



Anticipating intergenerational management transfer of family firms: A typology of next generation's future leadership projections



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ABSTRACT

A key assumption in family business research and practice is that for family businesses to have a future, succession must be secured. Because family businesses are hybrid organizations with partially or totally overlapping family and business identities, a second consensual assumption is shared by most family business scholars and entrepreneurs: the business needs to stay in the family, so intra-family succession is the optimal ownership and management transfer solution. Yet both assumptions adopt the perspective of the business founder or the current family business leader. Next generations are rarely asked to express their thoughts and feelings about the future of the family firms that they are expected to protect, develop and pass on to their own children. Do next generation members share these two assumptions or do they envision their potential leadership role differently, expressing alternative views about the meaning and scope of family business succession? In this article, we present and discuss four alternative future leadership projections generated by a group of 14 next generation members participating in a training workshop held in the west of France in August 2013.

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1. Introduction

"Family firms are not only *socially* distinctive, but comprise a distinct *temporal* frame, with time particularly relevant for the co-production of sense and order. In these uniquely rich organizational environments, the (inherently mutable) heritage of the past, and the (ever changing) shared projections of the future, are both linked and enacted by actions in the present" (Drakopoulou Dodd, Anderson, & Jack, 2013, p. 36)

What dynamics drive the evolution of family entrepreneurship in France? Recent surveys indicate that 64% of French family business owner–managers intend to pass their enterprises on to a family member, but only 26% of them successfully organize an effective succession process that rests on a structured support system (Observatoire CNCFA EPSILON, 2012). Additionally, because financial issues related to business transfer in the French legislation are crucial and very demanding, most family business owner–managers have focused on ownership issues and much less on management transfer preparation. As a consequence, "little is known about why and how leadership matters" in family firms (Ng & Thorpe, 2010, p. 457). It is only recently that some of the French family businesses launched specific activities to deal with management

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issues within the succession planning process, especially at the pre-business and introductory stages (Longenecker & Schoen, 1978). These new initiatives consist in the organization of training programs and networks exclusively dedicated to next generation members. In group settings, next generation individuals are invited to share and confront their expectations of their future leadership role and are encouraged to collectively explore the underlying values, responsibilities and skills associated with the legacy of the family enterprise. These support programs help future family business leaders to collectively build a self-reflective posture that may enable them to deal with the ambivalent emotions and thoughts associated with the management transfer process.

Succession was acknowledged as the most important challenge of family firms (Hoy & Sharma, 2010; Litz, Pearson, & Litchfield, 2011). The potential for succession was identified as one of the major characteristics of a family business emphasized as “one that will be passed on for the family’s next generation to manage and control” (Ward, 2011). Succession is, however, a process and not just a moment in time where the owner–manager passes the leadership baton to a family-member or a non-family member successor (Brockhaus, 2004; Dyck, Mauws, Starke, & Mischke, 2002; Handler, 1992; Sharma, Chrisman, & Chua, 2003; Ward, 2004). According to Miller, Steier and Le Breton-Miller (2003), difficult successions reveal a problematic relationship between the past and the future: successors may be tempted to either glorify the family business’ past, or to reject it completely, which would hinder their ability to effectively deal with the current management and development of the firm. These difficulties are rooted in the cognitive and affective experiences of successors occurring before the family business transfer, during the pre-business socialization process (Miller et al., 2003). Our main premise here is that to better understand the dynamics driving the evolution of family entrepreneurship in France one needs to explore the cognitions and emotions related to the management transfer representation of future family successors, at the pre-business stage.

During the summer of 2013, a group of family enterprises from the west of France along with a consulting company and a business school launched a training program targeting future leaders of family firms. Fourteen next-generation participants were enrolled in a three-day program (9 men and 5 women, aged 18–25). To start thinking about the management role transition they will probably face within the next 20 years, participants identified several trends that could significantly influence the future of intra-family management transfer. After four brainstorming sessions leading to intense debate and conversation about the perceived forces driving the future of family business succession, consensus was reached on four major trends that were subsequently evaluated by the group to establish their degree of relevance and potential consequences on individuals, families and firms. The authors used verbal data collected through participant observation and semi-structured interviews to identify the main aspects of the next generation members’ cognitive and emotional experience when thinking about their future leadership role and to build a typology of four alternative and plausible future projections of one’s leadership role in France 2035 (the Protector, the Reformer, the Opportunist, and the Rebel). We discuss the opportunities emerging from these projected futures and some of the strategic choices that French family firms will have to make in the next twenty years.

We adopt a social constructivist approach (Fuller & Loogma, 2009) and we conceptualize meaning generation as an intersubjective phenomenon, with next-generation members’ representations and beliefs resulting from situated social interaction and interpersonal communication. In this perspective, foresight is also conceptualized as a social activity consisting in the construction of meaning in context, with next generation participants engaging in the active production of alternative futures through dialogue and negotiation (Fuller & Loogma, 2009). According to Montgomery (2008, p. 378), the analysis of future interpretations allows researchers to understand the trends and challenges that social actors will face, while revealing *unknown dimensions* of the social representation of the future related to social expectations, values and norms, perceived as less desirable by social actors. The construction of what is desirable for next generation members is socially produced through direct or mediated social interaction with family members, business stakeholders and the overall local community. Perceived social desirability is strongly influenced by social discourses and interpersonal pressures to conform to social expectations, which thus increases the implicit and explicit demands to “obey the rules of the game.” Social expectations are thus progressively internalized and consequently become personal desires and action triggers. However, next generation members live in a changing world, with social representations of family, work-life balance, and women’s roles sometimes evolving and changing dramatically compared with the near past (Anderson, 2013; Montgomery, 2008). Next generation individuals can find in this shifting environment a chance to make their own voices heard. Emotions, thoughts, and behaviors that are less conventional and potentially dangerous for the *status quo* may therefore surface in peer conversations. Our aim was to capture some of these new visions of family business succession from the perspective of next generation members. We used an interpretive approach (Nordqvist, Hall, & Melin, 2009) to analyze verbal data generated throughout the workshop because this methodological approach was adapted to our social constructivist perspective. Accordingly, we think that the future is never experienced directly in the present, but rather through the mediation of symbols such as words and social representations or images conveyed through words (Fuller & Loogma, 2009, p. 72). Workshop conversations indicate that the next generation participants’ relationship with the past, present and future of family firms is highly *ambivalent*. “At the crux of past decisions and future possibilities” (Anderson, 2013, p. 43), next generation participants are sitting “sometimes uncomfortably, between the past and the future” (Anderson, 2013). Dealing directly with the ambivalence of the next generation members’ is nevertheless imperative to secure the stability and development of family firms (Nordqvist et al., 2009). The source of this ambivalence is what Anderson (2013) called the inherent “intergenerational bargains” that next generation individuals have to deal with while trying to negotiate their perceived obligations to the past and their anticipated future responsibilities.

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