SUCCESSION INTENTIONS IN FAMILY FIRMS, SOME INSIGHTS ON ITS ANTECEDENTS.

Introduction

Over the past years, various scholars have investigated career choice intentions of potential entrepreneurs and significant advances have been made on the motivations and antecedents of entrepreneurial intentions (e.g., Fini, Grimaldi, Marzocchi, and Sobrero 2014; Schlaegel, and Koenig 2014a; Zhao, Seibert, and Hills 2005). Similarly, in the family business context, research has been produced in order to explain incumbent's attitude toward intra-family succession (De Massis, Sieger, Vismara, and Chua 2013), offspring's succession intention antecedents (Zellweger, Sieger, and Halter 2011), and outcomes (Sharma, Chrisman, and Chua 2003). Despite this, we still seem to lack an understanding of a number of situational antecedents to career choice intentions of successors. In particular, little is known about how succession intention can be explained by elements that go beyond, and embed, cognitions and motives; in particular, much is yet to reveal on the role that entrepreneurial processes and endeavor, both within and outside family domain, play in the emergence of such intention (Greidanus 2011; Murphy, and Lambrechts 2015). Here we attempt to fill this void in the literature by studying how past behaviors – such as offspring's new firm creation (venturing) and family-specific attributes (Socio Emotional Wealth, SEW) – contribute to explain succession intentions in family firms. We do so by focusing on a sample of 1,995 potential successors in Italy. We find that both previous experience as founders of new ventures and higher levels of SEW are positively related to succession intention. We also find that the positive effects of offspring venturing are reinforced in family firms with high levels of SEW. Finally, our analysis revealed that different types of venturing i.e., corporate or independent venturing, exert different effects on succession intention.

Our results contribution is twofold. First, it contributes to transgenerational entrepreneurship and discusses the effects of enduring entrepreneurship processes (Jaskiewicz, Combs, and Rau 2015). Second, it extends family business literature (Sharma, Chrisman, and Chua 2003) by shedding light

on how motivational processes are embedded in (family) entrepreneurial legacy and how they in turn affect succession intentions.

Theoretical Background and Hypotheses

According to motivation and self-regulation theories, people's goal attainment is primarily driven by the setting of behavioral and outcome goals (Ajzen 1991). Intentions represent self-motivation to pursue a specific goal and shaped by feasibility and desirability beliefs regarding actions and end states (Locke, and Latham 1990). A strong tradition in research has theorized entrepreneurship as an intentionally planned behavior (Koenig, and Schlaegel 2014; Krueger, Reilly, and Carsrud 2000; Schlaegel, and Koenig 2014b; Shapero, and Sokol 1982), also in the context of family business (Sharma, Chrisman, and Chua 2003). We argue that working in one's own new venture is likely to positively affect offspring's succession intention as it will enhance individual perception of feasibility and desirability towards entrepreneurship career in general; and will translate specifically into succession intention as family business acts as role model, source of affective commitment and willingness to contribute to the family system. As these dimensions will be emphasized when offspring perceive a high emotional attachment to the firm, and see the family firm as a source of socio-emotional endowment we argue that the relationship between venturing and succession intention is even stronger when the perceived level of SEW is high. In sum:

Hypothesis 1: Venturing activities are positively related with succession intention.

Hypothesis 2: The level of perceived socioemotional wealth positively moderates the relationship between venturing activities and succession intention.

Methodology

Our observations originate from the Italian GUESS sample, which, for the 2013 wave, is made of 7.765 observations. After removing 5.880 respondents from the sample because their parents were not involved (as owners and as managers), and 690 unreliable questionnaires, 1,195

mostly completed questionnaires were analyzed. For respondent age, the sample ranged from 18 to 40 years (average=22). For respondent gender the sample was quite balanced (53% were males and 47% females), a preponderance of respondents were at an undergraduate level (60%) the remaining were at graduate levels (master or PhD).

Succession intention. The dependent variable was measured with a six-item scale adapted from (Linan, and Chen 2009).

Venturing experience. Following the guidance provided by Parhankangas, and Arenius (2003), we asked respondents if they had (in the past) already founded their own firms. If a respondent indicated that he/she had already created a firm, then he/she was classified as a venturing case (n=63).

Socio-Emotional Wealth. Using a five-item Likert-type scale, we drew upon the work of Allen and Meyer (1990). The mean score of items was used for this scale.

Control Variables. We controlled for respondents' demographic variables like age, gender, education level. Considering that the presence of other potential successors may affect an individual's succession intention, we also controlled for siblings competition, which is calculated as the ration between the number of siblings older than the respondent and the total number of his/her siblings.

Summary of the Results

The correlation results suggest that the variables we considered were within an acceptable range and all variance inflation factor scores indicated that collinearity should not be a concern.

For hypothesis testing, we used OLS hierarchical regression. With inclusion of interaction terms, SEW was mean-centered. Hypothesis 1 stated that venturing is positively related to succession intention. We found support ($b = .69$; $p < .01$) for Hypothesis 1. To test for Hypothesis 2, we included in a second step 2-way interaction of SEW and Venturing and found a significant relationship ($b = .67$; $p < .01$) indicating that also our second hypothesis was supported.

Post hoc analysis also suggested that succession intention is negatively related with corporate venturing activities, while it is positively related with independent venturing performed by the interviewed potential successors.

Implications of the Findings for Research and Practice

Our results contribute to the literature that lays at the intersection of family business and entrepreneurship (Bettinelli, Fayolle, and Randerson 2014). In particular, we integrate previous findings (e.g., Criaco, and Minola 2013; De Massis, Sieger, Vismara, and Chua 2013) and identify venturing experience and SEW as two relevant elements that contribute to explain offspring's succession intentions in family firms. These results may serve as a warning to family business incumbents. In particular, they may stress that, in order to instill succession intentions, it is important that the offspring experience venturing activities. Additionally, the moderation effects between SEW and venturing activities further stress the importance of SEW as a contingent factor in family firms dynamics (Jaskiewicz, Combs, and Rau 2015). This may serve to family business incumbents as an indication of the fact that succession intention is better fostered when behaviors (i.e., venturing) are supported by affective attachment and in particular by the perception of high levels of SEW.

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