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The Intergenerational Succession of Leadership in the Family Business: The Change Succession Brings

Bojan Dolar¹, Roberto Biloslavo², Erhan Aydin^{3*}

¹Apron d.o.o., Kranj, Slovenia

²Euro-Mediterranean University - EMUNI, Piran, Slovenija & Institute for Behavioural Economics, Science and Research Centre Koper, Slovenia

³Liverpool John Moores University, Liverpool, United Kingdom & Ipag Business School, Paris, France

ABSTRACT

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*Correspondence:

e.aydin@ljmu.ac.uk

This study focuses on leadership succession in family businesses, specifically examining the first-generation succession in six Slovenian manufacturing family enterprises. The authors introduce a novel perspective to studying this process by not limiting the analysis to the incumbent (IC) - successor (SR) dyad, but also integrating the family members' view in the research design. By employing a qualitative approach (i.e. a comparative case study that predominantly relies on interviews with all three studied groups) the authors collect rich data on attitudes, perceptions and expectations about succession in family businesses. The research highlights the crucial role of leadership succession in ensuring the longevity and sustainability of family businesses, as effective leadership transitions are vital for maintaining business continuity, preserving family values, and fostering the intergenerational transfer of both knowledge and entrepreneurial spirit. While ICs typically possess a range of attitudes towards succession— from proactive to reluctant—SRs generally approach the process with optimism and caution, driven by their personal needs and expectations. The attitudes of both ICs and SRs are influenced by contextual factors and psychosocial dynamics, which significantly affect the succession's initiation, leadership, and relational dynamics within the family.

In the complex landscape of Family Business (FB)¹ leadership succession, a comprehensive understanding of the succession process and its outcomes remains a significant challenge (Le Breton-Miller et al., 2004). The limited insight into the changes occurring during and after leadership transitions and their consequential impact on both FBs and family relationships highlights the multifaceted nature of this phenomenon. Leadership succession, considered pivotal within the FB life cycle (Gersick et al., 1997), presents diverse challenges with profound implications for business continuity and the dynamics of family relationships (Handler, 1994; Miller et al., 2003).

This challenge is particularly relevant in post-transition Central and Eastern European economies, where numerous FBs founded in the early 1990s face the complexities of succession and continuity for the first time (Letonja & Duh, 2016; Ramadani et al., 2015; Senegović et al., 2015). Research highlights that FBs in these regions encounter challenges distinct from those in developed markets (Duh & Primec, 2022). Consequently, there is an increasing recognition of the need to explore the nuances of leadership succession within this specific socio-economic context.

Taking into account the broader cultural and social environment in which these FBs operate, leadership succession emerges not merely as a business transition but as a deeply embedded social phenomenon. Thornton et al. (2011) argue that succession in FBs is inherently linked to various entrepreneurial attitudes shaped by either entrepreneurial activities or the entrepreneur's mindset. According to the literature, FB owners are typically risk-averse (Broekaert et al., 2016; Ratten & Tajeddin, 2017), making them less inclined to pursue actions that increase uncertainty (Anderson & Ackerman-Anderson, 2010)—despite the inevitability of leadership succession. Understanding these attitudes and their cultural foundations is essential for grasping the complexities of succession.

FBs, especially in post-transition economies, play a crucial role in the socio-economic fabric, contributing significantly to employment and GDP (Sharma et al., 2014). This socio-economic importance places additional pressure on successful leadership transitions within these businesses. Gupta and Levenburg (2010) emphasize the influence of national characteristics on entrepreneurial activity, highlighting how cross-cultural differences significantly shape approaches to business succession. Therefore, exploring these contextual nuances is imperative for a proper understanding of leadership succession in FBs.

This study focuses on Slovenia, a former socialist country that transitioned into an independent state and market economy in the early 1990s, aiming to address this critical knowledge gap. Investigating FB succession within this context is crucial for understanding the specific challenges and dynamics in post-transition countries, where socio-political and economic changes in the 1990s enabled the growth of FBs (Aralica et al., 2018).

In Slovenia, FBs are particularly significant, accounting for up to 83% of all companies and acting as the driving force behind the national economy (Antončič et al., 2015). Primarily controlled by first-generation families, these businesses face the dual challenge of preparing and executing ownership and management transfers to ensure continuity (Alpeza et al., 2018). Across post-transition countries, including Slovenia, FBs have been pivotal in the rapid

¹ The following abbreviations will be used throughout this article: FB – Family business; IC – incumbent; SR – successor; FR – family member; CS – Case study

expansion of Small and Medium-sized Enterprises (SMEs) and the overall development of the private sector (Aralica et al., 2018; Duh et al., 2007; McMillan & Woodruff, 2002).

Despite the recognized significance of leadership succession in family businesses (FBs), existing research predominantly focuses on the incumbent-successor (IC-SR) dyad (e.g. De Massis et al., 2008; Sharma & Irving, 2005; Venter et al., 2005; Zellweger et al., 2012), often overlooking the perspectives of other family members involved in the transition. This approach fails to capture the complex, multi-faceted nature of succession, especially in first-generation businesses within post-transition economies like Slovenia. While there is growing recognition of the importance of cultural and social contexts in succession processes (Gupta & Levenburg, 2010; Thornton et al., 2011), limited research examines these dynamics in detail, particularly from a holistic family perspective. This study fills this gap by exploring leadership succession through a broader lens that integrates views from incumbents, successors, and family representatives. By focusing on Slovenian manufacturing FBs, this research provides novel insights into succession dynamics in a post-transition economy, highlighting cultural nuances and challenges specific to first-generation transitions. This approach not only deepens the theoretical understanding of succession processes but also offers practical insights for FBs navigating these complex transitions.

This paper, following the presentation of the theoretical backdrop and research methodology, addresses the following research questions (RQs):

RQ1: What is the attitude of the incumbent (IC) and the successor (SR) towards FB's leadership succession?

RQ2: What changes do the incumbent (IC) and the successor (SR) expect leadership succession will bring, and what is their attitude towards them?

By meticulously examining these questions, our study aims to enrich both theory and practice, fostering avenues for further exploration into this critical facet of FB dynamics. The introductory part of the paper is followed by a presentation of the theoretical background, research methodology, results, and discussion. In the conclusion, we present the answers to the RQs and outline the contributions of the study to theory and practice as well as suggestions for future research.

Theoretical Background

Intergenerational Leadership Succession

The fundamental objective of intergenerational succession is to preserve and transfer leadership to the next generation and ensure efficient business operations and strategic growth while maintaining harmony within a family (Sharma et al., 2001). [Table 1](#) presents the retrieved articles on intergenerational succession in family businesses based in the transitional Eastern European countries, namely Poland, the Czech Republic, Slovakia, Hungary, Croatia and Slovenia. The set of articles was achieved in three steps: 1) Database: Scopus, Web of Science, and Google Scholar; 2) Search Terms or Keywords: family business succession OR leadership succession OR succession change process AND transitional countries; 3) Inclusion/Exclusion Criteria, i.e. peer reviewed journal articles and conference papers, and book chapters, publications from 2020 onwards, publications explicitly addressing succession in already mentioned transitional Eastern European countries and articles published in English.

After applying above criteria and Inclusion/Exclusion criteria we have obtained five articles.

Table 1

Selected Articles

Article	Research method	Main Contributions
Duh & Primec, 2022 Country: Slovenia	Qualitative, action research; Single case study, one small family business included; Eight semi-structured individual and group interviews with five family participants;	Elements of effective succession: succession preparation and planning, family relations and communication, successor commitment, and family governance. The family dimension and emotional aspects of succession are key elements for effective succession.
Mikoláš & Matejun, 2023 Country: Czech Republic, Poland	Qualitative research; 235 small and medium-sized family enterprises have been examined, including 163 (69%) from the Czech Republic and 72 (31%) from Poland.	Succession is viewed as a research problem of managing the tension between continuity and change in family business. The results highlight the role of intra-family dynamics in this process. They influence the formation of development goals in family firms and provide essential insights for considering human capital as a critical factor for the longevity of these businesses. Succession can be treated as a specific innovation characteristic for family business.
Wieszta & Vajda, 2020 Country: Hungary	Quantitative; Questionnaire survey to 301 businesses on telephone and in-person.	Succession is made up of processes of relationship negotiations between predecessor and successor and can and should be planned; relationship negotiation processes are about the personal closeness, their trust and autonomy; The formal planning of succession negatively affects the efficiency of the operation of the business; Parallel emergence of the demand for autonomy and the demand for connection: the impairment of the successor's autonomy has a negative impact on company developments; The planned degree of the incumbent's withdrawal after leadership transfer has a positive impact on the efficiency of the company.
Rumanko et al., 2021 Country: Slovakia	Qualitative research; 74 family businesses (52 micro, 14 small, 6 medium, 2 large) included; Semi-structured interviews conducted with family business owners;	Only 48.64% of owners started the succession process; less than 70% of family businesses succession is planned; Incumbents want to remain interested in the family business after a generational leadership exchange; Postponement of the start of succession process is the first risk factor.
Lovrinčević & Frankić, 2024 Country: Croatia	Quantitative; 60 family business of all sizes; first and second generations included; Questionnaire was used as the primary data collection; 60 respondents of first and second generation;	For ongoing transition, the single most important succession factor for founders is the existence of a succession plan (although is rarely prepared) while for the successors is the level of founder readiness; Business-related factors are perceived to be more important for founders compared to successors.

The common denominator of the selected articles is a view of leadership succession in FB as a complex, dynamic and challenging process, occurring simultaneously at several levels, with the relationship between IC and SR being crucial. The results of these studies confirm findings that can be found in the wider global literature that see leadership succession as a key element in the life cycle of an FB and a multifaceted challenge that requires strategic management (Belling et al., 2021) and sensitive handling. Aronoff et al. (2011) define the succession process as a series of deliberate activities leading to the transfer of leadership and ownership – a duality that is also reflected in the work of Le Breton-Miller et al. (2004) and Sharma et al. (2001). While for Handler (1994), this is not just an operational transition, but a transformation that affects the family heritage and the continuity of the business.

The succession process, which takes place at the individual, group, firm and environmental levels, touches all aspects of the FB business ecosystem (Lambrechts et al., 2024; Rossignoli et al., 2024). The individual level considers personal attributes, attitudes, perspectives, behaviors, and expectations. The group level focuses on the relationships and influences of family members on the succession. The firm level deals with the interaction of ownership transfer and/or succession on the firm-level dimension. The environmental level examines the external environment that influences business operations (Handler, 1994) and family living and working. Economic factors and cultural norms play an important role in the succession process, creating a complex dynamic that requires FB leaders to manage both external pressures and the intimate intricacies of family dynamics.

However, leadership succession in FB is fundamentally relational, with the dynamics between the IC and the SR shaping the process's outcome (Haag et al., 2006). The quality of the relationship between the IC and the SR is paramount for transition success (Cabrera-Suarez, 2005). Furthermore, elements such as mutual trust, a sense of unity and a shared vision are recognised as essential foundations for effective transfer (Bruce & Picard, 2006; De Massis et al., 2008). FB scholars argue that the successful transfer of leadership relies on the delicate balance between the IC's willingness to step aside and the SR's readiness to step up. This balance is not merely transactional, but deeply human, reflecting a tapestry of personal investment, emotional entanglements and a deep-rooted desire to preserve a familial legacy through business continuity. This intricate interaction often hinges on the IC's ability to facilitate the transition and the SR's readiness to assume leadership—a duality that represents the heart of succession planning (De Massis et al., 2016). The role of the IC in the process is multifaceted. As the current leader, often the founder, their responsibilities encompass initiating, leading, and overseeing the entire succession process. This task is not solely managerial—it is steeped in emotional complexity due to the IC's deep emotional and financial investments in the business (Aronoff et al., 2011). The dual goals are clear: ensure a smooth transfer of leadership (i.e. management goal) and foster the competencies of an SR (i.e., leadership goal) who can preserve the FB's competitive edge and lead it into the future (Sharma et al., 1997).

In the »choreography« of FB succession, the SR assumes dual roles: they become a 'follower' in the operational realm, learning from the IC's management style, and a 'student' in the realm of socialization and training. This dual capacity is designed to ensure not only the continuity of leadership but also the perpetuation of the unique entrepreneurial ethos and the knowledge

endemic to the family enterprise (Jaskiewicz et al., 2014). Central to a SRs' progression are their capabilities and drive (Le Breton-Miller et al., 2004), in conjunction with the quality of interpersonal relationships fostered within the family (Venter et al., 2005). The SR's personal dedication to the business (Chrisman et al., 1998) and readiness to lead interplay dynamically with the IC's expectations, underlying the comprehensive approach to succession planning (De Massis et al., 2008; Pyromalis & Vozikis, 2009). It is crucial that the SR's personal objectives and expectations are in line with those of FB (Venter et al., 2005) and the IC.

Succession in FBs, unlike transitions in non-family businesses, involves unique, complicated dynamics due to the intertwining of "blood ties" with business operations (Bozer et al., 2017; Koning & Verver, 2023; Sharma et al., 2001). This interdependence leads to a multi-layered role of family members that can complicate governance and succession (Kets de Vries et al., 2007; Zellweger, 2017). In this context, Poza and Messer (2001) identified that those beyond the ICs, especially spouses, exert a significant, albeit often underestimated, influence on leadership succession. The spouse often acts as a steward of the family legacy, playing a critical role by not only facilitating communication within the family business but also demonstrating emotional resilience. Despite the challenges and dilemmas that can arise, spousal involvement is a linchpin to a successful generational transition. However, there is a notable discrepancy between their influence and the visibility of their contributions, positioning the spouse as an important but often invisible force in the succession process.

Organizational Changes Related to the Intergenerational Leadership Succession

Among the selected articles on FB leadership succession in transition countries, we have not found an article that directly addresses the expected changes that the succession will bring to FB. However, intergenerational succession leads to a significant change in intra-firm relationships and power dynamics (Haag et al., 2006). Aronoff et al. (2011) assert that succession involves far-reaching changes that affect every aspect of the family and FB. Lansberg (1999) views succession as a comprehensive process that interweaves multiple strands, including shifts in family relations, leadership, governance, and ownership (Brockhaus, 2004; Michel & Kammerlander, 2014).

Given its far-reaching implications, the craft of navigating succession requires an understanding of the FB's systemic interrelations and a sensitivity to the personal dimensions of change involved. Human reactions to organizational changes can span a spectrum from excitement to confusion, with an array of emotions in between (Lawrence et al., 2014). Scholars have categorized these changes using various typologies. Murray (2003) specifically identifies two distinct patterns of change in the context of intergenerational succession. The evolutionary pattern maintains existing forms and structures. Conversely, the revolutionary pattern marks a thorough reformation, with both the form and structures, as well as the roles of the IC generation, undergoing substantial modifications. This is characterized by the need for new participants beyond the IC and SR to adapt their competencies to meet the requirements of the evolving FB (Aronoff et al., 2011).

First-generation leadership succession typically represents this revolutionary paradigm, signifying far-reaching alterations that resonate throughout the entire fabric of an FB. The introduction of new generational perspectives necessitates a change in family dynamics

(Gimeno et al., 2010), a shift in outlook towards future business strategies (Sarbah & Xiao, 2015), and a critical reassessment and reconfiguration of both family roles and FB practices. This restructuring is essential for FB not only to persevere but to thrive over time (Nordqvist et al., 2014).

There is also a consensus among scholars that changes within FBs, whether planned or not, typically encounter some degree of resistance. This resistance manifests as reluctance or outright opposition to the changes being proposed or undertaken. As characterized by Schermerhorn et al. (2005), resistance is essentially a protective mechanism to defend against perceived threats that change may bring to vested interests. This aversion can vary in expression from behavioral resistance to a lack of affirmative support, influenced by the fear of the unknown, perceived risks, diminished trust, and the difficulty of adaptation (Zhao et al., 2016). Different strategies have been proposed to address the IC's resistance to the changes posed by succession. The latter can start by fostering self-awareness in the entrepreneur (Zaleznik & Kets de Vries, 1985) regarding the need for change. Alternatively, ICs can be encouraged to redirect their pioneering energies from the existing firm to new opportunities, thus continuing their creative path elsewhere (Zaleznik & Kets de Vries, 1985). In addition, actively involving stakeholders in change processes can reduce barriers to change (Chirico & Salvato, 2008).

Method

Qualitative Case Study

This study is constituted as a qualitative investigation into the dynamics of intergenerational leadership succession within medium-sized manufacturing FBs in Slovenia. Employing a multiple case study approach, this research probes into six family businesses, with each case study involving three central figures: the IC, the SR, and a family representative (FR) who collectively provide the primary data. Through content analysis of the interview transcripts, we discerned patterns, categorized them, and then interpreted them.

Research assumptions and limitations

While acknowledging that setting forth assumptions is atypical in qualitative methodologies, it is pertinent to delineate certain presumptions that underpin our inquiry: first, we postulate that the success of intergenerational leadership transitions depends significantly on the IC, who is often caught between conflicting needs, desires and expectations; secondly, we speculate that the scale of the FB exerts a notable influence on the leadership succession process. The research carries explicit limitations. Foremost, it distinctly focuses on leadership rather than ownership succession. It treats the IC' handover to the subsequent generation as a singular, unrepeated phenomenon, thus discounting continuous or cyclical patterns of succession. Furthermore, this inquiry concentrates on understanding the perceptions of success in leadership succession from the points of view of both the IC and the SR, intentionally not measuring the succession's impact on the economic performance or efficiency of the FB.

While the real-time study design does have certain advantages, the authors should acknowledge that such research can also be biased (especially due to the relational aspects of succession and the interviewees' desire for realisation of their specific interests that may result in presenting a skewed image of themselves and their objectives related to the FB).

Geographically, this study's scope extends exclusively to Slovenian medium-sized manufacturing FBs. We acknowledge that culture may bear upon our findings—however, current evidence does not suggest marked differences between Slovene FBs and their European Union counterparts. Lastly, the generalizability of the findings aligns with the inherent characteristics of the qualitative research methodology we have employed, which aims to provide depth and insight rather than broad generalizations.

Sample

In alignment with the suggestion of Marshall et al. (2013), the research investigates six FBs, each comprising three key informants: the IC, the actual leader, the prospective SR, and an FR. This configuration was dictated by the intent to reach data saturation, bearing in mind the requisite number, variety of cases, and the comprehensiveness of the semi-structured interviews as outlined by Eisenhardt (1989).

The study focuses on a cohort of medium-sized, active Slovenian FBs that align with specific criteria: (a) they must fall within the medium-size category; (b) exhibit majority first-generation family (F) ownership; (c) have at least two family members employed, besides the IC, who should hold the dual role of director and majority owner, with the SR also operational in the business, circumstances permitting; (d) be perceived by the IC as a FB; (e) engage primarily in manufacturing, defined as the business's principal activity; and (f) be in the process of leadership succession (see [Appendix A](#)).

The FBs for this study were selected using the opportunity sampling method. Medium-sized companies were selected because they exhibit a higher degree of professionalism as well as a significant accumulation of intellectual and social capital. In addition, the maturity of these firms often provides a richer and more complex research context than smaller FBs, which may include age-related factors and longer-standing family and IC dynamics. To identify suitable FBs, the publicly available databases of AJPES (Agency of the Republic of Slovenia for Public Legal Records and Related Services, 2019) and [Gvin](#) were utilized.

The selection of manufacturing companies was intentional, as they are a predominant segment of the secondary economic sector in Slovenia. As the research question focused on the succession process, it was crucial to concentrate on the ongoing or incomplete leadership transition. The reason for this was to mitigate the challenges associated with retrospective analyses, especially the potential distortion in recollections or the gap between initial experiences and later reflections, also referred to as "memory and the gap between initial and retrospective satisfaction" (Sharma et al., 2001). This focus enabled a real-time exploration of leadership change emphasizing the live experience over retrospective accounts, prone to recall bias.

Data Collection Methods

Several data collection methods were used with semi-structured interviews serving as the primary means of data collection. These interviews were conducted with key actors within each FB unit under study: the IC, the designated SR, and an FR who is an adult family member. The decision to include a FR – the IC's wife and the SR's mother, except in one case study (CS) where it was the IC's son and the SR's younger brother – was based on the contention that the

role of the family in first-generation leadership succession is central, perhaps even more important than that of the business operations.

Triangulation was achieved in each CS study by including multiple perspectives, thereby increasing the methodological rigor and credibility of the survey (Baxter & Jack, 2008). Each participant was asked a series of four related questions, with additional sub-questions specifically tailored to the IC and adapted accordingly for the other respondent categories. These interviews, which were recorded with the participants' consent, lasted a total of 19 hours, averaging around 63 minutes per interview (see [Appendix B: Interview Guide](#)).

Content Analysis Method

The content analysis, as proposed by Miles and Huberman (1994), which involves data reduction, data display, and the drawing and verification of conclusions, was used in the study. The analysis was performed manually and followed the guidelines of Srivastava and Hopwood (2009) and Neal (2016).

Upon meticulously listening to the audio interviews, the researchers transcribed and reviewed the content, preserving the integrity of the participants' statements and omitting repetitive elements. This process of data reduction ensured that non-essential information, such as detailed technology or product descriptions, was excluded from further analysis (Neal, 2016). Each individual CS formed a unit of analysis. Within the broader structure of the multiple case study, analysis was conducted at two levels: one for each participant category and another at the CS level to identify patterns both within and across CSs.

Initially, open coding was used, in which the codes were derived from the text as a significant phrase or sentence (Saldana, 2009). These initially coded segments were then compared and arranged into subcategories using axial coding, which subsequently formed the basis for defining a broader category. Reflexive iteration – revisiting previously analyzed data in light of new findings (Srivastava & Hopwood, 2009) – was an ongoing process throughout the research, ensuring that the evolving understanding of categories and subcategories remained robust across all CSs.

Results

The results of the coding and categorization by each CS are presented in the form of a coding matrix (Neal, 2016). After identifying the codes, we grouped them into three change sub-categories: “Attitude towards the succession”, “Expected changes” and “Post-succession period”. As an illustration, part of the coding matrix of CS6 (see [Appendix C](#)) is presented, referring to the sub-category “Attitude towards the succession”.

The findings are presented according to the mentioned three sub-categories above.

Attitude Towards the Leadership Succession Process

The willingness of the founder to relinquish control is often cited as the main obstacle to effective succession (De Alwis, 2016; Pyromalis & Vozikis, 2009; Sharma et al., 2003b). The triggers of the succession process are found in ICs who are aware of their own ageing and diminished capacities, but at the same time, these ICs enter into the dynamic relationship with ambitious visions of SRs and their thinking about succession, often reinforced by their operational involvement in FB (Scheibe et al., 2015).

As one of the ICs emphasizes, it is important that the SRs "nurture the tree so that it can grow" and preserve the tradition (CS5IC1; 2, 3). Yet, attitudes towards the urgency and implementation of succession varied significantly among participants, illustrating a nuanced landscape of expectations and perceived responsibilities across generations. Most notable is the statement of IC in CS1, who at the age of 78 emphasizes that he will stay in the company as CEO "as long as he is healthy and until he is on the way" (CS1IC3; 7). Unsurprisingly, his successor sees succession as a remote possibility that will not materialize while the IC is still alive. For him, succession is "a constant battle between generations" (CS1SR1; 8), and since everything is up in the air, he feels neither obliged nor committed to stay in the company (CS1SR1; 9, 11). This variance pinpoints the developmental characteristic of succession as both crucial and challenging for FB longevity (Miller et al., 2003; Sharma, 1997; Sharma et al., 2003a).

The study argues for the nuanced understanding of succession as not merely a procedural transition but an interplay of personal, familial, and business considerations. The findings echo and extend upon extant scholarship (Aronoff et al., 2011; Carlock & Ward, 2001, 2010; De Alwis, 2016; Matser et al., 2020; Miller et al., 2003; Sharma et al., 2001), confirming that issues such as planning, fairness, trust, and the willingness of both ICs and SRs are central to the discourse on FB succession.

Central to the discussion is the critical role of familial relationships and shared values, which shape not only the business's strategic direction but also the attitudes towards succession (Aronoff et al., 2011; De Massis et al., 2016; Kets de Vries, 2007). This study posits the IC as a pivotal figure whose attitude towards succession directly impacts the process's initiation, planning, and execution, thereby affirming the intricate balance between personal, familial, and occupational identities within FBs.

The introduction of four types of successor commitment, as proposed by Sharma and Irving (2005), further sophisticates the understanding of SR motivations, framing these within a spectrum of desire, obligation, opportunity cost, and need that can overlap each other. The four commitment types of SRs involved are: a) affective - based on desire (a perceived desire arising from identification with the family needs) in CS1, CS2, CS3, CS4, CS5, CS6; b) normative - based on obligation (a perceived sense of obligation to the family) in CS2, CS3, CS5; c) calculative - based on opportunity costs (a perceived sense of the opportunity costs involved) in CS2, CS6; d) imperative - based on need (a perceived need due to a lack of alternative career options) none of the cases. The significant absence of imperative commitment highlights a central finding: the prevalence of affective commitment across cases, suggesting a deep, intrinsic connection to the FB that transcends purely rational economic considerations.

Our CSs confirm the extremely important role of the partner, spouse in our cases, in the succession process. Poza (2010) ascribes to IC's partner a unique role as guardian of the family heritage, facilitator of communication and touchstone of emotional intelligence in familial relationships, which often plays a central, though perhaps underexposed, role in succession. Our cases have shown that partners are not always merely the "objective" guardians of the succession process, but also wish to assert their own interests in this respect. For example, FRCS1 anticipates that the transfer will be difficult and doubts that it will happen at all. Although she does not say so directly, she sees the succession as an opportunity to replace the IC and take over the leadership herself. Accordingly, her attitude towards succession is

ambivalent and calculating, and her actions are not conducive to success. On the other hand, FRCS2 is proactive, endeavors and expects a successful succession. Nevertheless, she is in favor of selling the FB rather than intergenerational succession, which she accepts due to the family's majority interest. In light of these findings, the nuanced role of the IC's partner, as discussed by Poza (2010), surfaces as a key influencer in the succession process, embodying a spectrum of support that ranges from facilitating communication to acting as a potential successor, further complicating the succession landscape.

Expected Changes

The research results delineate the multifaceted expectations regarding expected changes to follow leadership succession, dissecting the anticipated shifts through the prism of change agents, the character of changes, and the varying anticipations and attitudes towards these changes. The participants' statements as to why changes are necessary and expected can be summarized as follows: 1. because the business needs to be improved and the gaps to the competition need to be reduced in order to stay in business, and 2. because it is necessary to keep up with the times and continue to grow.

The expectations of change predominantly concentrate on shifts in leadership styles, decision-making approaches, and the strategic orientation of the business. The findings reveal a general consensus on the necessity of change to address internal conflicts, staff retention issues, and to adapt to competitive market pressures. The divergent views of ICs and SRs manifest in their attitudes towards the scope and nature of these changes, reflecting a landscape influenced by personal values, the existing familial and business culture, and the external business environment. For example, ICs consider that changes are expected primarily in strategy (e.g. new business areas and markets, profitability instead of volume), while SRs prioritize digitalization, automation and robotization and changes in organizational structure.

The research highlights the pivotal role of SRs as agents of change, striving to mark their leadership with their own style and vision, which is incongruent with that of their predecessors. These ambitions are constrained by the search for a balance between the desire for change and the continuity of certain core values and strategies, which in most of the cases studied leads to evolutionary rather than revolutionary change. These results confirm previous findings showing that the impact of generational transition on a firm's strategic direction and its operational ethos is significant and diverse (Aronoff et al., 2011; Bozer et al., 2017).

The categorization of anticipated changes encompasses strategic, operational, and cultural dimensions, elucidating a comprehensive framework wherein these shifts are forecasted to occur. The contradistinction between the perceptions of ICs and SRs emphasizes the complexity of succession planning, revealing an interplay between a resistance to change and a drive towards innovation and adaptation (Baltazar et al., 2023). This dichotomy is emblematic of the broader challenges faced by FBs undergoing leadership transitions, encapsulating the tension between preserving legacy and embracing progression.

The delineation of change agents reveals a spectrum of succession models, wherein the roles of ICs and SRs in initiating and steering change are variably articulated and independent from more proactive or reactive stance to change (see Miller et al., 2006). The study showed that participants perceive succession as a process in which opportunities for change can and should be seized. Implicitly, succession is perceived as an opportunity for innovation activities

(Baltazar et al., 2023), where both ICs and SRs can act as agents of change. As well the timing of the introduction of changes is important, as timeliness brings benefits, while delays bring missed opportunities, potential problems, and losses. Although both the IC and the SR are aware of the importance of this, the choice of the appropriate moment to start the process of leadership succession is a judgement of the IC, which is subject to his values and personal motives.

Post-succession Period

The third sub-category delves into the intricacies of the post-succession period within FB, focusing on the IC's life after leadership transfer, their emotional and financial independence, and the dynamics of their relationship with the SR and FRs. The findings illuminate the multifaceted nature of leadership succession, revealing a spectrum of expectations and realities that shape the post-succession landscape.

The research underscores the reluctance of ICs to withdraw from FB due to emotional attachments and personal interests, highlighting the critical role these factors play in the succession process. Sharma et al. (2001) and De Massis et al. (2008) previously identified the binding force of such emotional ties, and this study further elaborates on their significance, illustrating how these connections complicate the detachment of ICs from FBs. The trust between ICs and SRs emerges as a pivotal element, influencing the ease of leadership transfer and the quality of their post-succession relationship, as noted by Sharma et al. (2001) and Salvato and Melin (2008).

Financial and social independence of the IC post-succession is a critical consideration, with various ICs ensuring their autonomy beforehand, echoing Aronoff et al.'s (2011) identification of this factor as a potential stumbling block in succession planning. Despite securing their independence, ICs' engagement in leisure activities post-transfer is insufficient to fulfill their need for purpose, aligning with Bozer et al. (2017) insights on the psychological impact of succession on ICs.

A significant revelation of this study is the persistent connection of ICs to FBs even after stepping down, embodying the perception of the FB as an "incumbent child." This enduring bond posits a challenge in fully separating ICs from the FB, reinforcing Sharma et al. (2001) and De Massis et al. (2008) findings on the difficulty of this separation. The governance overlaps between IC and SR is identified as a potential conflict zone, necessitating adjustments in FB governance to accommodate new leadership roles, as suggested by Lansberg (1999).

Furthermore, the anticipated role of ICs as counsellors or advisors post-succession highlights the nuanced balance required between offering support and not interfering with the new leadership, aligning with Cadieux's (2007) characterization of this dual role. The study brings to light the underestimated value of ICs' experience and knowledge, echoing Tang and Hussin (2020), and Bracci and Vagnoni (2011) on the critical transfer of intellectual and social capital during succession.

This research has shown that leadership succession is not just a rational process that can be described and captured in economic categories but a complex emotional, financial and relational dynamic of those involved, not neglecting the relationships within the wider family. This is why management succession is too often left to chance events within the FB, as ICs are unaware of, unable or unwilling to face up to the relationship dynamics that can have a crucial impact on the future of the FB and, above all, on their future relationships with family members

(Kets de Vries et al., 2007). Beside that, ICs maintain their attachment to FBs because even if they withdraw completely from leadership position, they remain owners or co-owners of FBs. The stronger the bond between IC and FB, the more difficult it becomes to separate them (De Massis et al., 2008; Sharma et al., 2001).

At the same time, none of the SRs, nor the ICs, explicitly emphasized the importance of the role of the FRs in the post-transfer period. Most expect them not to interfere with leadership but to support them, especially in building and maintaining an appropriate interpersonal relationship with the IC after the handover. FRs expect to be able and allowed to continue working in FB after the leadership transfer, at least until retirement and preferably for as long as SRs need them. They are ready and willing to provide help and support to the SRs. FRs who are not co-owners of FB want to continue working there because they need the work to ensure their economic and social security and independence. For all of them, continuing to work would be a recognition of their contribution and a sign of trust from their siblings.

Conclusion

Main Findings

The main findings of the research as responses to the two research questions are shown in [Table 2](#).

Table 2

The Research Key Findings

Research Question	Key Findings
RQ1: What is the attitude of the incumbent (IC) and the successor (SR) towards FB's leadership succession?	<ul style="list-style-type: none"> • ICs generally show varying levels of readiness to withdraw, with some displaying reluctance due to strong emotional attachment to the FB and personal interests. • Most ICs' reflection on succession is triggered by future-time perspective and perception of declining physical/cognitive abilities. • SRs generally view succession as a normal and expected process, approaching it with proactive yet cautious attitudes. • SRs demonstrate primarily affective commitment (based on desire and identification with family needs), with some showing additional normative and calculative commitment. • Trust between IC and SR is a crucial factor influencing succession attitudes, with higher trust levels correlating with more positive succession outlooks. • IC and SR do not expect FRs to directly interfere within leadership succession process but support them, especially in building and maintaining an appropriate interpersonal relationship.
RQ2: What changes do the incumbent (IC) and the successor (SR) expect leadership succession will bring, and what is their attitude towards them?	<ul style="list-style-type: none"> • Changes in leadership style are expected across all cases, with SRs planning to enforce their own approaches. • ICs generally favour incremental changes, while SRs are more open to radical transformations. • Expected changes focus on: <ul style="list-style-type: none"> - Strategic reorientation (new business areas, markets, profitability focus) expected by ICs - Digitalisation, automation, robotisation, organisational structure and business process improvements expected by SRs • Timing of changes varies, with some implementing them continuously during the succession process and others postponing until post-succession period. • Change agency roles differ across cases, with either ICs or SRs taking primary change agent positions depending on succession climate and attitudes.

The research shows that companies do not use a proactive planning approach for leadership succession and that the success of the process itself is more often than not a matter of chance, of the existing relationship between the IC, SR and FR, and of external factors in the FB environment. The ICs uniformly perceive succession as "handing over the IC's child," thereby shaping the entire succession process and attitudes over it. The research reveals a range of ICs'

attitudes towards succession, from proactive and supportive to reluctant and ambiguous molded by their own values and personal motives.

SRs typically perceive the succession process as a natural evolution within the business lifecycle, adopting a proactive yet cautious stance towards the transition. This attitude underscores a recognition of the criticality of the succession process, balanced with an awareness of the inherent challenges it presents. SRs exhibit a complex tapestry of commitment, with a strong affective commitment—characterised by a deep-seated desire and identification with the family business needs—being predominant. This affective commitment is occasionally complemented by normative (obligation-driven) and calculative (advantage-driven) forms of commitment, indicating a multifaceted engagement with the succession process.

A fundamental element shaping succession attitudes is the level of trust between ICs and SRs. The research findings indicate that higher levels of trust are directly correlated with more optimistic perspectives on succession, emphasizing trust as a critical relational determinant in facilitating a smooth transition.

Regarding expectations of familial roles, both ICs and SRs concur that family representatives (FRs) do not directly intervene in the leadership succession process. Instead, their role is envisaged as supportive, particularly in fostering and maintaining constructive interpersonal relationships, which are crucial for a successful transition. FRs act as a buffer in the relationship, reducing tensions due to the different, but legitimate, interests of both parties.

An anticipated shift in leadership style emerges as a consistent theme across the studied cases. SRs, in particular, express an intention to implement their unique approaches to leadership, signifying an evolution from the existing paradigms under incumbent leadership. This intention reflects a broader openness among SRs to embrace radical changes, contrasted with ICs' preference for incremental adjustments.

The scope of expected changes encompasses strategic reorientation towards new business areas, markets, and profitability, as advocated by ICs; and a focus on digitalisation, automation, robotisation, and enhancements in organisational structure and business processes, as championed by SRs. The timing of these changes varies, with some businesses integrating them throughout the succession process, while others defer them until the post-succession phase. Variability is also observed in the roles assumed by change agents, with leadership in this capacity fluctuating between ICs and SRs, depending on the prevailing succession climate and attitudes. This delineation underscores the contextual dependency of change agency within the family business succession context.

In summation, leadership succession within family businesses encompasses a complex array of factors, including attitudes towards succession, commitment levels, trust dynamics, expectations of familial involvement, leadership style evolution, and strategic changes. The interplay of these elements highlights the nuanced and multifaceted nature of leadership succession in FB, which is significantly influenced by the FR, which is related to the role of women – mother in Slovenian culture.

Recommendations for Future Research

Building on the findings of this research, several avenues for future investigation are proposed to enhance the understanding of leadership transitions within family businesses (FBs). These

recommendations aim to address both underexplored areas and pressing challenges that influence the succession process.

First, the post-succession well-being of incumbents (ICs) warrants further exploration. Understanding the emotional and psychological impact of succession on inactive family members is crucial, particularly in assessing how their engagement in activities outside the family business contributes to their sense of fulfillment and identity after the transition. This line of inquiry could reveal how the evolving role of ICs influences not only their personal well-being but also the broader dynamics of the family and business.

A second area of interest lies in exploring alternative engagement models for ICs post-succession. Future research could compare outcomes between ICs who choose to embark on new ventures and those who continue to engage with the FB in non-leadership capacities. Such studies would assess the effect of these varied roles on individual satisfaction, family relationships, and business continuity, providing valuable insights into the optimal paths for ICs during the post-succession phase.

Moreover, analyzing the external influences on succession, such as economic conditions, industry trends, and technological advancements, could provide insights into how external factors affect the timing and effectiveness of succession. Comparative research across different sectors would enable a better understanding of how FBs adapt their succession processes to changing external environments and the role that context plays in shaping transition outcomes.

Finally, the impact of family dynamics on succession success should be examined in greater depth. Family relationships, hierarchies, conflicts, and alliances significantly influence decision-making and the succession process. Investigating how these dynamics affect the success of leadership transitions could provide valuable insights into fostering positive family-business interactions and ensuring successful succession planning.

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Appendix A

Short description of the sample

<p>1. Characteristics of Family Businesses:</p> <p>Year of establishment between 1988 and 1990. The industry sector is Manufacturing, but each company has different sub-activities. Number of employees ranging from 76 to 215. Asset volume between €9.1 million and €21.3 million. Capital amount between €2.0 million and €13.5 million. Total revenues between €12.7 million and €31.6 million. Foreign revenues between €0.3 million and €27.2 million. Return on Equity (ROE) between 3.00% and 23.01%. Return on Assets (ROA) between 1.26% and 14.69%. All companies are wholly or majority-owned by the founding family.</p>
<p>2. Characteristics of Incumbents:</p> <p>Gender: Male Age: between 53 and 78 years; average age is 64 years. Age difference between the transferor and the acquirer ranges from 25 to 41 years; average age difference is 32 years. Education: Professional/university degree.</p>
<p>3. Characteristics of Successors:</p> <p>Gender: Male Age: between 24 and 38 years; average age is 32 years. Education: Professional/university degree.</p>

Appendix B*Interview Guide*

Activity	Comments/Questions	Approximate Time
Introduction	Begin the interview by introducing ourselves and the topic of research. Explain the goals of the interview. Inform about anonymity and confidentiality in the research, voluntariness, and the ability to choose not to answer some questions. Before the interview starts, mention that we would like to tape-record it and ask whether this is okay with the interviewee.	20 min
Structured topics	<p>Topic 1: Leadership Succession in Family Business What does leadership succession in a family business mean to you? What do you think is involved in the transfer of leadership? (What is transferred and why?) When and why did you start thinking about succession and handing over leadership to a successor? What did you feel about this?</p> <p>Topic 2: Attitude Towards Leadership Succession How do you personally perceive (understand and experience) the succession process in your family business? What is your relationship with leadership succession? What significance do you attach to it? What is your emotional relationship with the succession process? How do you feel about it? What is your relationship with the family business?</p> <p>Topic 3: Expected Changes What, why, and when do you expect changes to occur with the transfer of leadership in the company? What do you think will change the most? How would you describe the changes? What is your attitude towards these (expected) changes?</p>	60 min
	Topic 4: Success of the Transfer What does a successful transfer of leadership in a family business mean to you? How successful do you expect the transfer of leadership to be in your company? To what do you attribute your expectations? How will you live and operate after the transfer?	
General questions and open dialogue with the participant	Is there anything else we haven't asked you that you would like to add?	30 min
Closing comments and completion of any paperwork	Can we contact you and meet again if we have any further questions after this interview to get some further clarifications?	10 min

Appendix C

Part of the CS6 Coding matrix

1. What is your attitude towards the intergenerational leadership succession that takes place in your family business?			
CS / participant	Statement	Code	Subcategory/ category
CS6 IC	The time has come. Handing over the company is one of my most difficult tasks. I take it very seriously.	Significance of Transition	Attitude towards the succession
	During the transfer, the values must remain unchanged, while the mindset and approach must improve, because everything must change and adapt.	Stability vs. Change	Attitude towards the succession
	I do not worry about the transfer. I know that things will develop as they should. Full stop, there is no discussion. It is known that the transfer must be completed by the defined date.	Confidence and Certainty	Attitude towards the succession
CS6 SR	I accept succession as a burden I have to bear. The father has a strong ego. Whatever you do is not good enough for him.	Burden of Succession	Attitude towards the succession
	My attitude towards succession is positive, it is also emotional. That's is also my attitude to our company, which I was born into and grew up in. It's like a second home to me.	Emotional Connection to Legacy	Attitude towards the succession
	It would be hard for me to accept if I could not stay here. I have given up many things since I was a child because I know that I will stay here. This also results in my expectations.	Personal Sacrifice and Attachment	Attitude towards the succession
CS6 FR	This is the handover of the business so that we can withdraw, and our health can also leave us.	Transition and Withdrawal	Attitude towards the succession
	I do not know what it will be like then, but I am not too worried. With the handover, something will end and be lost, but something will also begin and be added.	Acceptance of Change and New Beginnings	Attitude towards the succession
	I am grateful to the children that they are willing to work in the company and continue our work.	Gratitude and Legacy Continuation	Attitude towards the succession