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## Succession in Family Firms: The Problem of Resistance

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*Succession is problematic for a majority of family firms. This paper argues that resistance to succession exists across many levels in these organizations and proposes a model that highlights the multiple contributing factors.*

"Smooth succession" is an oxymoron. . . . Succession in a family business is probably the most complex management challenge anybody faces.

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Only 30 percent of the family firms in the United States survive the transition to the second generation, and only 10 percent make it to the third generation (Beckhard and Dyer, 1983a, 1983b). This paper explains these statistics by arguing that family business succession is resisted. Given such well-conceived recommendations as succession planning (Beckhard and Dyer, 1983b), strategic analysis (Flamholtz, 1986; Peiser and Wooten, 1983; Ward, 1987), and education (Rosenblatt, de Mik, Anderson, and Johnson, 1985), we must investigate the failure to plan for succession.

The paper addresses this question by outlining the literature from individual, group, organizational, and environmental perspectives that informs the study of succession in family firms. Figure 1 summarizes the contributions of these perspectives to this issue. Our literature review summarizes the body of research pertaining to succession and reveals a significant gap in this research: There is no thorough analysis of the multilevel forces that increase or decrease resistance to succession. Only

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**Figure 1. Contributions of the Four Perspectives to the Study of Resistance to Succession in Family Firms**

Level	Highlights
<i>Individual</i> Psychosocial	The owner's bond to the business and the related personal, emotional, and developmental factors
<i>Group</i> Family System	The important role of family interaction, structure, and paradigm
Family Business System	The interdependence of the subsystems of family, firm, and owner
<i>Organizational</i> Cultural	The values and assumptions embedded in the total system around organizational continuity
Organizational Development	The influence of time on the organization The relationship between the owner's disengagement and the growth of the organization
<i>Environmental</i> Contingency Theory	The impact of the environment on organizational structure Serves as integrator between CEO succession and family business succession
Population Ecology	The issue of industry survivability given the environment

Note: The four perspectives are not mutually exclusive. In fact, the factors outlined in the various perspectives interact with each other in practice. For example, the family business system straddles the group and organization levels.

Lansberg (1988) addresses forces that interfere with succession planning across levels (the founder, the family, the owners, the managers). In this paper, through the use of a level-of-analysis model, we portray the factors that promote and reduce resistance on the individual, group, organizational, and environmental levels. In this model, the individual level refers specifically to the owner, the interpersonal/group level refers to the dynamics within and between members of the family and the firm, the organizational level refers to issues related to the firm's culture and structure, and the environmental level refers to external influences on the organization and family. We define *resistance* as "either attitudinal or motivational energy" (Beckhard, 1975) or "persistence" (Watzlawick, Weakland, and Fisch, 1974) in maintaining the status quo of an individual or a system.

Because two-thirds of all family firms do not make it through the first

transition intact, we will focus on first-generation family firms. And, because the research on women owners of family firms is very limited (Bork, 1986; Lansberg, 1988), the emphasis here is on succession by male owners. By outlining the factors of resistance and by identifying a research and information gap, our model creates an agenda for future studies. It can be anticipated that further investigation will deepen our understanding of succession as a process that influences the long-term health of family enterprises. In addition, it should provide direction to those seeking to intervene in problematic succession situations.

### Individual-Level Influences: The Psychosocial Perspective

Many studies of succession argue that problems arise due to factors that operate at the individual level. Works written from the psychosocial perspective cover a broad range of individual-level factors, including the personal, emotional, and developmental characteristics of the leader entrepreneur.

Researchers writing from the psychosocial perspective emphasize the psychological characteristics of the owner that contribute to succession problems (Kets de Vries, 1985; Kets de Vries and Miller, 1984; Levinson, 1971) and the social factors that have played a significant role in his adult development and shaped his behavior as a leader (Levinson and others, 1978; Osherson, 1980; Vaillant, 1977).

Various research studies have suggested that succession problems are tied to the psychological elements that originally motivated the founder to start a business. Collins, Moore, and Unwalla (1964) discovered a significant similarity in the backgrounds and childhood experiences of many entrepreneurs. "Themes such as 'the escape from poverty,' 'the escape from insecurity,' 'death and sudden death,' [and] 'the parents that went away,' . . . occurred repeatedly. They seemed part of the entrepreneurial 'family romance'" (Zaleznik and Kets de Vries, 1985, p. 221). To the entrepreneur, the business becomes his link to reality and his way of dealing with conflicts of identification developed during childhood. "In a symbolic way, he unites with the enterprise" (Zaleznik and Kets de Vries, 1985, p. 226) in order, for example, to reap the sense of self-esteem and power (McClelland and Burnham, 1976) that he was denied in his past.

Levinson (1971) argues that the firm can give the founder meaning in three important ways. First, since the entrepreneur can have unresolved conflicts with his father, he starts the business to escape the authority of a powerful figure (Collins, Moore, and Unwalla, 1964). In other words, the entrepreneur aspires to run his own empire as a result of his ongoing "need for control" (Collins, Moore, and Unwalla, 1964, p. 161), a need evidenced by the serious difficulty that he has addressing issues of dominance, submission, and suspicion about "authority" (Kets de Vries, 1985,

p. 161). Second, because the business can represent the "baby" as well as the "mistress" for the entrepreneur, it is an intense source of energy and interest. Those who work for him are therefore seen as tools for shaping the company, and they are denied power. Third, the business can represent an extension of himself, and therefore succession issues get mixed up with the founder's "desire for applause" (Kets de Vries, 1985, p. 163) and his own personal concern about the monument that he will leave behind. Given the meaningful relationship that develops between the business and the founder, it is not surprising that "it is in the nature of founders/entrepreneurs to have difficulty giving up what they have created" (Schein, 1985, p. 275).

A fourth element should be added to the list of psychological elements that reinforce the founder's bond with the business, namely his resistance to facing the thought of aging, dying, or being incapacitated (Lansberg, 1988). The reluctance to face mortality is most easily maintained when the founder is in good health. Danco (1980, p. 110) refers to such resistance as the founder's "assumed immortality." Elsewhere, Danco (1982, p. 5) explains how it typically results in inaction or avoidance of the succession issue: "Too many family owned companies seem to suffer from 'corporeuthanasia,' a term I use to describe the owner's act of willfully killing off the business he loves by failing to provide in his lifetime for a viable organization with clear continuity. This disaster occurs because the owner of the business cannot face the fact that at some point he must . . . and will be replaced. If [he cannot face this] . . . then his banker and attorney will do it for him on the way back from his funeral—four cars back from the flowers."

The work by Levinson and others (1978) on adult and career development theory adds further insight into the problem of resistance to succession. These authors argue that each chronological stage of life through which adults pass is characterized by distinct needs and self-identity issues. Indeed, "almost half our adult lives is spent in developmental transitions" (Levinson, 1986, p. 7). During the transitions between life stages, the individual oscillates between the desire to hold onto the past and the desire to let go and move into the future; the oscillation is used to safeguard the threatened sense of self (Osherson, 1980). Ultimately, any feelings of loss or grief resulting from transition must be resolved if the individual is to move beyond the transition and establish an understanding of self. This resolution involves "seeing the transition itself in a new light [and] developing new skills for negotiating the perilous passage across the 'nowhere' that separates the old life situation from the new" (Bridges, 1980, p. 14). Such coping with transition will not only be necessary for the founder but for members of the family and firm as well. In other words, the succession process has effects that ripple throughout the system.

Authors who write from the psychosocial perspective contribute an understanding of the founder as the central, most influential actor in the family business system. By examining the critical psychological and developmental components that make up the founder, we can appreciate the strong ties that he has to the business that he has created. Clearly, one way of reducing resistance to succession is by intervening with the founder to help him address the fears and concerns that make systematic planning for the future so intolerable. As Lansberg (1988) suggests, not only can technical and supportive consultation help, but making the family aware of the founder's emotional difficulties will also assist.

Every author who writes from the psychosocial perspective addresses the issue of resistance to succession from a narrow view. One study highlights the succession difficulties that exist because, for example, the founder will not "let go." Other studies offer a variety of similarly undeveloped causes for problematic succession. No author has provided a comprehensive systematic analysis of the impact that these factors have on succession. In addition, research on the individual level only peripherally considers such situational and environmental factors as the role of the family, the structure of the organization, the financial health of the business, and the nature of the industry.

#### Group-Level Influences

Many studies lend perspective to the study of succession by considering interpersonal and group dynamics. The literatures on family systems and family business systems focus on these issues. Together they illustrate the influence that the overlapping family and family business systems may have on family business succession.

*The Family Systems Perspective.* The literature on family systems suggests that family structures and patterns of interaction can have an impact on the dynamics of family business management. As Davis (1983, p. 50) explains, "Families, as well as businesses, have their own system of organization. The family system of organization may maintain family cohesiveness and at the same time obstruct effective business management. It regulates the behavior of the family members through verbalized rules of conduct and highly restricted behavioral patterns that are unconsciously maintained."

Studies of family systems illustrate the importance of such factors as power, communication, and trust and how loosely or tightly family relationships are woven within the system. Studying various typologies of structure and interaction "offers great potential for systematic improvement in the management of family business" (Davis, 1983, p. 56). In particular, studying the typologies can advance our understanding of how the systemic nature of the family fuels resistance to succession planning.

The three typologies most applicable to family business systems theory are interaction typologies, structural typologies, and family paradigms.

**Interaction Typologies.** Research performed in the 1950s on the interaction patterns of families with one or more schizophrenic members led to the development of several general classifications. The interaction typology that Jackson (1968) developed from research on couples is one of the most highly accepted. It describes three basic "modes of interaction": symmetrical (involving mutual competition between family partners), complementary (involving divided but approximately equal responsibilities), and reciprocal (a balanced mix in which partners alternate between the symmetrical and complementary modes depending on the situation and their respective talents and resources). Jackson argued that the rigidity of a relationship was probably more detrimental to the family than the specific nature of the relationship. Families with rigid intrafamily interaction patterns may exhibit the same patterns within the business. This inflexibility may leave them less able, or unable, to provide for the future of the firm.

**Structural Typologies.** Salvador Minuchin, Braulio Montalvo, and their associates, through the study of families with delinquent boys, identified two family structures: "enmeshed" families and "disengaged" families (Minuchin and others, 1967). As Hoffman (1981, p. 72) observed, "In the disengaged family, there seemed to be a relative absence of strong connections, and relationship ties between family members were weak or non-existent. The enmeshed family, by contrast, resembled an error-activated system with a high resonance between the parts . . . characterized by a 'tight interlocking' of its members." Ashby's (1969) work observes a similar distinction, although he uses a cybernetic model for adaptive systems, similar to some concepts of the brain. In Ashby's "too richly cross-joined systems," analogous to enmeshed systems, cross connections between elements of the system are so extensive that individuals cannot act effectively. In Ashby's "too poorly cross-joined systems," analogous to disengaged systems, there are not enough cross connections between members to allow the family to function effectively as a unit. Of course, these categories should be viewed as the extremes of a continuum; "one could never find a family at the far end of such a continuum, because it could not survive under either set of conditions" (Hoffman, 1981, p. 80).

Structural typologies illustrate how the family network functions. However, we do not suggest that they can be applied directly to succession issues in family businesses. For example, a family that is enmeshed or disengaged internally may not exhibit those same characteristics in the business. But, the structure of the family will certainly affect its management of the business, including whether it provides or fails to provide for its future. The question that remains is how or in what ways family structures affect the family's management of the business and of the succession process.

**Family Paradigms.** A family paradigm is "a set of core assumptions, convictions, or beliefs each family holds about its environment; these assumptions guide the family to sample certain segments of the world and ignore others" (Reiss, 1982, p. 1413). Reiss's clinically oriented studies resulted in the determination of three basic family paradigms: "consensus-sensitive," "interpersonal distance-sensitive," and "environment-sensitive." Consensus-sensitive families view the environment as dangerous; thus, family members feel a great need to be in agreement with one another. Interpersonal distance-sensitive families "share a perception that the environment is split into as many pieces as there are family members; each member has access to his own piece and therefore attends to environmental areas from his piece only" (Reiss, quoted by Davis, 1983, p. 51). Environment-sensitive families are relatively free of problems in that they are able to balance individual and family needs.

These belief systems may correspond to the structures outlined in the previous section. For example, consensus-sensitive families could be considered to be enmeshed. The implications for family business succession are also similar. For example, if there was more than one suitable successor and a choice had to be made, the consensus-sensitive family might be reluctant to make succession plans. Interpersonal distance-sensitive families might be so incohesive or conflict-ridden that intrafamily succession would be out of the question. Environment-sensitive families could be expected to experience the fewest problems in planning for succession.

**The Family Business System Perspective.** The literature on family business systems recognizes the family and the business as two distinct yet overlapping groups or "systems of organization" (Miller and Rice, 1967). The family business system perspective studies succession difficulties arising from the "distanglement of coincident task boundaries" (Miller and Rice, 1967, p. 101). The basis of the conflict between family and business and the ensuing succession problems is a function of diverging values (Kepner, 1983; Lansberg, 1983a, 1983b; Rosenblatt, de Mik, Anderson, and Johnson, 1985). In other words, different forces drive the business and the family. After all, the business is a performance-based system, while the family is a relationship-based system. So, while the competition for customers and capital may drive the firm, the driving force for the family can be any one of a number of factors, including reciprocity, nurturance, and permanence (Drozdown, 1986). What this means for success, survival, and transition is that "what's good for the business [may not be] good for the family" (Rosenblatt, de Mik, Anderson, and Johnson, 1985, p. 135). For example, the training of a successor for the eventual takeover of the business may be postponed because a family business owner wants to perpetuate his child's dependence.

The literatures on family systems and family business systems contribute a significant dimension to the issue of succession difficulties.

Together, these perspectives recognize the founder, the family, and the firm as three interdependent forces playing fundamental roles in the overall system. Interaction patterns, structural composition, and belief or assumption paradigms in the family system may, on the one hand, influence the actions or behavior of the founder leader and, on the other hand, carry over into or influence the management of the business. The theories clearly suggest that family counseling and marital counseling may be important interventions that can help to reduce blocks to effective communication about expectations for the future of the family and the firm (Lansberg, 1988).

How family structures and interaction patterns create resistance to succession in the business remains to be delineated. How the ongoing relationship between the family and the firm shapes this resistance should also be considered. While the perspectives just examined highlight the various group-level factors feeding the issue of succession, they provide only minimal conclusions about how factors specifically interact to produce a smooth or rocky succession. Thus, their value as analytic frameworks is limited to the description of inputs. They cannot be used to predict outcomes.

### Organizational Influences

Succession in family business can also be viewed from a perspective external to the founder and the family system that includes them both. Literature written from the organizational perspective that focuses on culture and organizational development offers insight on this level.

**The Cultural Perspective.** The link between founder-centered micro-analysis, group-centered family business system analysis, and organization-centered analysis is made through a cultural perspective. It is the founder, "by force of his or her personality," who in conjunction with his founding group shapes the organizational culture (Schein, 1983, p. 13). Culture is defined as the basic assumptions and beliefs that represent "learned responses to a group's problems of survival in its external environment and its problems of internal integration" (Schein, 1985, p. 6). Many argue that culture plays a major role in the survival of the business through transitional periods (Kilmann, Saxton, Serpa, and Associates, 1985; Schein, 1985). Although no one particular type of culture is associated with a successful organization, Dyer (1986) suggests that a highly autocratic, paternalistic culture, which the family, the firm, and the board may collude in maintaining, can be dysfunctional to the future of the business.

According to a leading theorist on the cultural perspective (Schein, 1985), succession can occur through one of four mechanisms. Two mechanisms, "natural evolution" (p. 277) and "self-guided evolution through

organizational therapy" (p. 278), are most effective when the client is motivated toward change. However, the other two mechanisms, "managed evolution through hybrids" (p. 280) and "managed revolution through outsiders" (p. 281), seem most representative of family firm successions: They implicitly deal with the resistances that can exist on the part of the founder and other members of the system. In managed evolution through hybrids, the fundamental question is how the organization can survive the transition without losing its identity. "One process is to selectively fill key positions with 'hybrids'—that is, 'insiders' who have grown up in the culture and are accepted but whose personal assumptions are somewhat different from the mainstream of the company in the direction in which the company needs to move" (Schein, 1985, p. 280). Of managed revolution through outsiders, Schein suggests that it is most likely only when perceived inefficiencies associated with the founder's culture have resulted in economic crisis (Dyer, 1984, 1986) that signals the need for new leadership from an outsider.

Authors who write from the cultural perspective address the values and assumptions embodied in the overlapping system of the founder, family, and firm. However, they do not comment explicitly on the degree of resistance in the system or on how it affects the likely mechanism for succession. One must infer that natural evolution is most likely to occur in situations where resistance is lowest, while managed revolution through outsiders is necessary in situations where resistance is greatest. In other words, the unstated implication is that Schein's four mechanisms apply, respectively, to situations of increasingly greater resistance to succession.

Another difficulty in using the cultural perspective to analyze resistance to succession results from the fact that the study of observable behavior and other artifacts does not necessarily help us to understand a firm's culture (Dyer, 1986; Schein, 1985). Failure to uncover the deep, underlying assumptions can result in misapprehension of the culture and the choice of an inappropriate mechanism for the firm's succession. To ensure that an appropriate mechanism is chosen, a task force consisting of the founder, family members, and senior managers should be created, and input, perhaps from an external consultant who can facilitate self-scrutiny, should be sought. As Lansberg (1988) suggests, such a mechanism would promote the mobilization of the energy and direction needed for succession planning.

**The Organizational Development Perspective.** While the cultural perspective lays out the various transition mechanisms available to the firm approaching succession, analysis from the developmental perspective can point out the qualities that characterize the firm over time. Organizational design theory informs the study of succession through its finding that the functional hierarchy developed during the start-up of a firm can

be dysfunctional to the firm's future. However, if the founder owner can give responsibility to managers (Greiner, 1972), it may ultimately become easier to delegate control of the business to a successor. Therefore, it appears that the owner's disengagement from the organization (Churchill and Lewis, 1983) can help to reduce resistance to succession.

The developmental study of engineering and manufacturing businesses that Boswell (1972) conducted in England in the late 1960s and early 1970s illustrates some of the difficulties that can result during a firm's development. Boswell (1972, p. 85) identified four primary "problems" in transitional firms—"managerial fatigue," "gerontocracy," "delegation difficulties," and "management succession"—that resulted in inadequate planning around succession. The first two factors seem to involve the founder's limited degree of energy, which carries over into the firm as slow growth and an inability to adapt and change through succession. The last two factors relate to the issue of founder indispensability and to the difficulty of providing for a transition in leadership through succession. When any of these four factors exists, alone or in combination, the owner founder "will not take the necessary steps to provide for the next generation of management" (Boswell, 1972, p. 85).

The developmental perspective contributes to our study of succession by incorporating the variable of time. By comparing firms in transition to firms in earlier stages of ownership, we can gain an understanding of how firms change. Thus, we can use the developmental perspective to analyze factors that characterize the different stages in the life of the relationships between founder, family, and firm. However, studies based on this perspective must be longitudinal, or they must include firms in various stages of existence. It is also possible that critical factors, such as the resistance issue, may be clouded by the combination of other variables that present themselves over time.

### Environmental Influences

Most studies of family business succession have been based on looking at factors that are internal to an organization. However, it is also possible to view the succession phenomenon from an environmental perspective. On this level, the relevant issues are addressed primarily by the literatures on contingency theory and population ecology (Perrow, 1986). While this perspective offers additional insight into the factors that shape the succession process, the literatures on which it is based have only minimally considered the arena of the family firm.

*The Contingency Theory Perspective.* The match between the situation and the structure of the organization is the basis of contingency theory. Contingency theory was introduced through Woodward's (1958) findings linking technical systems with successful performance and

refined through various studies of environmental predictability during the 1960s. These studies (Burns and Stalker, 1961; Lawrence and Lorsch, 1967) concluded that there was no one best structure; instead, different structures were appropriate given different environmental conditions. Firms in dynamic, complex environments required more organic structures with liaison devices for coordination, while firms in stable, simpler environments needed to differentiate less and could rely on a bureaucratic structure for control and coordination.

Terreberry (1968) suggested that organizational environments were becoming increasingly turbulent. Pfeffer and Salancik (1978, p. 282) countered that, "rather than accepting uncertainty as an unavoidable fate, organizations seek to create around themselves more stable and predictable environments. . . . Greater turbulence produces greater efforts to manage the environment." Collusion, merger, and cooptation are some ways of minimizing uncertainty and managing the environment. Another way is through an orderly process of executive succession, which serves "as a mechanism for organizational change, affected by the distribution of power within the organization's context and, in turn, affecting organizational designs and decisions" (Pfeffer and Salancik, 1978, p. 247).

Dyer's (1986) work on the family business found that succession in the face of a turbulent environment is an effective way of producing organizational change. The stimulus for change is a perceived crisis, such as a major recession or depression (Dyer, 1986, p. 44), which calls leadership abilities and practices into question and provides the unfreezing necessary for the adoption of new assumptions to resolve the crisis. Members of the environment, such as clients and suppliers, may also become accustomed to interacting with the owner (Lansberg, 1988) and need a crisis to cause them to reorient. In this respect, they are reinforcing resistance within the organization.

The major contribution of the environmental perspective to the study of succession is its consideration of factors outside the firm that affect the leadership transition process. In other words, it accounts for contingencies in the environment that may shape resistance to succession. For example, a young high-technology firm that faces a very turbulent environment may be prompted to address the succession issue, whereas a firm that faces a highly predictable environment would not. This perspective also serves as an integrator for executive and family business succession studies. In the two cases, the result is comparable: CEO succession in nonfamily enterprises as well as leadership succession in family firms can serve as the basis for managing the environment. This perspective suggests that turbulence in the external environment creates a need for change and that it may reduce resistance to succession.

*The Population Ecology Perspective.* The population ecology perspective, which was derived from the sociological formulation of natural

selection theory (Hannan and Freeman, 1977), is based on the notion that organizational responses follow environmental actions. This perspective is evolutionary: The activities that serve a group or society will be reinforced and continued, while those that do not will disappear. Environments select some organizations for extinction and others for survival. The end result is a form of activity that provides optimal service (Perrow, 1986). Applied to the family business, this perspective implies, first, that family firms that provide better service will continue to survive; second, that family firms can be perpetuated only through the reinforcement of patterns of activity necessary for survival; and, third, that family firms die only because they are undesirable. The implications for succession therefore involve the concept of the survival of the fittest: Firms that continue to satisfy economic demand while meeting industry standards (in terms of licensing, tax, and regulatory requirements) and developing successors capable of perpetuating the firm will survive to the next generation. Firms that cannot respond to environmental conditions will die.

The value of the population ecology perspective in succession studies lies in its focus on the boundary of the environment and required industry response. The perspective speaks to the need for organizational evolution in lieu of extinction and to the need for enactment (Weick, 1979) in lieu of passivity. It highlights the value of the family firm in our society, as indicated by the more than 13 million firms reported as of 1980, which ranged in size from the billion-dollar-sales, family-operated Wrigley Company to small Mom-and-Pop neighborhood shops (Bork, 1986). However, it also implies that any organization that survives is necessarily better; this is not always the case. Resistance can prevent even the "best" firms from surviving through the succession process. Thus, the population ecology perspective reinforces that we must find a way of lowering resistance to succession if effective first-generation family firms are to survive.

### Executive Succession and Succession in Family Business

As already suggested, the dynamics in executive and family business succession overlap in some significant ways. For example, House and Singh (1987) outline causes for both voluntary and nonvoluntary executive succession. Health problems and personality characteristics are listed as two causes for voluntary succession, which is consistent with the writings of the proponents of the psychosocial perspective. Poor organizational performance and problematic environments are listed as two causes of nonvoluntary succession, which is consistent with the organizational and environmental literatures cited here.

Despite the commonalities between findings on executive and family business succession, studies of executive succession do not include such family factors as family culture, interaction, and structure or the influence

of the relationship between the family and the firm on succession. These factors are critical to a complete understanding of succession in the family business. To prevent us from oversimplifying the issue, we must systematically delineate the similarities and differences between the dynamics of executive succession and succession in family business. Such a delineation, which requires further investigation, is beyond the scope of this presentation.

### A Model of Resistance to Succession

Succession is a problematic issue that cannot be ignored. Davis (1968, p. 407) captures the critical need to plan for succession by quoting Emerson: "When Emerson said an institution is the lengthening shadow of one man, he described the intimate relation between the business firm and the person who heads it. A shadow is a fleeting thing, however, and if the firm is to persist beyond the lifetime of its founder, the leadership of the firm must pass from one generation to the next." The literature reviewed in the preceding sections portrays the nature and complexity of the relationship that evolves between the man and shadow to which Emerson refers. The psychosocial perspective helps us to appreciate the psychological factors that contribute to the "marriage" between the founder and his business. The family system and family business system perspectives acknowledge the interdependent role of the family with the founder and the firm. The cultural and developmental perspectives suggest that the founder and the family influence the firm's basic assumptions in complex ways, which become ingrained over time. Finally, the environmental perspective illustrates the complexities of operating within the context of industry requirements and demands for survival. As one can see, there is an interplay between forces across levels; the variables affect each other over time. Specifically, the overlapping relationships between the founder and the family, the founder and the firm, the family and the firm, and the firm and its environment all experience growth and change. When we accumulate these perspectives, we recognize that succession is a stumbling block for the family business because it disturbs the collective perpetuation of established patterns of behavior.

Our review of the literature suggests that resistance is a complex phenomenon that is reinforced by factors not only on the individual but on the group, organizational, and environmental levels. Lansberg (1988, p. 140) has described forces across several levels "that interfere with succession planning in first-generation family firms." He argues that "the founder, the family, the owners, the senior managers, and other stakeholders typically experience poignantly ambivalent feelings toward succession planning" (Lansberg, 1988, p. 140) and that they therefore, in a sense, mutually resist engaging in such planning.

Figure 2 presents a detailed model for the future study of resistance to succession. It consists of a variety of proposed factors, presented here as working hypotheses on the individual, group, organizational, and environmental levels. Each force that fosters resistance to succession is countered by an opposing force that acts to reduce such resistance. On a practical level, these forces represent starting points for intervening effectively in firms that are facing succession. Thus, the model offers a framework that can aid in diagnosing a situation of resistance to succession. This conceptual model also suggests some specific research questions for future investigation.

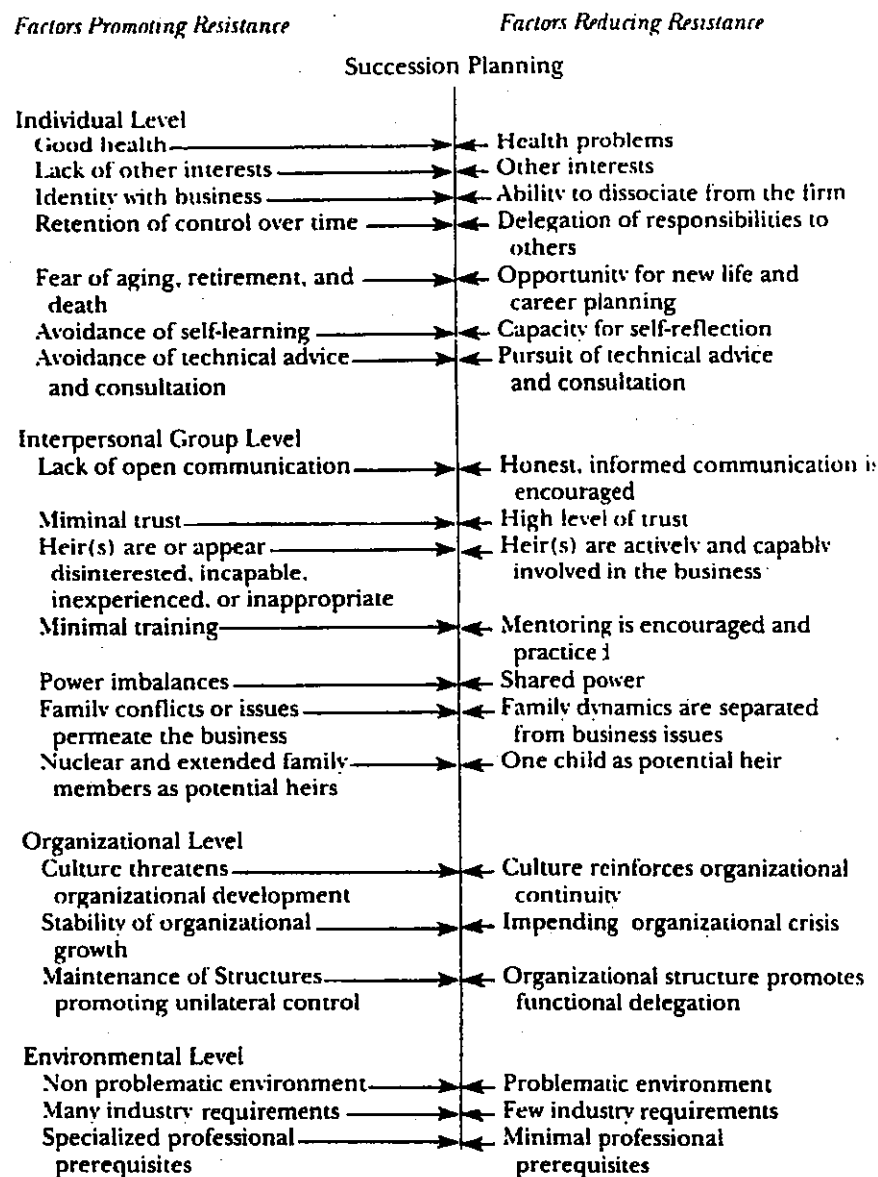
**The Individual Level.** The degree of resistance that a founder has to planning for his succession will be influenced by the interaction between individual characteristics (for example, the reluctance of the founder to face aging, retirement, and death) and situational variables. Health, particularly poor health, has been found to be one of the most important factors causing early retirement in the general population. In one survey, 54 percent of those seeking retirement before age 65 listed poor health as the reason (Smedley, 1974). More specific to family firms is the finding that a major health crisis can move a founder and his family to confront succession (Bork, 1986; Lansberg, 1988). Also, resistance to succession can be minimized if the founder has other interests that he wants to pursue after retirement (Walker and Lazer, 1978).

The founder's resistance to planning for succession is related to the founder's ability to dissociate himself from the firm by spending time away from the business (Crane, 1982) and by delegating responsibility to others. If the founder can conceive of his future as a beginning, with opportunities for new "life and career planning" (Bridges, 1986), he may be more willing to face succession issues.

Moreover, the founder's capacity for self-reflection or raised awareness (Lansberg, 1988) around the issue of "letting go" (Osherson, 1980) may reduce the degree of tension and loss felt during the succession process. He must, essentially, come to grips with the reality of the present through "a recognition that long-held assumptions and beliefs about self and world are not true" (Levinson and others, 1978, p. 192). This task of "de-illusionment" is analogous to Erikson's (1963) notion of "integrity" or Vaillant's (1977) coping mechanism of "anticipation." Each suggests the need for adaptation to life (Vaillant, 1977) through the use of insight and self-inquiry.

The last individual factor that may illustrate the resistance to planning for succession is the degree to which a founder seeks out technical advice and supportive consultation (Beckhard and Dyer, 1983b; Lansberg, 1988; Stern, 1986). Technical advice is advice concerning the legal, tax, and financial ramifications of transferring the ownership of a business. Consultation includes personal and organizational information from

Figure 2. A Model of Resistance to Succession in the Family Business





outside experts and peers. Failure to seek out these sources of advice may signify that the founder is avoiding critical issues.

**The Interpersonal and Group Level.** The study of interpersonal and group dynamics within and between family, firm, and founder could uncover the extent and nature of resistance existing in the system. It seems plausible to suggest that open communication and trust (Dyer, 1986) within family and firm subsystems as well as across subsystems increase the likelihood that succession issues will be openly discussed. Family meetings (Ward, 1987) or a family council (Lansberg, 1988) have been recommended as mechanisms for facilitating such a process. Without organized efforts of this nature, members of the family and firm are likely to avoid succession discussions by using defensive routines (Argyris, 1986). In other words, rather than encouraging honest communication, they may collude in keeping this item off the agenda. The longer the issue is avoided, the more the tendency toward a self-fulfilling and self-sealing process (Argyris, 1986).

The timing of an heir's involvement in the business can also affect the system's resistance. If an owner's decision to retire cannot be juxtaposed with an heir's appropriateness and readiness to take over, then succession may not occur under the best possible conditions (Barnes and Hershon, 1976; Churchill and Hatten, 1987; Stern, 1986). Also, most founders have certain preconceived ideas concerning the age, gender, family affiliation, and education of their successor. A potential heir who does not fulfill all the "necessary" requirements may be denied the mentoring that he or she requires in order to take over the business. This situation has been called the "Prince Albert syndrome" because Queen Victoria did not give her son many opportunities to practice being king (Schein, 1985). The founder may also simply prefer a particular successor, who is not necessarily the "best" one for the business's future. Finally, the succession process can be sabotaged when power imbalances and conflicts within the family (Levinson, 1971; Stern, 1986) permeate the business. Such conflicts can create a dynamic that makes the choice of a successor difficult or impossible (Bork, 1986) and ultimately results in the sale or downfall of the business (Jones, 1986). Systemic resistance to succession is minimized when there is only one child to whom the business can pass (Bork, 1986).

**The Organizational Level.** Certain organizational characteristics, such as culture and structure, will influence resistance to succession. First, Schein (1985) points out that culture can influence whether succession will be an evolution or a revolution. If, for example, change is generally viewed not as a threat to the status quo but as an opportunity to learn, resistance to succession may be minimal. Similarly, family messages, such as "family is important" and "never give up" (Bork, 1986, p. 77), can help to promote succession by reinforcing values associated with continuity.

Second, if the owner is able to disengage from the organization as it evolves from an "informal" or "directive" organizational structure (Greiner, 1972, p. 45) to a structure of "functional delegation" (Churchill and Lewis, 1983, p. 34), then the chances for succession may be enhanced. After all, if the owner is able to give clearly defined areas of responsibility to others (Crane, 1982) as the organization grows, then he may ultimately be more able to consider the need for delegating the business to a successor.

**The Environmental Level.** Certain environmental factors, such as turbulence (Emery and Trist, 1965), high resource scarcity, information complexity (Lawrence and Dyer, 1983), or depression (Dyer, 1986), can influence resistance to succession. For example, when the environment is seen as problematic (House and Singh, 1987), it can serve as the catalyst for altering the leadership and thereby the culture of the organization. Or, as industry requirements (including licensing and tax) necessary for the perpetuation of the organization decrease, the likelihood that the organization will evolve through succession increases. Finally, when the professional and educational prerequisites that successors need in order to perpetuate the trade or profession are minimal, the resistance to succession may be further reduced.

**Interconnections Between Levels.** Finally, it should be stressed that the individual, group, organizational, and environmental levels are not independent of one another. Although the model depicted in Figure 2 does not explicitly portray connections between factors, they do exist both within and between levels. For example, a health crisis that the family business owner experiences on the individual level can spur honest communication and sharing of power on the group level. It can also result in the active involvement of heirs in the business as well as in the mentoring required for the heir's succession (both occurring on the group level). Thus, the health crisis can mobilize family members to prepare for succession and to view succession as contributing positively to the organization's development (an effect on the organizational level). Similarly, working from the macro to the micro level of analysis, a problematic environment, such as a recession, can create an organizational crisis that stimulates honest communication around the organization's leadership succession. More research will be needed if we are to understand the full extent of these interconnections.

### Conclusions and Research Directions

Succession has central importance for the long-run survival of the family business. We have reviewed literatures from individual, group, organizational, and environmental perspectives as they apply to succession. Through this review, we have identified a gap in the research: That is, the factors that promote resistance to succession have received little atten-

tion beyond that of Lansberg (1988). We have addressed this gap by constructing a comprehensive model. This model is based on the premise that multilevel resistance to succession represents a key reason for the failure to plan for succession in the family firm. The model diagrams a variety of individual, group, organizational, and environmental factors that may have an impact on the resistance to planning for succession, and it offers a diagnostic framework for determining appropriate interventions.

Using this model as a basis, we can raise several issues that require further research. Figure 3 lists these issues, which include questions focused on specific levels of the model as well as general questions concerning interaction effects between levels, the predictive ability of the

**Figure 3. Research Issues on Succession in Family Firms**

*Specific Questions by Level*

*Individual Level*

How central is the individual level to the succession process? Has too much emphasis (or blame) been put on the family business owner?

*Interpersonal and Group Level*

Under what conditions are the structural and interaction patterns of the family exhibited in the firm, and how do they influence resistance to business succession? Also, how does the ongoing relationship between the family and the firm shape resistance to succession?

*Organizational Level*

How can this diagnostic model be used to reinforce cultures and structures that are consistent with viewing succession as an opportunity rather than as a threat to the organization's continuity?

*Environmental Level*

Under what conditions do each of the environmental factors contribute to resistance to succession in the family firm?

*General Questions*

1. Is it possible to isolate the factors on each level that are most critical to the succession outcome and on which most other factors are based?
2. What is the extent of the interaction between factors within levels and between levels?
3. How can one use this diagnostic model of resistance to predict the degree to which a family firm will resist succession?
4. How can one use this model to help minimize the degree of resistance in a family firm?
5. What variations in this model exist for second-generation and third-generation family firms?
6. What variations in this model exist for succession processes in family businesses owned by women?
7. To what extent is this model applicable to the understanding of factors that influence executive succession?

model, and its practical applications. Other questions include the model's applicability to the study of second- and third-generation family firms, firms owned by women, and executive succession.

The study of the causes of resistance to succession is critical if the family business is to survive as an essential institution of our society. The study of resistance will narrow the gap in our understanding of succession processes. By identifying the causes of resistance on all levels—individual, group, organizational, and environmental—and by determining the relative impact that factors on each level have on succession, it may be possible to ease the transition for family businesses, so that the phrase *smooth succession* is no longer an oxymoron.

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