

Family Business Succession: What's Motivation Got To Do With It?

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Abstract

Family businesses represent 80% of global business structures, but the low rate of successful transgenerational succession can have drastic implications for employees and local economies. A 12-year longitudinal study of 89 Canadian family businesses revealed that successors' confidence and perceptions of incumbent support predicted successor intrinsic motivation to take over the business, which in turn predicted whether the business was successfully transferred twelve years later. Incumbent support and intrinsic motivation mediated the relation between incumbent trust in the successor and successful business succession. This study demonstrates the dual importance of incumbent and successor psychological states in determining succession outcomes.

Keywords: family business; succession; intrinsic motivation; trust; autonomy support.

Family Business Succession: What's Motivation Got To Do With It?

Family businesses represent a large proportion of global business structures, generating jobs for substantial portions of the world's population and significant revenue for nearly every country's economies (Benson, Crego & Drucker, 1990; Carsrud, 1994; Deloitte & Touche, 1999; Dyer, 1986; KPMG, 2009; MGI, 2006; Neubauer, 2003; Pricewaterhouse Coopers, 2014). The successful succession, that is, the successful transfer of the business from one family member to another (the outcome of a succession process, consisting of planning and executing the transfer of leadership and ownership), is often vital for the continuation of the business (alternatives being the liquidation of the business or its sale to non-family owners). However, research shows that only 30% of family businesses survive the transition from the first generation to the second generation, while 15% of those will operate to the third, and only 3% of all family businesses still exist after the 4th generation (Dyer, 1986; Ward, 1987). The succession process therefore represents a major challenge for family-owned firms (Stavrou, 2003), which is reflected in a significant portion of the family business literature addressing legal, financial, governance, and psychological factors that affect business succession (e.g., De Massis, Chua, & Chrisman, 2008; De Massis, Kotlar, Chua, & Chrisman, 2014; Gagné, Sharma, & De Massis, 2014; Sharma, Melin, & Nordqvist, 2014; Zellweger, 2017). Understanding successful succession becomes more important since, due to population ageing, between 50% to 80% of family business owners intend to retire in the next decade (Bjuggren & Sund, 2002; Deloitte & Touche, 1999; MGI, 2006; KPMG, 2010), but only few offspring are willing and able to take over the business (Zellweger, 2017).

Reasons for an unsuccessful succession include a wide range of factors including lack of sufficient succession preparation and planning, a lack of viable successors, business owners'

unwillingness to pass down control of the company, and the nature and viability of the company itself (Barach & Ganitsky, 1995; De Massis et al., 2008; Sharma, Chrisman, & Chua, 2003).

Many of these “causes” of failed successions have psychological roots, some of which relate to incumbents’ perceptions of the successor, others relate to successor characteristics. Incumbent perceptions might emerge from their characteristics, such as the need for control (Burger, 1992) and the propensity to trust others (Colquitt, Scott, & LePine, 2007). In addition, these perceptions might also relate to successor characteristics, such as skills and motivation.

Incumbent perceptions can potentially affect interactions with the successor, ultimately transforming the skills and motivations of successors. Acknowledging that succession happens in the context of dynamic relationships and that both incumbent and successor characteristics and behavior, as well as dyadic processes between them, need to be taken into account (Goldberg & Wooldridge, 1993), the study presented herein focused on relational and motivational factors that would influence the behavior of incumbent leaders in preparing a successor and the behavior of the successor in preparing to take over the business. We draw on theoretical models and research on family business succession that have highlighted the importance of the incumbents’ perceived trust in the ability of the successor, and the successors’ intrinsic motivation to run the business (Gagné, Wrosch, & Brun de Pontet, 2011; Handler, 1992; McMullen & Warnick, 2015; Sharma et al., 2003; Van Der Merwe, 2010).

Given the above reasoning, incumbent trust and successor motivation are therefore likely to influence family business succession outcomes, just like managerial trust and employee motivation have both been shown to influence employee performance, and therefore business outcomes (Colquitt et al., 2007; Ryan & Deci, 2017). The extant research has not examined how incumbent trust and successor motivation influence one another over time and might contribute

to the succession outcome. Indeed, limited work has examined how incumbent trust in the successor influences incumbent behavior, and no research to our knowledge has studied how trust influences successor motivation. Moreover, research to date has not been able to ascertain the impact of successor motivation on the actual succession outcome, beyond preparation of the succession or intentions (Handler, 1992; Goldberg & Wooldridge, 1993; Zellweger, Kellermanns, Chrisman, & Chua, 2012). Examining objective outcomes is important because although intentions are thought to predict such outcomes, there is much variability in these associations (Sheeran & Webb, 2016). Finally, studies on predictors of succession outcome have used post-hoc data (e.g., surveying successors after completion of transfer) and did not include a comparison with unsuccessful business transfers (e.g., Goldberg & Wooldridge, 1993). As such, longitudinal research on succession completions is needed where predictors are assessed prior to succession outcome.

The goal of the research presented herein was therefore to investigate how incumbents' trust and successors' motivation influence whether succession is completed, using a 12-year longitudinal study of Canadian family businesses. In this study, incumbent trust, incumbent support, and successor motivation were measured at the beginning of the study, succession preparation was measured two years later, and succession outcome was assessed ten years later.

We used self-determination theory (SDT; Gagné & Deci, 2005; Ryan & Deci, 2017) as a framework to understand factors that might influence a successor's motivation to take over the business. SDT's particular focus on factors that influence intrinsic motivation offers avenues for understanding how to promote this type of motivation in successors. SDT was used in the current study to build a model to depict how incumbents' support of the autonomy and competence of successors can help foster intrinsic motivation, and how trust in the successor facilitates this

support.

This study provides a good exemplar of how organizational psychology can help build an understanding of psychological factors that influence how incumbents and successors set, pursue, and achieve goals (such as succession), and how motivational factors come into play. In this regard, its focus on motivational factors offers a new psychological lens into the interpersonal and intrapersonal dynamics involved in family business successions that can serve as building blocks to develop a more comprehensive psychological model of family business succession. As such, this study, with its focus on interpersonal behaviors between family members and on their motivational states, answers a call for a better understanding of psychological foundations of management in family businesses (De Massis & Foss, 2018).

Motivation to Take Over the Business

Motivation, according to self-determination theory (Ryan & Deci, 2017) is defined as the source of energy driving the intensity, direction and duration of behavior. Very little research has explored the factors that motivate a successor to choose their family business as a career path (Goldberg & Wooldridge, 1995; Handler, 1992; Zellweger, Sieger, & Halter, 2011 for exceptions), none of these studies focusing on motivational theories, and only one publication has proposed but not tested how sources of motivation, according to self-determination theory, are likely to influence succession outcomes (McMullen & Warnick, 2015).

Self-Determination Theory (Ryan & Deci, 2017) proposes two overarching types or sources of motivation. Intrinsic motivation is defined as doing something for its own sake, out of enjoyment and interest for the activity itself. In contrast, extrinsic motivation is defined as doing something for an instrumental reason, such as trying to obtain a reward or avoid a punishment. Intrinsic motivation has been related to many behaviors that are important for successors to

engage in, including exerting in high levels of effort into their work, being adaptable and proactive, and being more resilient in the face of challenges (Gagné, 2014; Gagné et al., 2015; Ryan & Deci, 2017), relative to extrinsic forms of motivation.

Based on the large body of research supporting the positive impact of intrinsic motivation across life domains (Ryan & Deci, 2017), we expect that successor intrinsic motivation for taking over the business will make the completion of the succession more likely. Indeed, if the successor is genuinely interested in running the family business and enjoys doing this work, he or she is more likely to put more energy learning the ropes and getting ready to take over, which will make the succession process smoother and more likely to succeed.

H1: Successor intrinsic motivation at T1 is positively related to succession outcome at T3.

SDT also proposes that feelings of autonomy and competence are particularly important to promote intrinsic motivation (Deci, Koestner, & Ryan, 1999). Feeling autonomous means to feel volitional and like the agent of one's own behavioral choices, while feeling competent means to feel that a person can learn about and master an activity (Deci & Ryan, 2000). Experimental laboratory research and field correlational research has reliably shown that both competence and autonomy are required to be intrinsically motivated (Deci, Koestner, & Ryan, 1999; Dysvik, Kuvaas, & Gagné, 2013; Van den Broeck, Ferris, Chang, & Rosen, 2016). In the context of family business succession, we would expect that incumbent support for the successor's autonomy and competence needs (because it would raise the successor's feelings of autonomy and competence) would influence successors' intrinsic motivation to take over the business (McMullen & Warnick, 2015). Feelings of self-confidence and autonomy have indeed been shown to differentiate between effective and ineffective successors in a cross-sectional study (Goldberg & Wooldridge, 1993).

Support for autonomy has been shown to include behaviors such as providing adequate information, participation, and delegation (McMullen & Warnick, 2015; Slemp, Kern, Patrick, & Ryan, 2018). Support for competence would involve providing opportunities for the successor to learn the business in order to build a sense of mastery, and providing feedback (McMullen & Warnick, 2015). In light of these findings, we focused on how perceptions of the successor about autonomy support received from the incumbent, as well as their feelings of confidence in their own acquired ability to run the business, might influence their intrinsic motivation to run the business.

Hypothesis 2: Successor perceptions of autonomy support and confidence at T1 are positively related to successor intrinsic motivation at T1.

Incumbent Trust

We also predict that for the incumbent to provide the support necessary for the successor to feel competent and autonomous, trust in the successor would be important. Trust is defined as “the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party” (Mayer, Davis, & Schoorman, 1995 p. 712). This definition fits well the context of family business succession, whereby the incumbent must be willing to make his/her business vulnerable to the actions of a successor, who is more or less gradually given full control and autonomy over the fate of the business. Trust within family businesses has been deemed an important factor that keeps them together (Cruz, Gomez-Mejia, & Becerra, 2010; Pearson & Carr, 2011).

Trust is often equated with having confidence that someone has the ability and intention to act in some way (Deutsch, 1960). There is good evidence indeed that perceptions of benevolence

(the intention to “do good by the business”), integrity (adhering to a set of principles) and ability (aptitudes, proper training, experience) have been shown to influence how trustworthy a person is perceived to be (Colquitt et al., 2007; Mayer et al., 1995). Incumbent trust would therefore require that the incumbent perceives the successor as competent to lead the business and as having the intention of “doing good” by the business according to a set of principles he or she agrees with. Our operationalization of trust therefore focuses on the confidence of the incumbent that the successor has the competence, the integrity and the benevolence (right intentions towards the business) necessary to take over the business.

In the organizational psychology literature, trust has been shown to relate to many positive behavioral and performance outcomes (Colquitt et al., 2007). In addition to being considered a source of competitive advantage in family firms (Steier, 2001), it has been suggested that trust or confidence in the abilities of the successor will affect incumbents’ willingness to prepare their retirement and gradually hand their business over to the successor, which we refer to here as succession progress (██████████, 2011; De Massis et al., 2008; Van Der Merwe, 2010). Given that only 20% of incumbents are estimated to have a succession plan (KPMG, 2009, 2010), it is quite important to address factors, such as trust, that would influence incumbents to prepare one. Past studies examining the role of trust have been limited by the use of cross-sectional methods (which are therefore unable to predict succession outcomes, or conducted post-succession), and the use of single source data (e.g., successor only; Morris, Williams, Allen, & Avila, 1997). To address this limitation, the present study tested whether incumbent trust in the successor influences the preparation of the succession (assessed two years later) and the ultimate succession outcome (12 years later).

The relinquishment of control aspect of trust is also quite interesting in the context of the

transfer of that control. Control in organizations is used to regulate the behavior of organizational members with the goal to achieve organizational goals (Cardinal, Sitkin, & Long, 2004).

Succession involves the passing of this control from one party (the incumbent leader) to another (the successor), highlighting the importance of trust in this process. The retention of control by incumbent leaders could signal a lack of trust in the successor. In this regard, four predictors of succession progress were previously identified as being important (Brun de Pontet, Wrosch & Gagné, 2007): (1) Publicly naming a successor; (2) having a succession timeline; (3) having confidence in the successor and (4) stakeholder support for the succession plan. Indeed, Brun de Pontet and colleagues found that the first two factors (naming a successor and having a timetable) were strongly related to the amount of control over the business relinquished to the successor over a two-year period. In the current study, we used the third factor (trust or confidence) as a potential predictor of the planning of the succession (naming the successor and setting a date). Indeed, having confidence in the successor's abilities and intentions should encourage the incumbent to take these steps. In addition, we examined how trust in the successor and succession preparation influenced the actual succession outcome 10 to 12 years later. The following hypotheses were tested:

H3. Incumbent trust in the successor at T1 is positively related to succession preparation at T2.

H4. Succession preparation at T2 is positively related to succession outcome at T3.

Incumbent trust can be built through both the propensity of the incumbent to trust people in general (Colquitt et al., 2007), but also from the successor making efforts to build credibility by learning necessary skills and showing the right intentions to do good for the business (Goldberg & Wooldridge, 1993; Mayer et al., 1995). Indeed, as explained earlier, trust involves giving

control to the successor, implying the provision of autonomy in the process, and consequently providing learning opportunities that build skills and self-confidence. To our knowledge, no research on family business has examined how incumbent trust would influence incumbent supportive behaviors towards grooming a successor. In the fields of psychology and management, there have been arguments on how control and trust influence motivational processes. Weibel (2007) drew on SDT to propose that the demonstration of trust through the decrease of formal control could transform the motivation of employees from mere compliance to full engagement. She explains, as we do herein, that the decrease in formal control means providing more support for autonomy and competence needs, which would make possible this motivational shift.

Empirical evidence is supportive of this motivational view of trust, showing that trust in one's own child or in one's subordinates influences relinquishment of control, delegation, and involvement in decision-making (Landry et al., 2008; Schoorman et al., 2016; Spreitzer & Mishra, 1999). One experimental study has also demonstrated that managers who were told that they could trust their team members disclosed more information to team members and considered their suggestions more than managers told they could not trust their team members (Zand, 1972). Research using SDT has also shown that trust in a child's capacity to learn and develop leads parents to be more supportive of the child's psychological needs, such as offering the child choices, following the child's pace, creating opportunities for optimal challenges, and providing positive feedback during play (Landry et al., 2008). In turn, support for the needs has been shown in the organizational psychology field to be highly predictive of intrinsic motivation (Van den Broeck et al., 2016).

Hypothesis 5: Incumbent trust at T1 in the successor is positively related to successor

perceptions of autonomy support and successor confidence at T1.

Method

Procedure

Participants were Canadian family businesses recruited through convenience sampling with the assistance of PricewaterhouseCoopers, the Canadian Association of Family Enterprises, Dunn & Bradstreet listings and further online searches of family businesses. The criteria for participation were that the business was family-owned (majority ownership by family members) and controlled by the current leader (i.e., president/CEO position) who was at least 50 years of age, and that there was a next-generation family member currently working in the business with prospects of one day taking over control. The reason for the age criterion is that research has shown the average age that incumbents first start to seriously consider retirement and therefore succession is 50 years or more (Neutgarten, 1979).

In total, 189 paper questionnaire pairs were mailed to incumbents and successors of different businesses across Canada that met the research criteria. At Time 1 (2004), 100 questionnaires from incumbents and 99 questionnaires from successors were completed from 100 different organisations. At this time, we used incumbents' reports of scales measuring trust in the successor (and some control variables), as well as the successors' reports of perceptions of autonomy support, confidence and intrinsic motivation. Approximately two years later (Time 2, 2006), a follow-up questionnaire was sent to all 189 pairs of incumbents and successors again. Sixty-two incumbents and 48 successors completed the questionnaire. At this time, we used incumbents' reports of succession planning (naming a successor and setting a date). It is worth noting that other analyses using the 2004 and 2006 data are reported in Brun de Pontet and colleagues (2007) and Gagné and colleagues (2011).

Ten years later (Time 3, 2016), follow-up research on the participating family businesses was conducted to determine their fate. Organisation, incumbent, and successor information was sought out using different social media websites such as LinkedIn and Facebook, as well as Canadian business informational websites such as Manta.com and the Government of Canada website. Furthermore, all business websites were screened for company history, company profile, organisational story and staff directory. This strategy was used to gain a deeper understanding of where the business was at, and in particular who was currently owning and running the business. Data was found for 146 businesses out of the initial 189 that were sent questionnaires, regardless of whether they returned questionnaires at T1 and T2.

Sample Characteristics

The geographical location (province of operation) of businesses in the final sample was distributed across nine provinces, mirroring the population distribution in Canada. Industries included construction, retail, manufacturing, agriculture and insurance. The annual sales figures of the companies involved ranged from \$3 million or less to \$25 million or more (with 28% stating \$25M+). The age of the businesses in this sample ranged from 4 to 121 years with a mean of 43 years in operation. The size of businesses was measured by annual sales; 32% of the companies were very small, 38% were small to medium and 27% were considered mid-size to large companies. Ninety percent of the incumbents were male, while 60% of the successors were male. Mean age of the incumbents was 62 years, and 57% of them were the founders of the family business.

Measures

Trust in the Successor and Successor Confidence. These variables were assessed at T1 via six items adapted from Gomez and Rosen (2001) using a 5-point Likert scale from 1 (not at

all) to 5 (a great deal) that was created for this study (also reported in Gagné et al., 2011). These six items asked how confident the incumbent/successor are in their future leader's/their own ability when it comes to making good business decisions, dealing with employees, maintaining the reputation and health of the business, leadership qualities, putting in the required time and effort, and interpersonal skills (incumbent $\alpha = .92$, successor $\alpha = .79$), to reflect ability, integrity and benevolence aspects of trust. Items were averaged to form scores for trust in the successor and successor confidence.

Successor perceptions of autonomy support. Six items (e.g., “the founder encourages me to ask questions” and “the founder listens to how I would like to do things”) from Williams and colleagues (1996) were rated by successors at T1 on a 1 (strongly disagree) to 5 (strongly agree) Likert scale ($\alpha = .92$). Items were averaged to form a score for successor perceptions of autonomy support.

Motivation. At T1, successors responded to three intrinsic motivation items adapted from Blais et al. (1993) that answer the question “why are you doing this job?” (“Because I have fun working in the family business”, “For the moments of joy that working in the family business brings me”, and “For the satisfaction I feel when overcoming interesting challenges posed by this job”), using a 1 (strongly disagree) to 5 (strongly agree) Likert scale ($\alpha = .78$). Items were averaged to form a score for successor intrinsic motivation.

Succession planning. At T2, the incumbent was asked whether there was a clear successor for leadership in the company with the following options: yes, one of my children; yes, someone outside the family; co-leadership planned; unsure; no. A binomial split was conducted by separating responses that indicated that participants were sure it would be their child who succeeds (coded as 1), from those where it was uncertain or certainly not a child (coded as 0; see

Brun de Pontet et al., 2007). Incumbents were also asked “If succession is expected, has a date been set and announced?” with the following options: no, tentatively, set and announced, set and begun. For ease of analysis these responses were coded from 1 to 4, with 1 representing no clarity on a timeline for succession and 4 indicating a clear timeline that is both public knowledge and currently underway (see Brun de Pontet et al., 2007).

Succession Outcome (T3). Using information found in 2016 (described in the previous section), companies were coded in terms of whether the company succession was completed, meaning the successor was now leading and owning a majority of the business (Succession complete/Family owned), not completed yet, where the successor is involved and might share ownership (Succession incomplete/Family owned), the company has been sold outside of the family (Business sold) or had been closed down (Business closed). Out of the 100 businesses for which we had survey data, we obtained information for 89 of them. Forty-four had completed the succession, 37 had not completed the succession yet but were still family owned, 6 were sold, and 2 were closed down. The above categories were ranked according to progress/success with the succession to create a single variable: 4 (succession complete/family owned), 3 (succession incomplete/family owned), 2 (business sold), 1 (business closed).

Control variables. Sharma et al. (2003) noted that business performance can have a strong influence on succession-related behavior. It was important to consider controlling for business performance when predicting successor motivation and succession outcome as it could have influenced the behavior of the incumbent toward succession preparation and toward the successor (Bjuggren & Sund, 2002). Business performance was assessed at T1 by asking the incumbent “over the past 3 years, my business has seen a _____ in the following areas” followed by ten areas covering sales, number of employees, debt (reversed), marketing, litigation

(reversed), profitability, number of suppliers, cash flow, capital investment, and number of customers that were rated on a 1 (large decline) to 5 (large increase) Likert scale ($\alpha = .80$). Items were averaged to form a score for business performance. Incumbent age at T1 was also taken into consideration as a control variable because it could influence when the succession takes place, thereby influencing business performance at T3.

Results

Table 1 presents the means, standard deviations and zero-order correlations between the variables. Age was not related to succession outcome and was subsequently not used as a control variable. However, business performance at T1 was positively related to succession outcome at T3, indicating that the better the business was doing in 2004, the more likely it was to successfully go through the succession in 2016. In addition, business performance was marginally positively related to the successor's intrinsic motivation ($p < .10$). For this reason, we controlled for it when testing hypotheses. Further inspection of Table 1 to establish preliminary support for the hypotheses reveals support for H1 with a positive relation between successor intrinsic motivation and succession outcome, and support for H2 with positive relations between successor perceptions of autonomy support and confidence with successor intrinsic motivation. There was, however, lack of support for H3, as incumbent trust was not related to succession planning. H4 was also not supported as succession planning variables were not related to the succession outcome. Partial support was found for H5, as incumbent trust was positively related to successor perceptions of autonomy support from the incumbent, but it was not related to successor confidence.

[Insert Table 1 About Here]

We conducted a path model (single model testing multiple regression paths between

manifest variables using a covariance matrix) in MPlus 8.2 (Muthén & Muthén, 2015) to test all the hypotheses in a single model, and tested indirect effects through bias-corrected bootstrapping (1000 samples). Using the full information maximum likelihood estimator allowed us to use the dataset with 89 cases to estimate the model (Enders, 2010). Fit indicators for this model were excellent, $\chi^2(16) = 12.21$, *ns*, CFI = 1.00, RMSEA = .00 [CI .00-.07], SRMR = .08.

[Insert Figure 1 About Here]

Results of the path analysis are presented in Figure 1. The data supported H1 by showing that, controlling for T1 business performance, successor intrinsic motivation was positively related to succession outcome. Together, these variables accounted for 14% of the variance in succession outcomes. H2 was also supported, showing that, controlling for business performance at T1, both successor perceptions of autonomy support and successor confidence were positively related to successor intrinsic motivation. Together these variables accounted for 13% of the variance in successor intrinsic motivation. H3 (trust positively related to succession planning) was not supported as incumbent trust did not predict the naming of a successor, $R^2 = .003$, nor did it predict setting a timeline, $R^2 = .001$. Likewise, H4 (succession planning on succession outcome) was not supported as naming a successor and setting a timeline were not related to succession outcome. Finally, H5 was partially supported, showing that incumbent trust was positively related to autonomy support, $R^2 = .11$, but was not significantly related to successor confidence, $R^2 = .01$.

Results of indirect effects analyses (see Table 2) indicated that incumbent trust had an indirect effect on successor intrinsic motivation through the successor's perceptions of autonomy support, but not through confidence. Incumbent trust also had an indirect effect on the succession outcome through successor perceptions of autonomy support and intrinsic motivation, but not

through successor confidence. However, both successor perceptions of autonomy support and confidence had an indirect effect on the succession outcome through intrinsic motivation.

Discussion

This longitudinal study of 89 Canadian family businesses aimed to provide further insight into the topic of family business succession, particularly about the role that psychological processes in the successor play in achieving succession and about the role of the relationship between incumbents and successors in this process. The study design was informed by self-determination theory (Gagné & Deci, 2005; Ryan & Deci, 2017) to make predictions about factors likely to affect successor intrinsic motivation to take over the family business, such as how incumbent trust affects incumbent's support for the autonomy and competence of the successor.

Results from two surveys sent to both incumbent leaders and successors administered two years apart, coupled with evidence of longitudinal outcomes of the businesses 10 years later, revealed that the strongest predictor of succession success was successor's intrinsic motivation assessed 12 years prior. Predictors overall explained 14% of the variance in whether the business had successfully gone through succession. This is not negligible given the host of other external factors (e.g., financial, legal, stakeholder-related) that can affect family business transmission (Barach & Ganitsky, 1995).

The second main finding from this study pertains to the prediction of successor intrinsic motivation. Here, our data showed that motivation was predicted by the successor's perceptions of autonomy support and self-confidence. Moreover, both perceptions of autonomy support and self-confidence were significantly related to the succession outcome via the successor's intrinsic motivation. These results echo what has been found more generally about the role of need

support and need satisfaction in employee motivation (Slemp et al., 2018; Van den Broeck et al., 2016). They also offer a partial test of the model proposed by McMullen and Warnick (2015), in which support for the psychological needs lead to intrinsic motivation to take over the family business, which in turn leads to better succession outcomes. In their model, McMullen and Warnick argued that intrinsic motivation would lead to good outcomes because of how it shapes the successor's commitment, and therefore efforts, toward the business. Commitment to the organisation and its goals has been defined as an important factor to realise succession success (Sharma & Irving, 2005), and has been linked to general work intrinsic motivation (Gagné et al., 2008). In fact, our results also indirectly support the more recent model by Garcia and colleagues (2019), in which incumbent support should lead to successor competence and increased commitment to the family business.

The last goal of the study was to examine how the incumbent leader influenced the motivation of the successor, and ultimately the succession outcome. We found that incumbent trust in the successor was related to how they supported the successor's autonomy (through delegating, sharing information, and asking for the opinion of the successor in business decisions). The indirect effect of incumbent trust on successor motivation and succession outcome were significant. These results corroborate arguments by others that incumbent trust is an important factor in the effective handover of the family business from one generation to another (Goldberg & Wooldridge, 1993; De Massis et al., 2008; Van Der Merwe, 2010).

We did not find that incumbent trust affected succession preparation, nor that preparation influenced succession outcomes. In addition, the results did not show evidence that incumbent perceptions of stakeholder resistance influenced the successor. This is surprising given previous results showing that these factors were associated with the passing over of business control from

the incumbent leader to the successor over the first two years of the study (Brun de Pontet et al., 2007). Our results indicate that, in the end, what determines succession outcome might not be as much about the process of power transition, and perhaps more about the successor's motivation to take over the business, and how it is nurtured by the incumbent leader.

Theoretical and Practical Implications

This study illustrates the importance of attending to the psychological foundations of management in family businesses, essentially showing that motivational factors should be considered when building an understanding of family business succession. Our study contributes some of the building blocks to build a more comprehensive psychological model of family business succession that could also include cognitive factors (e.g., decision-making biases; Tversky & Kahneman, 1974), personality factors (Judge & Ilies, 2002; Lee & Ashton, 2004), and rules of exchange and power dynamics in family relationships (Gagné et al., 2014; Long & Chrisman, 2014). Adding motivational considerations to these factors brings an extra layer of understanding by considering psychological processes that would influence the self-regulation of behaviors involved in preparing and executing the transfer of leadership and ownership of a business. Previous research has studied factors that influence the incumbents' life-goals revision during their retirement preparation (Gagné, Wrosch, & Brun de Pontet, 2011), how diversity of goals influence succession processes (Kotlar & De Massis, 2013), and the types of commitment to the family business successors have (Dawson, Sharma, Irving, Marcus & Chirico, 2014; Sharma & Irving, 2005). The present study extends these previous findings by showing how incumbent support to the successor relates to successor motivation, which likely influences the actual transfer of the business to the successor. Not only does the study answer a call for research on how incumbent behaviors may affect the preparation and motivation of successors (De Massis

& Foss, 2018), but it also provides partial support for a Coleman boat or bathtub model (De Massis & Foss, 2018; Gagné, 2018) whereby conditions of individual action (confidence in successor, successor motivation) leads to individual action (support to the successor, reinforcing successor motivation), which leads to a business outcome (succession).

Given that previous research shows only 30% of organisations survive the initial succession process with further decline during each subsequent succession (Ward, 1987), it is important to find ways to help family businesses successfully transition from one generation to the next. This study provides information that can be of use to family businesses. First, it shows that successor intrinsic motivation is a significant factor. Thus, ensuring the successor has a genuine interest in running the family business and enjoys the activities involved makes a difference. Even though our effect sizes were relatively small (Funder & Ozer, 2019), the relation we found between successor intrinsic motivation and the succession outcomes roughly translates in a 7% improvement in succession outcomes. Using the proportions of businesses that successfully completed their succession in our sample, this would represent around 65 more successful successions in a pool of 1000 family businesses over a 12-year period. Given the ubiquity of family businesses around the world (estimated at 80% of the businesses worldwide; Neubauer, 2003), this can have non-negligible implications for local economies.

Self-determination theory (Gagné & Deci, 2005; Ryan & Deci, 2017) offers evidence-based advice on how to promote intrinsic motivation, based on the premise that people's needs for autonomy and competence must be satisfied. To our knowledge, this study is the first empirical test of the theory in the family business field (see Garcia et al., 2019; McMullen & Warnick, 2015; Cooper & Peake, 2018, for conceptual arguments). The present study shows that providing the successor with opportunities for involvement in the business, and opportunities to

learn can help foster this motivation. The incumbent's confidence in the aptitudes and intentions of the successor is likely to influence how much autonomy will be given to the successor. Our study did not directly address what influences incumbent confidence, but the scale we used to measure confidence included aspects around the competencies and the intentions of the successor, which have previously been argued to matter in securing a successful succession process (Chrisman, Chua, & Sharma, 1998). In other words, the factors that affect successor motivation are the same as those that affect the incumbent's confidence in the successor.

It is therefore important for the dyad to nurture their relationship in a way that is mutually reinforcing of competence and motivation (Gomez & Rosen, 2001). In fact, self-determination theory argues for a third need important to maintain intrinsic motivation, relatedness (Deci & Ryan, 2000). Though it was not directly tested in the current study, Weibel (2007) has argued that a trusting relationship between trustor and trustee can help fulfil this need.

Limitations and Future Research

Despite answering a call for more empirical research using rigorous methods in the family business domain (Evert, Martin, McLeod, & Payne, 2016), our results are to be interpreted in light of certain research limitations. First, the size of the sample to conduct a path analysis was relatively small, though close to sufficient with an estimated power of .77. Moreover, given the challenge of obtaining survey data from incumbent leaders and successors of family businesses, our datasets is within the range of size we typically find in family business research. Our study is also the first to our knowledge to include multiple sources of information from incumbent, successors, and publicly available information about the businesses, which we have not found in any previous research. Although we cannot make causal claims through our results due to lack of variable manipulations and random assignment, the multi-source and longitudinal aspects of our

research helps take care of some threats to validity caused by common method variance (Podsakoff, Mackenzie, & Podsakoff, 2012).

In addition, it is probable that the participating family businesses were not representative of the entire sample of family businesses in Canada and worldwide. First, many belonged to a large family business association, which shows these businesses identify themselves as family enterprises and have an interest for preserving this status. Second, those who voluntarily participated were likely more interested or concerned with the topic of succession success than those who chose not to participate. Their incumbents may have been more open or trusting of the successor than the average one, and the successor may have been more capable and motivated to start with. We nonetheless achieved to get enough variance in these variables to test our hypotheses, which indicates that restriction of range was not extreme. It is still possible we only captured a specific “profile” of family business leaders. The fact that we still obtained a good diversity of businesses in terms of location (relative to population spread), size, age of the business, and industry, and that we used all available data despite attrition (Enders, 2010) allowed us to get the most out of those who participated.

Although our study focused mostly on cognitive aspects of trust, incumbent-successor relationships are not only professional but also familial. It is therefore highly probably that affective-based trust is also important (McAllister, 1995). Future research should consider assessing the role of both types of trust in the dynamics associated with succession outcomes.

Finally, though our study spanned a period of 12 years, which is an improvement over past studies that have focused on successor intentions only (e.g., Handler, 1992; Schröder & Schmitt-Rodermund, 2013), or asked successors, now incumbents, to recall reasons for wanting to take over the business (e.g., Goldberg & Wooldridge, 1993), successions often take longer to be

completed. Many of our participant had not yet gone through it. We used a coding system to consider these businesses as being “possibly successful in the future”, but it is possible that some of them will not be successful. This may have introduced some bias in the results. Future research could try to follow all the participating businesses through the succession.

Conclusion

A 12-year longitudinal study of 89 Canadian family businesses revealed that successor intrinsic motivation predicted successful succession transfer to the next generation. Successor motivation was related to the incumbent leader’s trust in the successor’s abilities and intentions, leading incumbents to provide more opportunities for the successor to work autonomously in the business. Successor self-confidence also played a role in promoting their intrinsic motivation. The study has implications for the importance of nurturing trusting and supportive relationships between incumbent leaders and successors to ensure good succession outcomes.

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Table 1

Descriptive statistics and correlations among variables

Variable	Mean	SD	1	2	3	4	5	6	7	8
1. Incumbent age T1	61.94	8.16								
2. Business performance T1	3.49	0.61	-.17							
3. Incumbent trust T1	3.90	0.80	.09	.09						
4. Successor perception of autonomy support T1	3.78	0.90	.01	.08	.33**					
5. Successor Confidence T1	4.12	0.56	.08	.14	.11	.03				
6. Successor motivation T1	3.96	0.69	.16	.20	.25*	.23*	.26*			
7. Successor named T2	0.85	0.35	.12	-.04	.07	.04	-.18	-.06		
8. Timeline set T2	1.85	1.18	-.12	.13	.02	.00	.26*	.23*	.07	
9. Succession outcome T3	2.33	0.73	.11	.23*	.14	.04	.12	.33**	.05	.18

* $p < 0.05$, ** $p < 0.01$, *** $p < .001$. N = 89.

Table 2

Standardized results for indirect effects.

Indirect Paths	Estimate	95% CI	Indirect effect supported
Trust → AutSup → IntMot → SucOut	.021	.002, .073	Yes
Trust → Confid → IntMot → SucOut	.008	-.001, .040	No
Trust → AutSup → IntMot	.071	.003, .201	Yes
Trust → Confid → IntMot	.027	-.008, .093	No
AutSup → IntMot → SucOut	.063	.001, .165	Yes
Confid → IntMot → SucOut	.071	.009, .188	Yes

Note: Trust = Incumbent Trust; AutSup = Successor perceptions of autonomy support; Confid = Successor confidence; IntMot = Successor intrinsic motivation; SucOut = Succession Outcome.

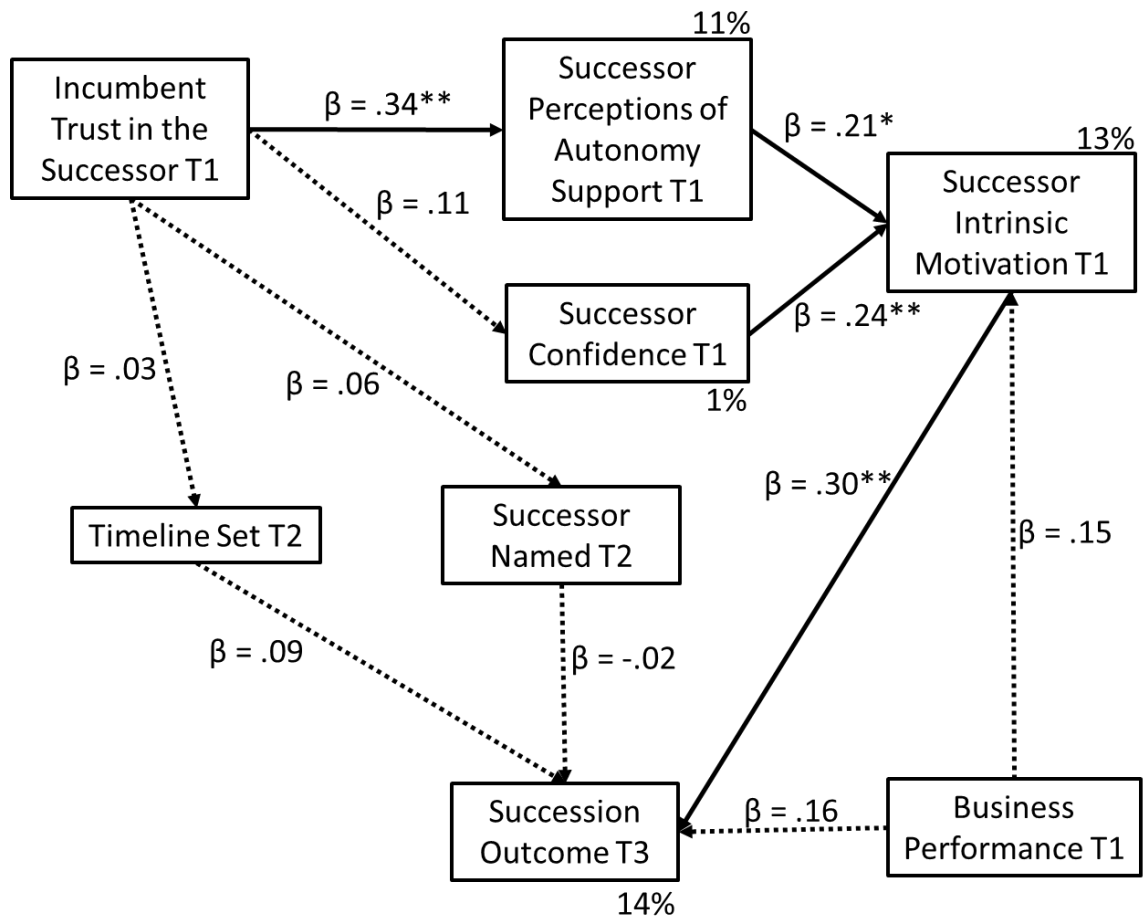


Figure 1. Results of the Path Analysis.

* $p < 0.05$, ** $p < .01$, $N = 89$

Note: All estimated paths are portrayed. Dotted arrows represent non-significant relations, while solid arrows represent significant relations.