession plans and activities, including the beginning, duration and completion of the leadership transfer, the criteria for selecting successors and the selection as a process, the successor’s entry to the FB and gaining of external work experience, forming a team of the successor’s siblings, identifying the participants in the succession process, and engaging a mediator.

Our research is based on the qualitative approach and hence does not allow the generalisation of the results, only an analytical induction based on the recognition of similarities in different contexts and the understanding of ongoing changes (Starman, 2013). In fact, generalisation is possible for similar cases of the ‘ongoing’ ILS processes in similar contexts.

For future research, we suggest examining factors that deter the FB from planning the first-generation succession. We also propose researching

the significance and importance of the role of “the in-laws”, the successor’s partners, as participants in the ILS process. Last but not least, we suggest comparable research on ‘ongoing succession’ on a sample of small and/or large FBs engaged in the same activity and/or medium-sized companies in other activities in Slovenia or other countries.

## Conflict of interest statement

The authors have no conflicts of interest to declare.

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