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THREE ESSAYS ON FAMILY FIRM SUCCESSION

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CEO	Chief Executive Officer
CI	Condition indices
CIS	Community Innovation Survey
E	Employees
EU	European Union
GDP	Gross domestic product
IA	Innovation activities
IPI	Interpersonal Power Inventory
ISO	International Organization for Standardization
KMO	Kaiser–Meyer–Olkin
MBI	Management Buy-In
MBO	Management Buy-Out
OECD	The Organisation for Economic Co-operation and Development
OEM	Original equipment manufacturers
PD	Predecessor
SC	Successor
SD	Standard deviation
SME	Small and medium-sized enterprise
SMME	Small and medium-sized manufacturing enterprises
TPP	Technological product and process innovations
UK	United Kingdom
VIF	Variance inflation factor

1 INTRODUCTION

1.1 Family firm succession as a stage of vital importance for family firms

In the family firm literature, succession has become one of the key issues over recent years (De Massis, Chua, & Chrisman, 2008; Nordqvist & Melin, 2010; Sharma, 2004). According to Chua et al. (2003), succession is even the number one topic that concerns family business leaders (Chua, Chrisman, & Sharma, 2003). The reasons for this might be that, on the one hand, every family firm is sooner or later affected by a succession as part of its natural company life cycle. On the other hand, complex "processes of emotional and financial adaptation, socialization and transfer of management and/or ownership" (Laakkonen & Kansikas, 2011, p. 984) represent significant challenges to family firms. This particular stage is often characterized by uncertainty, tense mood, conflict, and reorientation because all share- and stakeholders, such as for example family members, transferors, successors, possible heirs, family external managers, and employees, have to find and redefine their roles when a successor is selected and steps in. Power structures shift and have to be rebalanced; individual interests need to be communicated and satisfied. That "the subsequent positive performance of the firm and ultimately the viability of the business" (Le Breton-Miller, Miller, & Steier, 2004, p. 306), which constitutes a successful succession, is not always ensured is documented by frequently mentioned numbers in the literature: only one third of all businesses survive the handover from the founding generation to the second one, and even fewer—only 10%—make it into the third generation (Birley, 1986; Handler, 1992; Ward, 2004). But what makes a firm a family business? Although no widespread accepted definition exists (Sharma, 2004), researchers do agree about what distinguishes family firms from nonfamily firms: it is the family itself that plays a crucial role with regard to majoritarian family ownership, considerable involvement of family members in the management of the firm (Chua, Chrisman, & Sharma, 1999; Daily & Dollinger, 1992), determining the vision, control, and strategy in the business (Chrisman, Chua, & Litz, 2003; Habbershon, Williams, & MacMillan, 2003), and building strong and trusted social networks over a long period of time (Sharma & Salvato, 2011, p. 1199). Thus, it is often the predecessor's utmost wish that the business is continued within the family and family tradition is preserved (Breuer, 2000; Gilding, Gregory, & Cosson, 2013; Lansberg, 1988).

In Germany, researchers estimate that around 90.6% of all active companies are owner-managed family firms[1] providing employment to 56% of the workforce and contributing 47% of national GDP (Stiftung Familienunternehmen, 2015). Most of the family firms can be classified as micro-sized companies[2] regarding their size classes of employment (91.4%), whereas 8.5% rank among small and medium-sized

[1] Owner-managed family firms are controlled by a manageable number of natural persons, and at least one of the owners is simultaneously manager of the business (Stiftung Familienunternehmen, 2015). This alludes to the definition of the Institute for SME Research Bonn, which defines a family firm as an enterprise in which up to two natural persons or their family members own at least 50% of the shares and who are simultaneously involved in the management of the business (Haunschild & Wolter, 2010).

[2] Annual work unit <10 employees; annual turnover ≤ €2 million, or annual balance sheet €2 million (European Commission, 2005).

enterprises (SMEs) (Stiftung Familienunternehmen, 2009). According to the definition of the European Commission (2005), such SMEs can be clearly classified as businesses with an annual work unit of fewer than 249 employees, an annual turnover less than 50 million Euro, or an annual total balance sheet smaller than 43 million Euro (European Commission, 2005). Interestingly, only 0.1% are estimated to be large family firms in the German economy (Stiftung Familienunternehmen, 2009). These numbers highlight the importance of family firms in Germany. Furthermore, recent numbers suggest that 135,000 family firms are expected to be handed over between 2014 and 2018 (Kay & Suprinovič, 2013), which will affect approximately 2 million employees. In order to secure the employment of these people, to preserve the existing knowledge and human capital that the family firms hold (Müller et al., 2011), and the social capital and ties the members have built up over decades (Sharma & Salvato, 2011), the sale to a third party or even bankruptcy resulting from a failed succession should be avoided, as otherwise "(…) the special competitive advantages of a family business are lost" (Bjuggren & Sund, 2002, p. 130). This reveals the importance of successful handovers of family businesses to the next generation in order to ensure the well-being and welfare not only of the entrepreneurial families and related business stakeholders, but also of society in general (Bjuggren & Sund, 2002).

1.2 The relevance of successions in the German crafts sector

The German crafts and trades sector is typically representative of SMEs and amounted to more than 1 million businesses in 2014, comprising 27.3% of all German firms (Statistisches Bundesamt, 2015a). Around 5.4 million employees work in this sector (Statistisches Bundesamt, 2015b) with an average of seven employees per firm (Zentralverband des Deutschen Handwerks, 2013). In 2011, around 99.8% of all craft businesses could be classified as SMEs according to the definition provided by the European Commission (Institute for SME Research Bonn, n.d.). Furthermore, Glasl (2007) states that most of the skilled craft businesses in Germany are owner-managed family firms because of the entanglement of management and ownership (Glasl, 2007). No official statistics exist analyzing the number of successions in the crafts sector specifically. Estimates from 2009 based on the takeover quota of business start-ups (14.3%) suggest that around 12,000 successions took place in the crafts sector (Müller et al., 2011, p. 99); forecasts predict nearly 14,000 annually in 2020 (p. 161). A survey by Hauser and Kay (2010) discovered that, between 2010 and 2014, about 86% of all family business transfers were caused by the age of the predecessor. Other reasons were the sudden death of the owner (10%), illness (4%), or that the predecessors switched from self-employment to an attractive, dependent employment (Hauser & Kay, 2010, p. 32).

In general, family-internal successions, where a family member steps into the business, can be distinguished from those where a family-external person takes over. The latter can be further differentiated into cases where a firm-internal person such as, for instance, an employee (Management Buy-In (MBI)) succeeds and those where the business is sold to an alien, firm-external person

(Management Buy-Out (MBO)) (Becker, Hammes, Neuberger, & Upplegger, 2013). Numbers for the German crafts sector reveal that 41.2% of all successions in 2010 took place internally within the family, whereas 58.8% of all craft firms were handed over to a family-external successor (Müller et al., 2011, p. 103). Compared with data from the Succession Panel of the University of Siegen in cooperation with the Institute for SME Research Bonn from 2008/2009, which revealed that a family-internal person succeeded in 85% of all family firm successions, whereas only 12% were sold to a family-external successor (Moog, Kay, Schlömer-Laufen, & Schlepphorst, 2012, p.18), the numbers from the German crafts sector show that family-external successions nowadays play a more important role in this industry than in family firms in general (Müller et al., 2011). Principally, this depicts in numbers the shift from nepotism and primogeniture (Barach, Ganitsky, Carson, & Doochin, 1988) to the consideration of individual wishes, life plans, careers, and the desire for self-realization on the part of potential successors (Breuer, 2009; Halter & Schröder, 2010; Sharma, 2004). It is widely acknowledged among family firm researchers that the successor's commitment and willingness are essential and indispensable preconditions for a successful succession (Chrisman, Chua, & Sharma, 1998; Sharma & Irving, 2005; Sharma & Rao, 2000). From this point of view, the German crafts sector is on a progressive path. Another influencing factor might be that, because of the legally restricted access to the crafts sector based on the requirement of a master craftsman's diploma for some crafts, the entry barrier is higher than in other sectors and uninterested and unskilled successors are rejected from the start.

1.3 The necessity to become an accepted and legitimated leader

A general question is: what actually makes a succession successful? Whereas some authors consider it a success if the business is continued by transferring the leadership and management authority to the next generation, others focus more on the predictors of satisfaction with the succession process and highlight the subjective assessment of the process (Handler, 1989; Morris, Williams, Allen, & Avila, 1997). This is directly associated with the effectiveness of the succession and its consequences for firm performance as part of a successful succession. Goldberg and Wooldridge (1993) consider an effective succession from a long term perspective and focus on the successor: "Effective successors are defined as persons who have the title and power of office and who in the long term demonstrate the ability to create a positive trend of growth and profits for the business" (Goldberg & Wooldridge, 1993, p. 65). Without gaining acceptance and earning recognition as the firm's leader (Cadieux, 2007; Sathe, 1985, cited from Koffi & Lorrain, 2010), no successor will be able to successfully manage the business in the future as decisions might be difficult to enforce. Sharma (2004) also emphasizes that attributes "found important are ability to gain respect of nonfamily employees, decision-making abilities and experience, interpersonal skills, intelligence, and self-confidence" (p. 12).

These aspects are especially dynamite with regard to the German crafts sector. Here, significant involvement and employment of family members, traditional values, and owner-centralized business structures are characteristic. Thus, following a long-established and esteemed predecessor can be a major challenge for an inexperienced and less valued successor, who has to establish a reputation first. As some crafts are restricted to admissions—to found and manage a business, some professions require the proof of a master's examination—and crafts in general require high-level skills in manual labor, competence and technical expertise on the part of the successor could be even more important than in other sectors.

Thus, the overall research question that guides ***paper 1*** of the present dissertation consisting of three essays on family firm succession is, *which factors influence the legitimization of the successor in the family business.* The paper addresses present criticism about a lack of psychological aspects regarding succession in family business management (Filser, Kraus, & Märk, 2013) by taking into consideration the *"Bases of social power"* approach (French & Raven, 1959; Raven, 1965, 1992, 2008) as underlying theory from social psychology as well as preconditions for legitimacy success (Hollander, 1964, 1985). So far, no theoretical model exists in the literature that explains the influence factors on the successor's acceptance and legitimization from a power theoretical perspective and takes the predecessor's, successor's, and nonfamily employees' points of view into consideration.

Reasons, therefore, why the employees' perspective was also considered are that their angle on the firm has not yet attracted researchers' attention. Chua, Chrisman and Sharma (2003) state that we know far too little about the roles of nonfamily managers in family businesses and their influence on critical concerns such as, for instance, succession. Also, especially "the emotions felt by employees when a generational succession occurs" (Filser et al., 2013, p. 273) are still unexplored, even though the success of a transfer may be determined by the level of acceptance the offspring has achieved (Sathe, 1985, cited from Koffi & Lorrain, 2010). Because of the staff's fear of being forgotten by the new generation or of radical change (Lansberg, 1988), tensions might arise that can even lead to nonfamily top managers leaving or threatening to leave the firm (De Massis et al., 2008). Conflicts between successors and nonfamily employees can result in a lack of trust in the successor (De Massis et al., 2008) and hamper the succession process insofar as long-time employees possessing idiosyncratic knowledge that might prove valuable for the successors are not willing to share this knowledge (Lee, Lim, & Lim, 2003). Sharma (2004) also emphasizes nonfamily employees as an important stakeholder group, whose complexity of role compositions, their perceptions, and interrelationships have only recently begun to be explored. This paper addresses this gap by including nonfamily employees in the study as well.

Paper 1 examines factors that influence the legitimization and acceptance of the successor in family firm succession by applying qualitative as well as quantitative methods. For this purpose, French and Raven's (1959) bases of social power approach served as a foundation for subsequent theory development. Whereas in many family firms shares are split up between a large number of family members, craft businesses can be characterized by the presence of the (founding) owner (Glasl, 2007; Müller et al., 2009). According to Hollander (1964), the legitimacy of a leader greatly depends on his legitimizing agent or source of authority. Figuratively, it can be assumed that the predecessor in the succession process acts as the legitimizing agent who appoints the future leader of the firm. Hence, one question that ***paper 1*** seeks to investigate is how the predecessor influences the successor's acceptance, especially as a legitimizing agent in terms of his power position. Hollander (1964) identified several other factors such as, for instance, the group leader's competence and group-conforming behavior. How the successor can affect his/her own legitimate position in the firm will therefore also be elaborated. Lastly, the relationship between predecessor and successor and its influence on the successor's legitimate position in the firm is analyzed.

Before	Cooperation with three German chambers of craft (Kassel, Erfurt, Palatinate); identification of possible participants as a result of collaboration with the craft business consulting department.
	Business consultants made first contact with firms; if they seemed to fit at first sight and were interested in participating, a questionnaire including a letter of agreement about participation in the study was sent to the owners.
	Interested firms sent the filled questionnaire directly to the researcher. After the researcher had received the questionnaire, it was carefully analyzed. Appropriate firms were selected and informed—the initial contact took place on the telephone between researcher and firm.
	Missing data in the questionnaire were additionally assessed.
	Appointments for the interview days were made with the firms.
Interview day	Welcome and brief introductory talk with the predecessor and successor after arriving at the firm site.
	Researcher was informed about the interview schedule (firms decided upon that).
	Conduct and audiotaping of four interviews (each predecessor and successor, two employees, all separate from each other) following the same pattern.
	Interview pattern: welcome, introduction to the researcher's background, and broad aim of the study, information and agreement about data privacy statements, interview.
	Photographs of the successor's and/or predecessor's single/joint offices were taken upon agreement.
	Pre-printed questionnaires were handed to the predecessor or successor, who passed them on to the employees. Stamped envelopes were provided by the researcher—filled questionnaires were sent back directly to the researcher.
After	Writing field notes about the interview day.
	Thanks and feedback to the participating firms via follow-up call (contact with predecessor or successor, depending on firm).
	Data analysis of the verbal interview data; theory development; if necessary, adaptation of the interview guide.
	Analysis of photographs.
	Data entry of the received questionnaires and data analysis.

Table 1: General steps and activities in the succession study

Therefore, a case study research design was applied by conducting single focused interviews as one research method with the predecessor, successor, and two employees from 10 family SMEs from the German crafts sector. This open approach supported the gaining of insights not only into the perspective of both leaders, but also into the employees' positions and their view of the succession process currently taking place in the business. Also, applying the focused interview as a qualitative method enabled us to "test the validity of hypotheses derived from […] social psychological theory" (Merton & Kendall, 1946, p. 541) as well as to generate new insights into the succession process and to develop new hypotheses. The focused interviews used two video sequences as stimuli to elicit information from the respondents. Furthermore, photographs taken of the predecessor's and successor's offices supported the revelation of power structures during the succession process. They were predominantly applied as a documentary method. Finally, as many employees as possible took part in a survey based on a standardized instrument—the Interpersonal Power Inventory (IPI) developed by Raven, Schwarzwald, and Koslowsky (1998). This questionnaire enables measurement of the 11 bases of social power with 33 items. This quantitative method was used in the study to assess the successor's and predecessor's power positions in the business from the employees' point of view, which should contradict or complement the findings from the interviews. All in all, 65 employees from nine family firms took part in the survey. In Table 1, the single steps in the succession study are depicted in detail.

Finally, all inferences were summarized in a theoretical model named the "*Theoretical Framework of Successor's Acceptance*". One of its major contributions is the systemization and structuring of a complex topic, the succession process and legitimization of the successor in family SMEs. It depicts the interdependencies and interrelations between several protagonists and presents practice-oriented success factors and preconditions for family firms that currently face succession and want to establish a successor. One has to keep in mind that every theory only ever provides a simplified representation of reality.

1.4 The ability to remain innovative during succession processes and to handle resistance

In general, there is a common understanding among researchers that the ability to be and to remain innovative is essential for businesses to be sustained and to be successful in the long run (Capelleras & Greene, 2008; Freel, 2000; Porter, 1990; Storey, 2000; Varis & Littunen, 2010). Although no consensus exists in the literature about whether nonfamily businesses or family firms are the superior innovators (e.g., Chrisman, Chua, De Massis, Frattini, & Wright, 2015; Daily & Dollinger, 1992; Sharma & Salvato, 2011), it is widely accepted that it is especially important for SMEs to maintain or increase their market share, as they are permanently threatened by larger competitors that offer better, cheaper, or more innovative products to the customer (Laforet & Tann, 2006). Their ability to pursue innovation can be seen "as a core business strategy [that] increases productivity, growth potential, and likelihood of survival" (Madrid-Guijarro, Garcia, & Van Auken, 2009, p. 466). A study about innovations in the German crafts sector showed that, despite the traditional nature that is often ascribed to craft firms, the strengths of technically innovative craft businesses lie in highly technical problem-solving skills, flexibility, and customer focus (Lahner & Müller, 2004). Lahner and Müller (2004) state that successfully innovative businesses fulfill internal requirements such as, for example, a corporate culture that views all employees as bearers of knowledge and sources of change. "The notion of openness to new ideas as an aspect of a firm's culture" (Hurley & Hult, 1998, p. 44) is defined as innovativeness and viewed as one dimension of entrepreneurial orientation (Lumpkin & Dess, 1996). As Verhees and

Meulenberg (2004) argue, this is mainly ascribed to the owners' responsibility because their willingness to learn about and to adopt innovation is crucial for the business (Verhees & Meulenberg, 2004).

Because a succession marks the beginning of a new era in the life cycle of a business and the entry of a new leader and owner, it arouses special interest in how innovations are managed while a succession is going on. According to Chrisman et al. (2015), succession not only means a disruption for the business in terms of changing its management, board composition, and the firms' goals, it might also cause changes in "the balance between ability and willingness to innovate" (Chrisman et al. 2015, p. 316). Although some authors argue that next generation members often add new energy, drive, capabilities, and resources to the firm they take over, which in turn affords a great opportunity for the family business to develop (Hall, 2003; Nordqvist & Melin, 2010), others state the complete opposite. Recent research has shown that observed founder-led firms tend to outperform nonfamily as well as multigenerational family firms (Kellermanns, Eddleston, Sarathy, & Murphy, 2012; Miller, Steier, & Le Breton-Miller, 2007). The reasons for this might lie not only in the later generations' ascribed conservativeness and risk-averseness in order to protect the family wealth (Miller et al., 2007), but also in that the planning of and carrying out of a succession requires resources, as roles are redefined, structures renewed, and processes redesigned, so that the necessity for innovations could be pushed into the background. However, if family firms want to survive and be successful over generations, they have to find strategies that support and ensure their ability to innovate—independent of succession. Conversely, this means that successors as the new generation in the business should dare to follow new ways by stepping beside the well-known paths (Mitchell, Hart, Valcea, & Townsend, 2009).

As the fusion of family business and innovation research has started recently, De Massis et al. (2015) speak of opening up a "black box" (De Massis, Frattini, Pizzurno, & Cassia, 2015, p. 17). In particular, there is a need in the field to discover "whether there are transgenerational influences on technological innovation, whether succession planning supports or hinders technological innovation, and how technological knowledge can be sustained through succession" (De Massis et al., 2015, p. 25). This dissertation tries to fill in these research gaps.

Thus, ***paper 2*** aims to explore the management of innovation and innovativeness during succession in family SMEs and takes actual demands in the family firm and innovation literature into account by answering the following questions: Do successful family firms engage in a continuous cycle of innovation regardless of a new successor stepping into the business? What sort of innovations do family SMEs, especially from the German crafts and trades sector, currently facing succession pursue? Also, it is of interest who the leading initiator of innovations is dependent on the phase of succession and how the successors deal with their struggle and wish to be innovative.

To explain how the scope for innovative behavior unfolds, Hollander's (1964, 1987) Idiosyncrasy Credit Theory is used as a theoretical backdrop and transferred into the field. Besides an initial legitimation by a source of authority and the leader's personal competence, the successor's identification with the group and adaptation of group norms contributes to his/her legitimation as well (Kehr, 2000; Hollander, 1964). Hollander's (1964, 1987) Idiosyncrasy Credit Theory explains the interaction of causes and effects of legitimation from a process perspective. Essentially, the model implies that an initially as competent and group-conforming perceived leader gains more acceptance than a leader who behaves deviantly from the group norms at the start. Instead, conforming behavior is rewarded with the contribution of credits from their subordinates for their nondeviant behavior. Within this amount of credits, the leader is then legitimated to behave non-conformingly, to deviate from the group norms, and to be innovative.

Furthermore, ***paper 2*** not only examines what kind of innovations the family SMEs pursue and what makes innovative behavior possible, but also which factors influence resistance and commitment on the part of employees and predecessors. Their behavior will be explained using Piderit's (2000) tripartite view of attitudes, which provides a scheme to cluster observed behavior into the three conceptualizations of resistance and commitment—as cognitive, affective, and emotional states. It will be examined which dimensions especially play a role with regard to innovativeness during family firm successions. Furthermore, strategies and recommended actions for the successors are developed as to how best to handle resistance and how to enforce their innovative ideas against any objections arising. Data to answer these questions stem from the same case studies that were undertaken in paper 1. Similarly, focused interviews were conducted with the predecessor, successor, and employees.

1.5 Establishing video elicitation interviews as a new method in organizational research

Because succession is a very emotional and sensitive topic in families that are concerned with the transfer of a family business, one important question was how to gain access to the respondents so that they would open up to the researcher in the interviews and talk about their personal view of the succession process, their experiences, and the difficulties they had to face and overcome. Thus, a vehicle was needed that allowed the researcher beyond conventional purely word-based interviews to delve into the rather hidden, personal aspects of the succession that respondents might refuse to divulge.

The focused interview, developed by Merton and Kendall (1946), provided interesting insights about the possibilities of stimuli that are used at the beginning of an interview situation and afterwards discussed with the respondents. With the guidelines for focused interviews in mind, two video triggers were edited from existing movies and presented to the interviewees. One film was exclusively shown to the predecessor and successor, and the other film to all probands. Both films worked excellently as stimuli and elicited valuable and useful information for later theory development.

It was only after the actual data collection that we dug deeper into visual research and the possibilities it offers. With its origins in philosophy, sociology, psychology, psychoanalysis, and cultural theory, using visuals in research has a long-standing tradition (Davison, McLean, & Warren, 2012). The term *visual* thereby comprises any kind of visual material, such as drawings, photographs, pictures, videos, arts, advertisements, and web pages, that is used in widely different ways (Davison, McLean, & Warren, 2015). Visuals and images can help us to capture, record, and access reality with different media and from different viewpoints—in Smith's (2015) words: to "understand lived narrative" (p. 76). Also, Basil (2011) adds that "sometimes, a picture or video may be the best or only way to explain a situation to others" (Basil, 2011, p. 254). The idea behind using visuals is that symbols or images can support the researcher to dig into deeper layers of truth and reality, which lie invisibly hidden under the surface. In order to retrace, see, and explain the respondents' experienced subjective and conceptualized structure of the world, the whole context with all its complexity, ambiguity, reasoning, and multiplicity has to be considered in detail. Involving the participants in the visual-generating process or using the visual material as a trigger in an interview situation even has the potential to create far richer information and data that go beyond simply textual data.

However, in organizational and management research, visuals do not come close to the status they have in the arts and social sciences because of their often ascribed triviality and only partial reliability (Davison, McLean, & Warren, 2012). Rather, they are seen as decoration and hardly interpretable ambient noise. Nevertheless, over the last decade, using visuals as a qualitative research method has aroused considerable interest (Davison, McLean, & Warren, 2015) and has nowadays become more and more familiar and frequently used in many research fields, such as in organizational, management, accounting, marketing, consumer, tourism, and health studies (Basil, 2011; Bell & Davison, 2013; Davison & Warren, 2009; Rohani, Aung, & Rohani, 2014).

Having a closer look at the application of visual methods in organizational and management research, the predominant use of photographs of great variety can be observed. The photographs can be generated by the researcher (Jacoby Petersen & Østergaard, 2004; Ray & Smith, 2012), produced by the participants (Slutskaya, Simpson, & Hughes, 2012; Warren, 2005), or are selected from a photo archive (Smith, 2015). Often, after the generation of the photographs, they are used as stimuli in interviews and discussed with the respondents conjointly in order to elicit richer and more reliable information and to gain further insights. In contrast, video as an elicitation method is hardly used in organizational research except for a few examples (cf. Slutskaya, 2015).

Hence, in ***paper 3*** of this dissertation, video elicitation interviews are introduced as a new and innovative qualitative method for organizational research. Video elicitation interviews generally describe the usage of a trigger video—either researcher or participant generated—in an interview situation in order to elicit deep information regarding the perceptions, feelings, and attitudes toward a specific topic on the part of the respondents (Pauwels, 2015).

In order to make the method applicable for organizational researchers, in ***paper 3***, a general scheme consisting of five single steps is developed that guides researchers who want to conduct video elicitation interviews. Each single step is illustrated with examples from the succession study, in which video elicitation interviews were applied. ***Paper 3*** also contains empirical and methodological reflections. Furthermore, practical recommendations are given regarding the length, symbolic content, hierarchy of relationships, and degree of conflict in the video trigger. We also provide lessons learned from the succession study in order to sensitize other researchers to possible pitfalls. ***Paper 3*** was developed in collaboration with Prof. Dr. Frank-Martin Belz from the TUM School of Management[3].

The present dissertation is structured as follows. Whereas chapters 2 to 4 provide the essays 1 to 3, the findings from the three studies are summarized in chapter 5. Also, overall conclusions are made in the last section and further required actions are presented. Within ***paper 1***, the theoretical background and state of the art in the literature is explained, followed by a description of the research methodology, the different applied methods, the sample, and various data analysis methods. After that, the results for each applied method are presented and finally aggregated into the developed theoretical model at the end of chapter 4. Lastly, the results are discussed in chapter 5, whereas chapter 6 gives a conclusion and presents the limitations of the study.

Paper 2 proceeds in a similar way. It starts with a short introduction and an overview of the current state of the art in chapter 2. After that, the research methodology, methods, and data analysis methods are explained. Chapter 4 presents the results sorted by the single research questions, which are discussed in chapter 5. A final conclusion is drawn in chapter 6, which also elaborates the strengths and weaknesses of the study and points out the need for further research.

In contrast, ***paper 3***, as a method paper, does not follow the typical composition of the previous two essays. After a short introduction into visuals in general and visual research in different disciplines, we introduce the characteristic typology of visual elicitation interviews, whereas we focus in the following section explicitly on researcher-generated video elicitation interviews. In the third section, a general scheme for applying video elicitation interviews is introduced and enriched with examples and experiences from the succession study. The results and experiences within the study are abstracted in chapter 4, where the effects of the two distinct video triggers from the succession study are discussed. At the end, we give recommendations and pitfalls on what should be considered when conducting this type of interview.

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2 Essay 1

Legitimization of the Successor in Family SMEs: Developing a Theoretical Framework

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Abstract

The transfer of a business generally involves extensive consequences for the further life of the owner-managers and their successors due to the entanglement of family and business issues in family firms. Furthermore, it is often a phase of conflict, tense mood, and major changes—especially for the employees facing the challenge of accepting a new superior, who often differs from the predecessor not only in terms of age, but also regarding leadership style and personal attitude. Nevertheless, the future success of the business depends considerably on the acceptance of the new leader. This essay seeks to identify empirically the factors that influence the legitimization of the successor in small and medium-sized family businesses using French and Raven's (1959) bases of social power approach as a theoretical backdrop. In order to explore this phenomenon in depth, a case study design was adopted. Qualitative methods, such as for instance focused interviews (n = 37) and photographs as a documentary method, were applied. Also, the Interpersonal Power Inventory as a standardized test instrument was used as a quantitative method among employees (n = 59). In contrast to previous studies, the employees' perspective is included in this study as well. The results show that the successors are capable of influencing their own standing in the firm by proving their broad expert knowledge and leadership qualities. True willingness, commitment, and passion on the part of the successors are additional variables that support the predecessors to withdraw stepwise. Because of their existing position of power, it is absolutely necessary that the latter pull back as well as sharing and transferring knowledge, responsibilities, and devolving power. Also, early announcement and communication of the successor as the firm's future leader might help the employees to adapt to the new situation. The recommendations for the parties involved in a succession process, resulting from the findings in this essay, can help to facilitate the legitimizing process of the successor in the business.

Keywords: family firms, crafts sector, SME, succession, social power, acceptance, legitimization, qualitative methods, interview, visual methods, case study

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“Tradition is not preserving the ashes, but passing on the flame.”

Gustav Mahler (1860–1911)

1 Introduction

In the family business succession literature, the desire for continuity and the preservation of the family tradition on the part of the predecessor is an often mentioned motive (Breuer, 2000; Gilding, Gregory, & Cosson, 2013; Lansberg, 1988). Thus, it is often their ultimate ambition to find a successor who takes over the business and who is capable of doing so—which can be large shoes to fill nowadays. But even if a successor has been identified—succession in family firms mostly starts not with a change in ownership, but with a change in leadership (Trow, 1961). The entry of a successor into the family business marks the beginning of a long-lasting and multi-year process (Handler, 1990)—the start of a long journey.

Family business succession has been defined as “actions and events that lead to the transition of leadership from one family member to another in family firms. The two family members may be part of the nuclear or extended family, and may or may not belong to the same generation” (Sharma, Chrisman, Pablo, & Chua, 2001, p. 21). Along with the leadership transition comes not only the transfer of all managerial responsibilities to the successor, but also the devolution of power and influence, which is mentioned in the literature as a necessary precondition to manage, control, and enact as successor in the new position (Churchill & Hatten, [1987] 1997). This shows that the transfer of power from the former leader to the successor, in other words his/her legitimization, is a very important issue in family firm succession.

But succession in the family business sector also has macroeconomic consequences. Latest figures show that 135,000 family firms in Germany are expected to be handed over between 2014 and 2018 (Kay & Suprinovič, 2013). Approximately 2 million employees will be affected by these successions. In order to perpetuate their employment, continuing these businesses should be the ultimate goal. Moreover, the preservation of knowledge and human capital, which is tied up in these firms that are ready to be transferred, is generally essential for the German economy (Müller et al., 2011). Bjuggren and Sund (2002, p. 130) even state that the failure of a family firm succession, which implies the sale to a third party or even a bankruptcy, actually has far-reaching consequences for a society in general: “(…) the special competitive advantages of a family business are lost”. This reveals the importance of a successful handover of family businesses to the next generation in order to ensure the well-being and welfare of the entrepreneurial families, related business stakeholders, and society in general (Bjuggren & Sund, 2002).

Nevertheless, it is not only a question of whether the business is transferred in general—rather, this paper deals with the question of *how* the succession process is handled and under which circumstances the business can be successfully continued by the successor. For a successful succession, it is necessary that the successors gain acceptance and establish themselves in the business (Sathe, 1985, cited from Koffi & Lorrain, 2010). Many authors consider an effective succession from a long-term perspective and state that "effective successors are defined as persons who have the title and power of office and who in the long term demonstrate the ability to create a positive trend of growth and profits for the business" (Goldberg & Wooldridge, 1993, p. 65). Furthermore, it is important that the successor is not only accepted by the predecessor, but also by the personnel and all other stakeholders. Thus, this paper focuses on the *overall research question*: which factors influence the legitimization of the successor in the family business.

First, a short introduction to family firm succession in general will be given. As succession is often riddled with conflict, the literature regarding handovers in family firms has become very comprehensive (Sharma, 2004). Models and theories exist that cluster and structure the succession process, involving different groups of actors such as the transferor, the offspring, the family, and other stakeholders. Different stages in the process have been elaborated so far (Churchill & Hatten, [1987] 1997; Lambrecht, 2005; Le Breton-Miller, Miller, & Steier, 2004; Royer, Simons, Boyd, & Rafferty, 2008), ranging from four to seven stages. The successor's process of learning and growing into the business, the development of his/her "technical, interpersonal, and managerial knowledge, judgement, and skills" (Churchill & Hatten, [1987] 1997, p. 59), and the predecessor's final transfer of duties marked by his/her withdrawal from the business are often-mentioned and common stages.

Other authors focus on the psychological perspective and examine the individual motives and roles of the predecessor, the successor, and the relationships between them (Brückner, 2011; Cadieux, 2007; Koffi & Lorrain, 2010). For example, Breuer (2000) describes the succession from a social perspective as the predecessor's aim of ensuring continuity, because his life is biologically bounded and ultimate. The successor's task is to make sure that, despite the incumbent's personal retirement and passing, the continuity of the firm at the organizational–institutional level is guaranteed (Breuer, 2000). This perspective might also justify the predecessor's frequently found wish to hand over the firm to a family internal successor (Breuer, 2009). The overall thought of preserving continuity is also mentioned by other authors (Brückner, 2011; Handler, 1994; Haubl & Daser, 2006; Kets de Vries & Carlock, 2007; Lambrecht, 2005). Meanwhile, the process is characterized by a stepwise role adjustment between the predecessor and the next-generation member—Handler (1990) describes it as a "slow and subtle process" (p. 43). Whereas the owner develops from a sole operator to a delegator and at last to a consultant, the successor emerges from a helper to the leader and eventually becomes the decision-maker (Handler, 1990).

Despite the preferred way of transferring the family firm to an internal family member, Breuer (2009) and Müller et al. (2011) showed in their studies within businesses from the skilled crafts and trade sector in Germany that transfers of ownership to people who are not connected with the family and who were not even associated with the business beforehand are becoming more and more important. This is an interesting fact, because it might be conceivable that successions internally within the family would be especially prevalent in the craft and trade sector, where continuing family tradition and values are of significance (Glasl, 2007). The reasons for this might be rooted in changing societal norms: often, predecessors don't want to force their heirs if they don't want to fill their fathers' shoes (Breuer, 2009). Felden and Pfannenschwarz (2008) as well as Breuer (2009) equate this phenomenon with the growing emphasis on individual interests and self-fulfillment in western culture. As a logical consequence, it appears not as opportunity for many successors to work in a "well-feathered nest". Nowadays, questions regarding heritage and legal succession seem to be treated as of lower rank than the company's concerns (Breuer, 2009). Furthermore, the expertise and abilities of the successors become more and more important (Halter & Schröder, 2010). Most successors have to prove themselves as well as their willingness and competence, which has not been common in times of primogeniture and nepotism (Barach, Ganitsky, Carson, & Doochin, 1988).

According to Davis' (1982) three-circle model of family businesses, which consists of the subcomponents ownership, family, and business, this essay focuses on owners who are actively involved in the business and simultaneously family members (Davis, 1982; Taguiri & Davis, [1982] 1996). Furthermore, to simplify matters, this essay focuses on successions in which one owner wants to transfer his or her business to another close family member, son or daughter, or to a family external person. Despite or especially as a result of this simplification, it is often a phase of conflict, short-tempered emotions, and major changes. As said before, one trouble spot might be the predecessor's "deep-seated desire for immortality […], and a sense of indispensability with respect to the business", as Handler (1994) states (p. 137–138). This might lead to a delayed or postponed withdrawal from the business. Other predecessors feel a strong wish to perpetuate the family business within the family to ensure the entangled corporate-family tradition, but without facing the successor's own desire (Lambrecht, 2005). Concordantly, it has been shown in research to date that the successor's sufficient motivation is a necessary precondition for a successful transition (Felden & Pfannenschwarz, 2008; Sharma & Irving, 2005). Nevertheless, few of the incumbents can cope with these aspects—others have problems in gaining distance. But their behavior has far-reaching consequences for the acceptance of the successor in the firm, as Cadieux (2007, p. 101) states: "[…] the resistance expressed by the predecessors had a significant impact on their [successors; author's note] integration into the firm […]".

In spite of the extensive research that has already been done in the field of succession, one perspective seems to be neglected, as Cadieux (2007, p. 107) raises in the conclusion of her paper: "How do they [successors; author's note] manage to earn recognition as the firm's leader?" The employees' perspective in the family firm has not yet attracted researchers' attention (Chua, Chrisman, & Sharma, 2003), especially "the emotions felt by employees when a generational succession occurs" (Filser, Kraus, & Märk, 2013, p. 273), although it can be seen as one of the most important topics: the success of a transfer may be determined by the level of acceptance the offspring has achieved (Sathe, 1985, cited from Koffi & Lorrain, 2010). Koffi and Lorrain (2010) examine, for instance, the “difference between women and men predecessors in their acceptance of the successors' organizational skills” (p. 76). Here, the focus on the predecessors’ perceptions is emphasized, whereas the subordinates’ view is rather neglected. But family external managers might fear for their professional development, career, and economic achievement if a successor steps in (Lansberg, 1988). Sonnenfeld and Spence (1989) confirm Lansberg's (1988) findings: “The first class of tensions includes fears of being surpassed and forgotten by the younger generation“ (p. 356). De Massis, Chua and Chrisman (2008) even state that conflicts between potential successors and nonfamily members can hamper the succession process; a lack of trust in the successor can even cause the departure or threat of termination by top nonfamily managers. Moreover, the idiosyncratic knowledge these nonfamily employees possess might become very important for the future successor (Lee, Lim, & Lim, 2003). Chrisman, Chua and Sharma (1998) identified employee respect toward the successor as an important precondition to ensure an effective succession, even if the authors do not give an explanation about where this respect stems from. But it also emphasizes the necessity of a good relationship between successor and employees as well as its benefit for the willingness to share and pass on knowledge and information. Sharma (2004) also states a clear need to focus on the perspective of nonfamily employees, even if not particularly in a succession context, but in general in future family firm research.

Thus, it is the aim of this essay to examine the factors that influence the legitimization and acceptance of the successor in family businesses. Therefore, a case study research design is adopted using different qualitative and quantitative methods—focused interviews, photographs, and a survey. This resembles a mixed method approach (Johnson, Onwuegbuzie, & Turner, 2007) aiming at a deeper understanding of the research object—the ongoing legitimization of the successor. The findings of the different methods are merged into a theoretical framework. As legitimization of a leader deals closely with power and influence, the proposed research question takes French and Raven’s (1959) bases of social power theory into account. Each base of power describes the dyadic relationship between a person exerting power and another receiving it, such as for example a superior and a subordinate. Furthermore, Hollander (1964) identified several influence factors that concretize how to gain legitimation. These will also be taken into account in elaborating where the successors’ legitimate power stems from, what they can contribute themselves, or where they have to rely on others.

In Chapter 2, the theoretical background regarding social power and influence in small groups is presented, as well as the effects and determinants of the legitimation of a leadership role. Also, the relationship between concepts stemming from social power theory and family business succession is established and research questions are devised. Chapter 3 presents the methodological tradition of this essay, providing deeper insights into the sample constitution as well as research and data analysis methods. The results of the present research project are presented in chapter 4, separated into those from the focused interviews, the photographs, and the survey. The findings are discussed in chapter 5, whereas chapter 6 draws a conclusion and gives recommendations for further investigation as well as practical implications.

2 Social Power in Family Firms and the Successor's Legitimate Power

2.1 Social power within dyadic relationships

Power and influence are phenomena that can be found in every social context. Because influence aims at the coordination of social action among the firm members due to the collaborative organization structure (Subašić, Reynolds, Turner, Veenstra, & Haslam, 2011), influence serves as a facet of leadership to control and influence the behavior and attitudes of the organizational members (Bass & Bass, 2008; von Rosenstiel, 2001; Yukl 2002). To achieve influence, social power as the "ability to take actions and to initiate interactions" (Bass & Bass, 2008, p. 263) is needed. According to Bass and Bass (2008), power is regarded as the "engine of influence and leadership" (p. 263). These statements show a close connection between the terms power, influence, and leadership and, indeed, this relationship still remains unexplained in the literature.

Gordon (2002) complains, for instance, that leadership literature in general has ignored the relationship between leadership and power at a "deep structure" level (p. 152). The leadership literature as well as the power literature seem to be fragmented into many single theories (Krause, 2010; Sandner, 1992). Sandner (1992) notices a certain "indefiniteness of central theoretical power concepts" (p. 9). Furthermore, he criticizes the fact that most of the present theories assume the existence of power, but do not explain its evolution. Nevertheless, power and influence should be distinguished from each other, as Bass and Bass (2008) state: "Power is not synonymous with influence. […] Leadership and influence obviously are a function of power. Power is the potential to influence" (p. 265).

However, commanding enough authority is one key determinant of successful and assertive leaders. In family firm succession, the predecessor's power is generally devolved to the successor at some time. Trow (1961) views the last stage in a succession phase as relevant for this transfer of power. But it is not only a matter of passing power—a leader can have the authority to decide and his decisions are still not accepted. Rather, it seems important that a leader has the legitimate right to execute from a given position. In terms of family firm succession, this means that the appointed successor should have the legitimate right to hold the successor position and that he/she is accepted by all stakeholders in the family firm. How these mechanisms regarding the legitimization of the successor work will be the focus of this study.

Thus, the propositions of this research are mainly based on the concept of social power and legitimization that was elaborated earlier by French and Raven (1959). Anyone who deals with different aspects of legitimacy cannot avoid a closer contact with French and Raven's (1959) primary work, "The Bases of Social Power", "a must-read for every psychologist", as Kehr (2000) states (p. 71). French and

Raven (1959) examine the relationship between psychological change, social influence, and power. "The strength of power of *O/P* in some system *a* is defined as the maximum potential ability of *O* to influence *P*" (French & Raven, 1959, p. 152). In the dyadic relationship of *O* and *P*, the authors take the power recipient's (*P*) point of view and formulate a theory containing five different power bases that affect the life space of *P*. The social influence of person *O* has consequences for the target person *P* in terms of a change in belief, attitudes, and behavior depending on *O*'s social power. French and Raven (1959) define the bases of power as the "relationship between *O* and *P* which is the source of that power" (p. 155). Although there are undoubtedly many possible power bases, in the early days of research on power and influence, the authors presented five that turned out to be especially "common and important" (p. 155):

(1) *Reward power*, based on *P*'s perception that *O* has the right to reward *P*.

(2) *Coercive power*, based on *P*'s perception that *O* has the ability to punish or disapprove of *P*.

(3) *Legitimate power*, based on *P*'s perception "that *O* has a legitimate right to prescribe behavior for him" (French & Raven, 1959, p. 156) resulting from his/her organizational or professional role.

(4) *Referent power*, based on *P*'s desire for identification with *O* and/or his/her desire for such.

(5) *Expert power*, based on *P*'s perception that *O* possesses special knowledge or expertise in a specific area of interest of *P* (French & Raven, 1959).

Despite earning recognition for the widely cited concept (Kehr, 2000; Raven, 2008; Sandner, 1992), the typology was further developed. In 1965, the aforementioned five bases of social power had been continually expanded. For example, information power was added, which is defined as *O*'s ability to influence *P*, because *O*'s message contains relevant information for *P* (Raven, 1965). Later on, the authors differentiated this into 11 bases of power, while the former six bases were still retained (Raven, 1992; Raven et al., 1998). Also, Raven (1992) further distinguished coercive and reward power into personal versus impersonal forms. Whereas impersonal forms refer to material and tangible sanctions and rewards such as bonuses, promotions, denouncement, or dissuasions, the personal forms include immaterial and intangible punishments and gratification, for instance praising and reprimanding in front of colleagues, or emotional support (Krause, 2010; Raven, 2008). Furthermore, expert and referent power were distinguished into positive and negative forms. Information power was further differentiated into direct and indirect forms; legitimate power was also sub-divided into four forms.

One of the differentiated forms of legitimate power is the legitimate power of reciprocity, which indicates the employee‘s obligation to comply with the superior‘s request as a result of something the superior has done for the subordinate. This obligation is caused by the reciprocity norm, also known as "Tit for Tat" (Andersson & Pearson, 1999; Krause, 2010; Sheldon, 1999). The legitimate power of equity is linked to Adam's equity theory (Adams, 1963), which assumes that every person compares his/her personal input–output relation with those of comparable persons. According to Adams (1963), perceived social disproportionateness is more common than subjective harmony and fairness. It indicates to what extent a subordinate feels obliged to comply with the superior in order to compensate a certain felt imbalance. In contrast, legitimate position power is the superior‘s right to prescribe the subordinate’s behavior and stems from the superior’s senior position in a formal or informal social structure. Krause (2010) refers to legitimate position power as “legality” (Krause, 2010, p. 109). It “stems from a social norm that requires that we obey people who are in a superior position in a formal or informal social structure” (Raven, 2008, p. 4)—we trust in authority. In other words, the “legality of *A* happens, if *B* feels obliged to fulfill *A*’s expectancies due to *A*’s role and position” (Krause, 2010, p. 109; cf. Raven et al., 1998). At last, legitimacy of dependence is based on a social norm which commits one person to help another person who needs assistance or support (Raven et al., 1998). It is also called the “power of the powerless”, because support and assistance are generally reserved for the poor and infirm (Krause, 2010). All mentioned bases of social power are summarized in Table 2 with a short explanation.

Power base	**Differentiation**	**Explanation**
Reward power	Personal	*B*'s perception that *A*'s personal approval can potentially influence *B*.
	Impersonal	*B*'s perception that *A* is capable of delivering tangible reward.
Coercive power	Personal	*B*'s perception that *A*'s personal disapproval can potentially influence *B*.
	Impersonal	*B*'s perception that *A* is capable of delivering tangible punishments.
Legitimate power	Formal legitimacy (position power)	*B*'s perception that *A* has a right to influence based on *A*'s professional role or organizational position.
	Legitimacy of reciprocity	*B*'s perception that he/she is obligated to respond in-kind for what *A* has done already to benefit *B*.
	Legitimacy of equity	*B*'s perception that he/she is obligated to respond to *A*'s request due to an imbalance of expended effort and possible inconvenience incurred previously by *A*.
	Legitimacy of dependence (powerlessness)	*B*'s perception that there is an obligation to help people like *A* who cannot help themselves and who are dependent upon others.
Expert power		*B*'s perception that *A* possesses knowledge or expertise in a specific area of interest to *B*.
Information power		*A*'s potential to influence *B* because of judged relevance of the information or logical arguments contained in *A*'s message.
Referent power		*A*'s potential to influence *B* based on *B*'s identification with *A* and/or *B*’s desire for such an identification.

Table 2: Differentiation of the bases of social power, according to Raven (1992)

Although Gordon (2002) criticizes how the literature mostly focuses on the leader–follower dualism in terms of a dominant leader underpinned by superior power and obedient followers (p. 159), the concept was chosen for several reasons: (1) the bases of social power concept might be very simplified, but is highly practically orientated and applicable; (2) the availability of a standardized instrument enables the researcher to measure the power bases held by superiors in a reliable and valid way; (3) Hollander (1964) provides an exact explanation for the influence factors increasing legitimate power. As legitimate power is the proxy for the successor's acceptance, this aspect is of special interest. Therefore, the next chapter focuses on this facet of social power in depth.

2.2 Core aspects of legitimate power

As introduced before, one of the five primary bases of social power is the so-called legitimate power, which is based on the "lawful right to make a decision and expect compliance" (DuBrin, Dalglish, & Miller, 2006, p. 208). Legitimate power is thus based on internalized values and norms, which result from education, social norms, religion, culture, and tradition (Kehr, 2000). It is described as the most complex source of power, but also as the most effective one in achieving influence (French & Raven, 1959). In addition, "the legitimacy of leaders involves a complex set of attitudes toward them and their source of authority" (Bass & Bass, 2008, p. 282; cf. Read, 1974). Kehr (2000) encapsulates and argues that "legitimation has a janus-faced character" (p. 75). On the one side, legitimation is an underlying cause, as Bass and Bass (2008) state: "Members are more likely to accept the position of the leader and his or her influence as legitimate when the leader holds attitudes that conform to the norms of the group or organisation" (p. 282). Legitimate authority is thus based on prevailing norms and values (Kehr, 2000). On the other side, it is the result of a process: to assert his/her authority, the leader has to behave in a nonconforming manner (Kehr, 2000), because the subordinates might expect improvements or innovations.

In this study, the following definition of legitimation will be used: "Legitimation of a role refers to other's perception of an individual's right to function in a given position" (Bass & Stogdill, 1990, p. 295; cited from Kehr, 2000, p. 27). Therefore, the terms *legitimation* or *legitimization* are closely connected to the term *acceptance*, as Sandner (1992) elaborates: "With *B*'s (the subordinate's, author's note) acceptance of *A*'s conditions of subordination, *B* acknowledges the superiority of *A* and agrees to provide a condition *b* to get the resource *a* of *A*" (p. 118). Herewith, Sandner (1992) emphasizes possessing resources at one's disposal as strongly connected with the opportunity of executing power. All resource-based concepts of power, to which French and Raven's approach belongs, assume that resources are a central criterion of power and power exertion (Sandner, 1992).

2.3 Effects of legitimation

Stepping out from the dyadic relationship between two people to the group level, the advantages for a leader to be perceived as legitimate by a group are obvious: accepted and authorized leaders can more easily enforce their decisions, as the early experiments of Torrance (1954; cited from Steiner, 1972) show. Kehr (2000) concludes: "The authority becomes accepted, not the truth" (p. 77). That people behave obediently toward authoritarian persons was once shown by Milgram (1963) with his impressive experiments in the early 1960s. Test persons were forced by an investigator to boost the intensity of electric shocks to one person sitting in another room and tended to increase the shocks up to a deadly level for this person. Milgram (1963) deduced that there is a "tendency to obey those whom we perceive to be legitimate authorities" (p. 378). Furthermore, Bass and Bass (2008) state that trust can increase the legitimate power of leaders and vice versa: “With the decline in confidence has come the loss of legitimacy” (p. 285).

In addition, some positive effects on the leaders’ own behavior should be mentioned: when leaders themselves feel supported by the group and thus legitimized, they are rather prone to changing group opinion. The feeling of support and legitimation confers them with self-efficacy and self-confidence to tackle new concerns (Kehr, 2000).

2.4 Determinants of legitimation

The above named consequences show the advantages that arise for leaders if they are perceived as legitimated. But it must also be stated that only being perceived as an authority is not sufficient to exert influence. In fact, the legitimation process is a complex interaction of norms, behaviors, relationships, and other imponderables (Kehr, 2000). Because “[…] leadership begins with a leader having legitimacy, based on whether and how a person is seen to have become a leader, as in election or appointment” (Hollander, 2013, p. 123), it is important to examine the preconditions for leaders to become a legitimated authority.

French and Raven (1959) present three sources of legitimate power in their theoretical concept (p. 150): (1) cultural values that endow some persons with the right to exercise power; (2) acceptance of the social structure of an organization, e.g., the occupancy of a position organized to confer authority (this determinant alludes to position power); (3) appointment or designation by a legitimizing agent (French & Raven, 1959; see also Bass & Bass, 2008).

Likewise, Hollander (1964) states three related factors: (1) the source of authority; (2) the perceived competence of the leader; and (3) his/her group conformity. Read (1974) further distinguishes the source of authority into three different forms: (1) the group itself elects the leader by democratic choice (which is the most accepted form of legitimation); (2) a (group) external authority chooses the leader; (3) the leader himself usurps the leader position, which is the less accepted form of legitimation (Read, 1974).

2.5 Legitimation in family business succession

The source of authority is a crucial point in this essay—especially the second option, in which an external authority elects the leader. Figuratively, it is assumed *that the predecessor in the succession process acts as a legitimizing agent who appoints the future leader of the firm.* The people employed can be compared here with the group, which has to accept the new leader. French and Raven (1959) state that “the success of such legitimizing depends upon the acceptance of the legitimizing agent and procedure” (p. 160). Equally, Bass and Bass (2008) confirm that “appointed leaders in a hierarchical setting are also likely to have legitimate power. The amount of power they have is a direct reflection of the power and status of the legitimatising authority” (p. 284). This means in a figurative sense that, in family firm succession, the successor’s acceptance depends greatly on the predecessor’s authority.

In family firm succession literature, only a few authors mention aspects of power and legitimization. Trow (1961), for example, describes the "designation of the successor by the predecessor or by appropriate higher authority […]" as a necessary, antedated step before the actual succession (p. 232). Indeed, Trow (1961) does not refer to the predecessor as a legitimizing agent, but this reference shows that the influence of the predecessor or "other major power figures" has early been recognized, because they "could later dispute the succession" (p. 232). Also, McCollom (1992) reports on a case where a successor lacked the authority to run the company because he was not supported by other family members. In family firms, where ownership can be highly fragmented, family members holding shares serve all together as legitimizing agents who have to decide democratically about the future successor of the business. If they cannot come to an agreement, because they have their own agenda or aspire to be successors themselves, this might bring the whole family system into conflict (McCollom, 1992).

As the legitimizing authority seems to have such a wide influence, the question is raised whether theory from social psychology is transferable to family firm succession processes, where the predecessor acts as a source of authority figuratively. As laid down, some authors found evidence for the important role of legitimizing agents in family firm succession literature, but they remain quite rare. Thus, what are the implications for practice? Has a more powerful perceived incumbent more influence on legitimating his/her successor or do the employees judge the "new boss" independently? By what criteria would they judge him? What are the implications for the successors if their forerunners have not been accepted, but they were selected by them anyhow? Do they get a chance? As is common in qualitative research (Flick, 2009), the aforementioned overall research question (*Which factors influence the legitimization of the successor in the family business?)* needs to be specified, which is why three more precise propositions are formulated.

Proposition 1: **How can the predecessor influence the successor's acceptance in his/her role as legitimizing agent in terms of his/her power position?**

As mentioned before, Hollander (1964) argues that *competence* and *group conformity* are further determinants of legitimation. Trow (1961) mentions that "the ability of the successor is an important determinant of organizational performance in the period immediately following succession" (p. 234). Also, Read (1974) states that "the perceived competence, attractiveness or experience of a leader could provide legitimacy for a leader regardless of the procedure employed for his selection" (p. 191). This would mean that the successor's acceptance depends on him/herself as well as and not exclusively on the power of the legitimizing authority. In a survey with directors and chairpersons from 485 family firms in Canada, competence in terms of decision-making abilities and interpersonal skills was identified as an important attribute the successor should hold for an effective succession (Chrisman et al., 1998). Still, their study did not aim to identify influence factors for the successor's legitimacy nor did it include employees as judges. Thus, it is of interest which abilities the successor has to demonstrate and how important these skills are for his/her status. Proving his/her competence might be part of the legitimating process that the successor goes through. As mentioned before, expert power as one base of social power is based on a subordinate's perception that the leader possesses particular knowledge or expertise in a certain area of the subordinate's interest (French & Raven, 1959). This might conform to the aforementioned necessary *competence* when gaining legitimization.

Moreover, *group conformity* consists of two aspects: "That the individual is aware of the existence of a given group norm, and that his manifest behavior in concordance with this norm is evidence of conformity" (Hollander, 1964, p. 186). In brief, the extent of internalizing the group's norms is meant (Gibb, 1969). The perception of conforming behavior is analyzed by observation and depends on the level of accordance with the group's expectations toward the new leader (Hollander, 1987, p. 794). Disregarding these norms can lead to a loss of legitimation (Kehr, 2000). Sathe (1985) noted that "acceptance in the organization's culture is the extent to which others perceive one believes and behaves as prescribed by culture" (p. 261). This may allude to Hollander's (1987) understanding of group conformity. Thus, it will also be of interest to see which expectations the group, that is the employees, place on the successor and what happens in case of satisfaction or underachievement.

Because *group conformity* and *competence* can be affected by the successor him/herself, the question is posed to what extent the successor him/herself can influence his/her own acceptance or whether his/her level of legitimation depends on the predecessor's power position. This would lie outside the successor's sphere of influence. Also, further and so far unknown possibilities for the successor to establish him/herself besides the aforementioned two factors might exist.

Proposition 2: **How can the successor affect his/her own legitimate position in the firm?**

As said before, power balances play an important role in every dyadic relationship—whether consciously accomplished or not. The family firm succession literature has focused intensively on examination of the relationship between predecessor and successor (De Massis et al., 2008; Dyck, Mauws, Starke, & Mischke, 2002; Handler, 1990). Often, it is viewed as necessary that both "gradually mature into adult–adult form" (Barach & Ganitsky, 1995, p. 133) and that they build a stable rapport. In this study, the third specific research question focuses on the consequences of the nature of this relationship for the successor's power position. If rivalry and conflict exist between both leaders, it might be more likely that the successor's legitimate power suffers from the poor relations. Here, the strong influence of the predecessor as a legitimizing agent must be remembered. If the predecessor, who might still be kindly regarded by the employees, makes the life of the successor permanently difficult, the employees might have difficulties adjusting to the new leader and remain loyal to the predecessor. On the other hand, support on the part of the predecessor, which is inter alia reflected in good relations, could positively influence the successor's legitimate power.

Proposition 3: **How does the (power) relationship between predecessor and successor influence the successor's legitimate position in the firm?**

The following chapter introduces the applied research methodology and methods in detail that will enable response to the proposed questions.

3 Evidence from the German Skilled Crafts and Trade Sector

3.1 Methodology

Consolidated findings in existing literature prove that a mighty source of authority has a large influence on the acceptance of the future leader. These findings predominantly stem from experiments within small groups (e.g., Evan & Zelditch, 1961; Hollander, 1992; Kehr, 2000; Read, 1974). Central to the present study is the transfer of results and underlying theory stemming from an experimental test design into the field. The propositions above will be proved in a real context. Furthermore, the focus of this study lies in the acceptance and power position of the successor and does not emphasize—in contrast to previous studies in the field of family firm succession—leadership style, the change in individual roles, or gender aspects (e.g., Brückner, 2011; Cadieux, 2007; Koffi & Lorrain, 2010).

As mentioned previously, the succession process in family businesses is often a complex and multi-year procedure. Therefore, the greatest potential to understand what happens during and after the appointment and entry of the new leader is expected by acquiring an in-depth view of multiple cases. Although the underlying theory is comprehensive, entitled doubts do exist as to whether those preliminary assumptions stemming from experimental research design are appropriate to explain all existing phenomena in this specific field. For example, in the case of small group experiments, the group members were unacquainted with each other and built ad-hoc groups to solve task assignments (Hollander, 1964; Kehr, 2000). In a real context, employees are familiar with each other, and team or project work is not necessarily a daily occurrence. Furthermore, the external authority in the experiments was often an investigator, who had no previous contact with the group (Kehr, 2000). In a company, the predecessor often keeps intimate contact with his employees or has established a close relationship, which might affect the employee's behavior toward the new leader even more. Moreover, the internal validity of experiments is very high; in contrast, the external validity—the possibility of generalizing the results—is quite low (Bortz & Döring, 2006).

Thus, explanatory and exploratory methods have to be applied in order to reveal all the variables of interest. A case study research design that "investigates the contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident" (Yin, 2014, p. 16) seemed to be the most appropriate research methodology. In detail, a comparative, embedded multiple-case study (Yin, 2014) with different participating family firms has been conducted. Although single units of analysis do exist—the predecessor, the successor, and the employees, these are pooled into one holistic, theoretical framework in the end in order to return to the level of the case, namely the succession (Yin, 2014). Thus, the *case* itself was the succession taking place in the firm, which in turn represents the *context* (Yin, 2014).

Furthermore, case studies are a frequently applied research approach in family business research (e.g., Graves & Shan, 2014; Kammerlander, Dessi, Bird, Floris, & Murru, 2015; Mickelson & Worley, 2003) and family firm succession research in particular (e.g., Brückner, 2011; Cadieux, Lorrain, & Hugron, 2002; Koffi & Lorrain, 2010; Lambrecht, 2005).

3.2 Research methods

In this study, quantitative and qualitative methods were combined with each other in order to get a broader and deeper understanding of the research object. The broad purpose behind the combination of these antagonistic research paradigms is "to obtain knowledge about the issue of the study which is broader than the single approach provided, or to mutually validate the findings of both approaches" (Flick, 2009, p. 30). The integration of these methods happened by continuously collecting both sorts of data (Flick, 2009)—which means that qualitative data as well as quantitative data were collected independently from each other.

Why was it so important to use different methods? After presenting each method in detail, reasons for their usage will be explained in each single chapter. To answer the proposed research questions, the following qualitative and quantitative methods have been adopted.

3.2.1 Focused interviews

Aiming at research questions 1, 2, and 3, the technique of focused interviews has been used as a qualitative method. In order to observe different perspectives, each predecessor and successor as well as two employees were interviewed separately in each single firm between September 2013 and March 2014 on-site. Employees were also very important units of analysis, because their point of view was of striking importance in evaluating the successor's legitimate power. Only employees were selected who had worked with the predecessor as well as the successor and thus knew both very well. In a preceding questionnaire, which the owners had to fill out before participating in the study, one employee with the shortest and one with the longest job tenure were named. This objective requirement aimed to avoid selection bias on the part of the owners based on sympathy or a good personal relationship with the probands.

The focused interview was developed in the 1940s by Merton and Kendall (1946) to evaluate the impact of mass media in mass communication (Flick, 2009). "After a uniform stimulus (a film, a radio broadcast, etc.) is presented, its impact on the interviewee is studied using an interview guide" (Flick, 2009, p. 150). Merton and Kendall (1946) emphasize that the "interview itself is focused on the subjective experiences of persons exposed to the pre-analyzed situation" (p. 541). This situation has to be content-analyzed beforehand. Furthermore, the focused interview is a mixture of quantitative and qualitative methods, as Lamnek (2010) states. It enables the researcher not only to generate "fresh hypotheses” from “unanticipated responses to the situation” (Merton & Kendall, 1946, p. 541), but also to “test the validity of hypotheses derived from content analysis and social psychological theory” (Merton & Kendall, 1946, p. 541). The last aspect is especially important for this research design, because the herein assumed research questions are partially based on the results from small group experiments in social psychology. In the context of family businesses, the focused interview has also been used before (Birdthistle, 2006; Uhlaner, van Goor-Balk, & Masurel, 2004). In the field of transition and succession, the focused interview was applied as well (Day, 2008; Mari & Meglio, 2014).

A further reason for employing the focused interview was the fact that power, influence, and acceptance in organizations are very sensitive and emotional issues, which are difficult to access. Moreover, some employees might fear that negative answers regarding their superiors could have far-reaching consequences for their employment. Presumably, biases resulting from social desirability effects could not be fully excluded, but it was expected to identify them more easily in a face-to-face conversation than by applying an anonymous survey, or at least to reduce them. Also, all probands were informed about privacy protection and the confidentiality of the collected data, which might also reduce possible concerns (see Appendix 1 and Appendix 2).

To avoid or minimize the problem of access in the present study, the focused interview began with a film as stimulus: first, the scene from a movie should be evaluated by the interviewee. After the analysis of the stimulus situation in the movie, the interviewer led the interviewee more or less unnoticed to his or her personal experiences with the situation in real life. The reactions to the scene already provided insights into the interviewees’ feelings and beliefs, because they blended personal and subjective experiences with the interpretation of the video, as Collier and Collier (1986) confirmed regarding the use of photographs—another type of visual elicitation interviews. The authors explained that the interviewees might be willing to tell “their own stories” (p. 105), because “photographs may offer an opportunity for developing a sense of self-expression for respondents who are identifying and explaining the image’s contents” (Lapenta, 2014, p. 203). Likewise, Pauwels (2015) ascribes visual material the potential as a “door opener” (p. 97), because the technique allows the interviewer to “elicit or trigger deeper, more abstract perceptions and values of respondents” (p. 97). Hence, it was a helpful vehicle for digging into their mental attitude and for generating oral fluency. Only the researcher’s detailed content analysis in the beginning “enables a distinction to be made between the ‘objective’ facts of the situation and the interviewees’ subjective definitions of the situation with a view to comparing them” (Flick, 2009, p. 150).

In this study, a specific scene from the movie “En familie” (Jørgensen, Wiedemann, & Fischer Christensen, 2010), which is about succession in a family bakery, has been selected. In detail, the scene shown to the interviewees dealt with the first conversation between predecessor and successor regarding her entry decision. Furthermore, using this situation as trigger video was due to the underlying theoretical assumptions and aimed at analyzing whether the predecessor held the role of the legitimizing agent. This scene was presented as a stimulus to both predecessor and successor, which enabled them to reveal their personal experiences in the same situation from different points of view[7]. The scene was not shown to the employees due to a lack of identification with the trigger situation.

3.2.2 Photographs as a documentary method

After the interview, photographs of the executives’ offices were taken as a form of visual data. The analysis of visual material has become more and more important nowadays “since accessible and ubiquitous digital tools enable researchers to document fieldwork with ease” (Miles, Huberman, & Saldaña, 2014, p. 98). Furthermore, “photographs may not provide us with unbiased, objective documentation of the social and material words, but they can show characteristic attributes of people, objects, and events” (Prosser & Schwartz, 1998, p. 116). Here, the use of photography should be more seen as a documentary method to (re-)present evidence from other sources of data (Hinthorne, 2014). “Research documentation happens ‘in the field’ (whatever that might mean)” (Hinthorne, 2014, p. 509) and can be seen as “visual field notes […, that] reveal something of the process of that particular process or site” (Mitchell, 2011, p. 136).

This method was aimed at the specific research question 3, which focuses on the relationship between predecessor and successor. The purpose was to find indications regarding the spatial placement and treatment of the successor after his/her entry into the firm. Executives’ offices have always been a symbol of power and influence in terms of their location, size, and furniture (Sandner, 1992). As Peters (1978) formulated: “… symbols are the very stuff of management behavior. Executives, after all, do not synthesize chemicals or operate lift trucks; they deal in symbols“ (p. 10). Furthermore, the rooms we inhabit are portraits of our personality and their ambience must enable a sense of well-being as well as concentrated work (Lachmayer, 2011). While the office of an industrialist was a symbol of constant success, control over an unsteady future, and a representation of power in the nineteenth century, the managers of today encounter other circumstances due to rationalization and humanization of the working environment: “To isolate oneself behind mightiness would be understood as self-restraint, this means also hiding behind an autocratical leadership style” (Lachmayer, 2011, p.134). As identification with the work place, personal closeness to the boss, as well as trust shape today’s world of employment, the office as a hierarchical threshold no longer seems contemporary (Lachmayer, 2011). For instance, Prosser and Schwartz (1998) used photographs taken from deputies’ offices for a comparative study of their working practices (Prosser & Schwartz, 1998), because in their eyes “the layout of objects in space is not arbitrary but tells us a great deal about the deputy principals, about who they are, what they do, and how they behave in their rooms” (p. 128). Hence, the placement of the successor’s office might give an indication of the successor’s hierarchical standing in opposition to the predecessor’s and could indicate which leadership style, behavior, and organizational culture is prevalent in the business.

[7] In Appendix 3 and Appendix 4, exemplary interview guides are provided.

3.2.3 Survey: Interpersonal Power Inventory

Lastly, a survey was used as a quantitative method in order to examine the specific research questions 1 and 2. Results from this survey should complement or contradict the findings from the interviews and provide a broader insight into the power levels of the predecessor and successor. This in turn should enhance the theoretical framework, which was developed during the data collection process.

Therefore, not only the two employees from the interviews were asked to take part in the survey, but as many employees as possible from each firm in order to complement the picture. It was expected that, in contrast to the in-depth view gained in the interviews, the staff as a whole might either rate the situation differently or agree. Furthermore, to obtain a wider impression, other bases of social power might be an important influence on the legitimate power position of the new leader in the firm. The applied questionnaire enables the employees to evaluate all the power bases of both leaders, whereas the interviews rather focus on the determinants of legitimate power in particular.

First of all, a short overview about the applied questionnaire will be given. Several instruments have evolved over the years that facilitate measurement of the original five or six bases of power (Hinkin & Schriesheim, 1989; Imai, 1989; Rahim, 1986, 1988; Schriesheim, Hinkin, & Podsakoff, 1991; Yukl & Falbe, 1991). Nevertheless, Raven et al. (1998) decided to develop a new scale on their own because of growing dissatisfaction with existing measurements regarding the “conceptual definitions of the bases of power as originally presented” (p. 311). They doubted that existing scales could explain their power distinction in a satisfactory way. Therefore, a new scale called the *Interpersonal Power Inventory* (IPI) was developed.

The IPI will be used in this study to evaluate the predecessor’s and successor’s power position and composition empirically. This critical-incident instrument comprises the aforementioned 11 bases of social power with 33 items as a further differentiation of the original five social power bases. Former versions of the test do exist, but these consist of fewer dimensions (Hinkin & Schriesheim, 1989). As the special focus of this study lies with the differentiation of the legitimate power base into four single bases, the recent version of the IPI (Raven et al., 1998) that contains the latest theoretical considerations (Raven, 1992) was used.

The IPI indicates to what extent the superiors’ use of a specific power strategy might have resulted in the subordinates’ compliance with a request (Getty & Erchul, 2009). Thus, as many subordinates as possible were asked to fill out the IPI, referring to both the predecessor and the successor. The instructions were almost identical to those in the original IPI questionnaire, but translated into German: “Think about a situation when your supervisor asked you to do a task somewhat differently. Although you did not agree initially with the requested approach, you did exactly as you were asked. In the following you can find a number of statements with reasons why you might do so. Please read them carefully and decide how likely it would be that this is a reason for complying in the imagined situation. Please answer the questions in regard to the predecessor as well as to the successor.” Thereby, respondents were asked to answer the items on a Likert scale ranging from 1 = unlikely to 7 = very likely.

As the IPI is not available in German to the author's knowledge, it had to be translated into German. For this purpose, the method of re-translation was applied (Sinaiko & Brislin, 1973). The original version was translated into German and after that re-translated into English by a third person. Then, the two English versions were compared with each other. If the English items did not match with the original version, the German translation was modified until the English translation of the German items was identical with the original IPI or at least semantically identical. Appendix 5 provides the questionnaire in its original English and translated German versions.

3.3 Sample

3.3.1 Family business sampling

Owing to the huge variety of aspects regarding family businesses, some preselection criteria had to be defined to ensure accordance in fundamental dimensions (Eisenhardt, 1989; Miles et al. 2014). This sampling strategy is called *criterion sampling* (Patton, 1990). First, one of the most important criteria was that the selected businesses were affected in some respects by a succession. The succession process should either have been carried out, which is called the *withdrawal phase* (Cadieux, 2007), but no more than two years ago, or it could also be in process, which means that predecessor and successor are working conjointly at the moment, which is named the *joint-reign phase* (Cadieux, 2007). As it is important to consider succession in family businesses not as one single event during the existence of a company, but rather as a long-term and multi-year process accentuated by several decisions and incidents (Churchill & Hatten, [1987] 1997; Handler, 1990; Le Breton-Miller et al., 2004), businesses have been selected at different stages of the succession process.

Furthermore, there were some crucial criteria that had to be considered in matters of the underlying theoretical assumptions regarding the concept of legitimization. Thus, the selected businesses ideally had one managing director who owned the majority of the shares. Furthermore, it was important that the managing director played a significant role in selecting the successor. The single successor could be a family internal person, such as a son or daughter, or owing to the growing prevalence of family external successions (Müller et al., 2011), a family external person, such as an employee or an alien person. The participating firms should have more than 15 employees in order to ensure an organizational structure or some hierarchical patterns.

Access to the businesses was enabled by cooperating with three German chambers of skilled crafts, geographically distributed all over Germany (Chamber of Crafts in Kassel, Erfurt, and Palatinate). Thus, the firms considered belonged to the crafts and trade sector and were rooted in Germany. This sector is a unique German phenomenon, not clearly classifiable as a business sector providing services or manufacturing goods (Glasl, Maiwald, & Wolf, 2008), because associated enterprises can deliver both goods and services. The German “Trade and Crafts Code” (HwO) lists 94 professions that belong to the skilled craft sector according to law. Membership of the chambers of skilled crafts is obligatory for all businesses that belong to this sector. Furthermore, some of the professions require a master craftsman’s examination for legal execution of the profession. For others, the examination is voluntary. Most of the skilled craft firms belong to the family firm sector, because management and ownership lie in the same hands (Glasl, 2007). Furthermore, businesses are often operated by the owners and close family members, which emphasizes the traditional and familiar patterns within these firms (Glasl, 2007). The latest surveys substantiate the importance of the topic in the skilled crafts and trade sector: within this industry, the percentage of successions was estimated to be more than 50% of all ownership transfers in the German economy as a whole in 2009 (Müller et al., 2011). Furthermore, it can be seen that companies from this sector are transferred comparatively more often than other firms (Müller et al., 2011).

Firm	Skilled crafts	Number of employees	Number of previous successions	Type of handover	Collaboration	Succession phase
A	Baker, pastrycook	>500	3	family internal	4 years	joint-reign phase
B	Baker, pastrycook	>500	3	family internal	10 years*	joint-reign phase
C	Baker	16	3	family internal	12 years*	joint-reign phase
D	Baker, pastrycook	35	2*	family internal	13 years	joint-reign phase
E	Bricklayer, concretor, tile and slab layer, scaffolder	21	1*	family internal	13 years	joint-reign phase
F	Carpenter	17	2*	family internal	5 years*	joint-reign phase
G	Baker, pastrycook	34	3	family internal	19 years*	withdrawal phase*
H	Hairdresser	30	0*	family internal	13 years*	withdrawal phase
I	Carpenter, stair construction	15	0	family external, firm internal*	28 years*	withdrawal phase
K	Coach builder	29	2*	family external, firm external*	6 weeks*	withdrawal phase

* The next firm selected is distinguished mainly in the marked (*) characteristic from the previous one.

Table 3: Sample description

Within the sample, no focus has been placed on specific crafts. The sample included five bakers and pastrycooks, two carpenters, one hairdresser, one coach builder, and one building company. According to the suggested definition of small and medium-sized enterprises from the Institute for SME Research Bonn, eight out of ten businesses can be classified as medium sized, whereas two of them are major enterprises regarding the number of their employees (Wolter & Hauser, 2001). Table 3 overviews the participating firms.

Although the participating businesses were homogeneous in some respects due to the aforementioned predetermined criteria, there were still many aspects that could be varied. The sampling process occurred stepwise and with regard to the findings from the last case. This approach is called *theoretical sampling* (Flick, 2009), which aims to select "individuals, groups, and so on according to their (expected) level of new insights for the developing theory in relation to the state of theory elaboration so far" (Flick, 2009, p. 118). In order to replicate the findings and to elaborate the status quo of the theory further, the next case was therefore purposefully selected and varied on a specific range of dimensions. Patton (1990) calls this procedure *maximum variation sampling* (p. 172), because extreme cases on the whole range of dimensions were picked. Hence, scheduling of the cases was guided by a general conceptual scheme, which included propositions about the duration of collaboration between predecessor and successor, the type of handover, the number of previous successions, and the succession phase.

The sampling process occurred as follows, thereby following a replication logic that is typical of multiple case studies (Yin, 2014): first, firms were selected that were in the joint-reign phase. Also, a succession internally within the family should take place. It was expected that the selection of these cases resulted in similar results (*literal replication* (Yin, 2014, p. 57)). The first two businesses were different regarding the duration of collaboration between predecessor and successor, but both had three previous successions as well as more than 500 employees (firms A and B). Next, firms with family internal successions were selected (firms C to H), which differed in their number of previous successions from one to three (firms C to G), whereas the duration of collaboration between incumbent-owner and successor was relatively stable (firms C, D, and E), and which operated in different craft disciplines. Furthermore, the number of employees amounted to between 15 and 35 employees. After that, by considering firms G, H, I, and K, the shift to the withdrawal phase was performed. The predecessors had already retired from the business or at least did not exceed a consultant position. Also, zero successions had taken place in firms H and I.

After conducting interviews in eight businesses with family internal succession, it was decided to consider family external successions in the analysis as well. It was expected that the selection of family external succession cases "predicts contrasting results but for anticipatable reasons (a *theoretical replication*)" (Yin, 2014, p. 57). Two businesses were encouraged to participate that had passed a family external succession. Within these two cases, it was distinguished between one business where a firm external handover had taken place (firm K), that is a management buy-out (MBO) (Becker, Hammes, Neuberger, & Upplegger, 2013). In firm I, a management buy-in (MBI) had happened, which means that the business had been handed over to a firm internal person (Becker et al., 2013). Furthermore, the duration of collaboration between predecessor and successors varied from 6 weeks (firm K) to 28 years (firm I).

3.3.2 Subsystem sampling

Table 4 represents the subsystem sample size. It provides an overview of the number of interviewees and photographs taken as well as the returned questionnaires and the response rate.

In total, 37 interviews with nine predecessors, ten successors, and 18 employees were conducted. In firm E, only the successor was willing to participate in an interview, whereas the predecessor himself refused and banned the employees from participating either. Photographs could not be taken in every firm for different reasons. In firm C, for instance, the successor felt ashamed because the predecessor always left chaos in the office. The researcher was allowed to take a look inside the conjointly used office and encountered stacks of papers on the desk and on the floor. The office of firm H was not on-site and therefore could not have been photographed, because the interviews took place in one of their hair salons. Photographs of firm I and K were useless as the predecessor had already left the business and a photograph from the offices would not provide information about the power relationship between them.

Firm	**Number of interviews with**			**Number of sent questionnaires**	**Number of received questionnaires**	**Single response rate**	**Photo-graphs taken**
	Predecessor	**Successor**	**Employees**	**Employees**			**Offices SC¹/PD²**
A	1	1	2	50	20	40.00%	Yes
B	1	1	2	50	10	20.00%	Yes
C	1	1	2	10	0	0.00%	No
D	1	1	2	15	1	6.67%	Yes
E	0	1	0	0	0	0	Yes
F	1	1	2	10	10	100.00%	Yes
G	1	1	2	15	10	66.67%	Yes
H	1	1	2	15	5	33.33%	No
I	1	1	2	10	6	60.00%	No
K	1	1	2	15	3	20.00%	No
	9	**10**	**18**	**190**	**65**	**38.52%**	

[1] SC = successor, [2] PD = predecessor

Table 4: Participants by subgroups

In each firm, the manager-owners forwarded the questionnaires to their employees. They were asked to fill out the survey and to send it back to the researcher anonymously. The envelopes were already post-paid. In firm C, no questionnaires were returned despite several reminders. The predecessor in firm E did not want to take part in the survey. Apart from these businesses, 50% of the firms considered were in the joint-reign phase, whereas another 50% were in the withdrawal phase. Firms were categorized to the withdrawal phase when the predecessor had left the business eventually and worked at most as a consultant for the business. No indication was the appointment of the successor as managing director, because this was not necessarily connected with the predecessor’s withdrawal.

In total, 65 questionnaires were returned, which equals a response rate of 38.52%. Thus, the subsample size of the survey is more comprehensive than the one from the interviews. Although Wooldridge (2009) considers neglecting incomplete questionnaires critically, six questionnaires had to be excluded by reason of incompleteness, which results in n = 59 questionnaires.

3.4 Data analysis methods

3.4.1 Qualitative data analysis (focused interviews and photographs)

As recommended for focused interviews, coding procedures were employed to analyze the data (Flick, 2009; Miles et al., 2014) with the help of the qualitative data analysis software MAXQDA. To begin with, *first cycle coding methods* were applied to initially label the data blocks (Saldaña, 2013). As Miles et al. (2014) suggest, different first cycle coding approaches were “mixed and matched as needed” (p. 74) depending on their “particular function or purpose” (p. 74)—especially *descriptive coding*, *in vivo coding*, *process coding*, *emotion coding*, and *simultaneous coding*. Afterwards, *second cycle coding methods* were adopted in order to group and summarize the initially found first cycle codes into “a smaller number of categories, themes, or constructs” (Miles et al., 2014, p. 86). An exemplary excerpt from the coding scheme is given in Appendix 6. These so-called pattern codes inter alia laid the groundwork for later cross-case analysis. For the latter, the mixed strategy *stacking comparable cases* has been deployed (Miles et al., 2014, p. 103). Using a standardized set of variables, each case was deeply analyzed with the help of matrices and other displays. Afterwards, these case-level displays were combined into a *meta-matrix* for further condensed comparison (Miles et al., 2014). This resulted eventually in a *network display* (Miles et al., 2014)—the final theoretical framework—that displays how the successor gains legitimization and acceptance across time and how relationships between the parties involved change. Thus, the study follows an *abductive* approach as it aims to discover a new order that satisfies the identified surprising facts (Reichertz, 2004), although it also contains *deductive* inferences when it refers to the social bases of power approach as a theoretical backdrop.

A typical saying is that ”a picture is worth a thousand words“. But as Miles et al. (2014) indicate absolutely correctly—“images don’t speak for themselves” (p. 98). To analyze visual material, they suggest a repertoire of methods that are not necessarily applicable to language-based data. In this study, *analytic memoing* of the researcher’s spontaneous, individual impressions was therefore applied to the analysis of the photographs instead of “detailed breakdowns of components” (Miles et al., 2014, p. 98) as a visual content analysis would suggest (Bell & Davison, 2013). Special interest lay in the manner of cohabitation of both leaders, which was reflected in the office composition and constitution, for instance whether they had shared or separate offices, single or joint desks, and what feeling the offices conveyed.

3.4.2 Quantitative data analysis—the empirical strategy (IPI)

The filled questionnaires from the IPI have been carefully analyzed by employing a multiple regression. The basic equation therefore reads as follows:

$$\mathrm{Y} = a + b_1 x_{1i} + b_2 x_{2i} + \cdots + b_k x_{ki} + \varepsilon_i$$

Y denotes the dependent variable that indicates the successor's acceptance into the family business. x_1 to x_k work as predictor variables for *y* as outcome variable, with the parameters b_1 to b_k, quantifying the relationship between predictor and dependent variable.

Applying the IPI as a quantitative method aimed at gaining a broader understanding of the present power structure between predecessor and successor from the employees' viewpoint. As a reminder, research question 1 emphasized the predecessor's role as legitimizing agent, whereas research question 2 concentrated on the successor's own role. As no concrete hypotheses have been postulated and in order to not exclude possible influence factors by ex-ante hypotheses that affect the successor's legitimate power, a stepwise regression has been employed first (model 1). The stepwise regression equals the forward method, which means that predictors that contribute to the prediction of the outcome variable are added to the equation while a removal test of the least useful predictors is carried out simultaneously (Field, 2013). Thus, model 1 discovers relevant predictors, which are further broken down in model 2. Model 3 contains the same variables as model 1 including the control variables that will be explained in more detail in chapter 4.3.3. Finally, model 4 refers to the findings from the interviews. By using "forced entry" as a method (Field, 2013), such predictors were included in the regression that appeared to be important in the interviews, but were not identified as good predictors in the stepwise regression of model 1.

4 Developing a Framework for the Successor's Legitimization in Family Firm Succession

In the following subsections, the results from the focused interviews (4.1), the photographs (4.2), and the survey (4.3) will be presented in detail. Section 4.4 provides the aggregation of all results into one theoretical model, the so-called *Theoretical Framework of the Successor's Legitimization in Family Firm Succession*.

For an overview, Table 5 summarizes again which propositions are covered by which method and in which chapter the results are presented.

Method	Proposition 1	Proposition 2	Proposition 3
Focused interviews	Yes (4.1.2)	Yes (4.1.3)	Yes (4.1.4)
Photographs	No	No	Yes (4.2)
IPI	Yes (4.3)	Yes (4.3)	No

Table 5: Overview of the coverage of research questions by the applied methods

4.1 Results from the focused interviews

4.1.1 Warm up: the legitimizing process

Interestingly, the interviews revealed that the legitimizing of the successor begins long before his/her entry into the firm. In Figure 1, the sequence of events is referred to as the legitimizing process. The predecessor and successor are the most influential and relevant parties in this process, which is why they are both depicted in the figure exclusively. Often, one event has consequences for another, which is marked by the dashed lines between the boxes. In the following paragraphs, the single events are explained according to the chronology in the figure and the labeled numbers on the boxes.

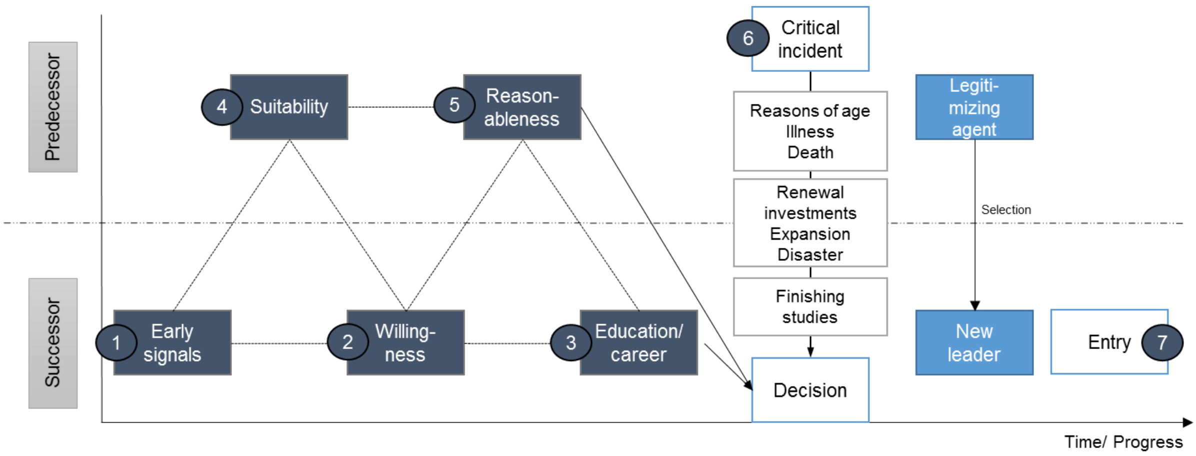

Figure 1: Legitimizing process of the successor

In the present cases, the process began in the early stage of succession or even before the question of succession was apparently settled. It seemed as though the successor legitimized him/herself in some respects by sending specific (1) *early signals* that led to the predecessors' (and to the employees') assumption and perception that he/she is willing or at least interested in joining and taking over the business. As is usual in family firms, and skilled craft businesses in particular, the potential successors grew up with the firm from childhood. Firm and family were always in very close contact: on the one hand, more family members, e.g., the mother or grandparents, were employed by the firm. Conversations about the business used to happen during lunch or dinner. On the other hand, the firm's building and the parental home were often the same place—spatial separation was impossible. Furthermore, the successors often worked in the parental firm in their school holidays and were familiar with the workflow and work processes at an early stage. So, early contact between the potential successor and the firm was unavoidable.

> "From the very first, she was a hairdresser child" (Employee 4, Firm H)

Often, the employees took the entry of the successor for granted and never questioned the successor's opportunity to do something else.

> "It was completely clear that one day she [the successor, author's note] will take over the business—anything else would not have made sense" (Employee 9, Firm G)

Those early signals were then interpreted as (2) *willingness*. From this initial interest, the successor developed a more definite wish to continue the firm. It seems not surprising then that the successor decided to start an apprenticeship in the same discipline as the family craft business, even though the vocational training mostly took place in an external business of the same craft. A master craftsman training followed naturally in those disciplines that require one. Furthermore, the predecessors often supported the successors to modulate their (3) *education and career plans* according to the business.

> "When I decided to become a hairdresser, my mother had said: 'Look out! These steps are necessary; this is the right direction to achieve your goal'" (Successor 2, Firm H)

Thus, certain interdependencies between the successor's and the predecessor's behavior were observable. After receiving and noticing the successor's (1) *early signals*, the predecessor asked him/herself two central questions: on the one hand, whether the possible successor was capable of taking over the business in terms of his/her expertise, social competence, and personality. This can be compared with a personal and individual (4) *suitability test*. On the other hand, after the successor's interest had become more definite and he/she had expressed serious (2) *willingness*, the predecessor elicited whether the transfer of the business was generally reasonable at all.

On the one hand, the reasons for examining the (5) *reasonableness* might lie in the predecessor's experience in leading a business. Firm leaders are not only in charge of huge responsibility for the employees, they have to ensure the economic welfare of the business, make strategic decisions, assume personal liability, and repay outstanding loans as well. Moreover, the external environment of the business in terms of its position within the market, for instance, aggressive market participants or competitors and changing political conditions, play a role. Certainly, being an entrepreneur requires a certain willingness to assume risk as well (Naldi, Nordqvist, Sjöberg, & Wiklund, 2007). In the cases studied, the more difficult the situation of the business was, the more the predecessor doubted handing over the business with peace of mind.

> "Increasing regulations by the EU make new investments necessary; simultaneously there is a high competitive pressure from discounter bakeries, which exert downward pressure on prices. So, the situation for him (the successor, author's note) proves to be difficult" (Predecessor 4, Firm C)

On the other hand, the predecessors often reported a personal dilemma in their role as a good parent in the family and manager of the business. Satisfying both demands has always been difficult in terms of work–life balance. This was also a question many successors asked themselves.

> "Family life can suffer from entrepreneurship. Those family members, who work in the business, sacrifice themselves to the business, and so family life is seriously affected by that" (Successor 4, Firm C)

Thus, all these aspects were deliberated carefully. As a result, a decision had to be made. Often, this *decision* did not come out of the blue, but was in fact provoked by a (6) *critical incident* that pressed for a decision. These included reasons of age on the part of the predecessor, a serious illness, or even death (firms E, G, and K). In other cases (firms A, C, F, and I), questions regarding new investments in machinery, equipment, or even new buildings came up. The predecessors often made their decisions regarding those investments dependent on the successors' willingness and commitment to take over, because this usually involved considerable financial obligations. In contrast, in firms B and D, the successor's entry happened after finishing studies. In Appendix 7, a detailed overview of the critical incidents in each family firm are given.

Still, in most of the cases in this study, the successors seemed to have decided to take over the business autonomously and in a self-determined manner. The predecessors stated that they would never have tried to influence their successors regarding their career choice and entry decision. For now, there were no more obstacles regarding the (7) *entry* of the successor. Returning to the determinants of legitimate power, the predecessor selected the *new leader* of the family firm in his/her role as *legitimizing agent*.

4.1.2 The predecessor's contribution to the successor's acceptance

Research question 1 focused on the predecessor's influence on the successor's acceptance. In order to secure a certain rigor, Figure 2 depicts different influence factors that were identified in the focused interviews. These will be explained in detail in the following, according to the labeled numbers in the boxes.

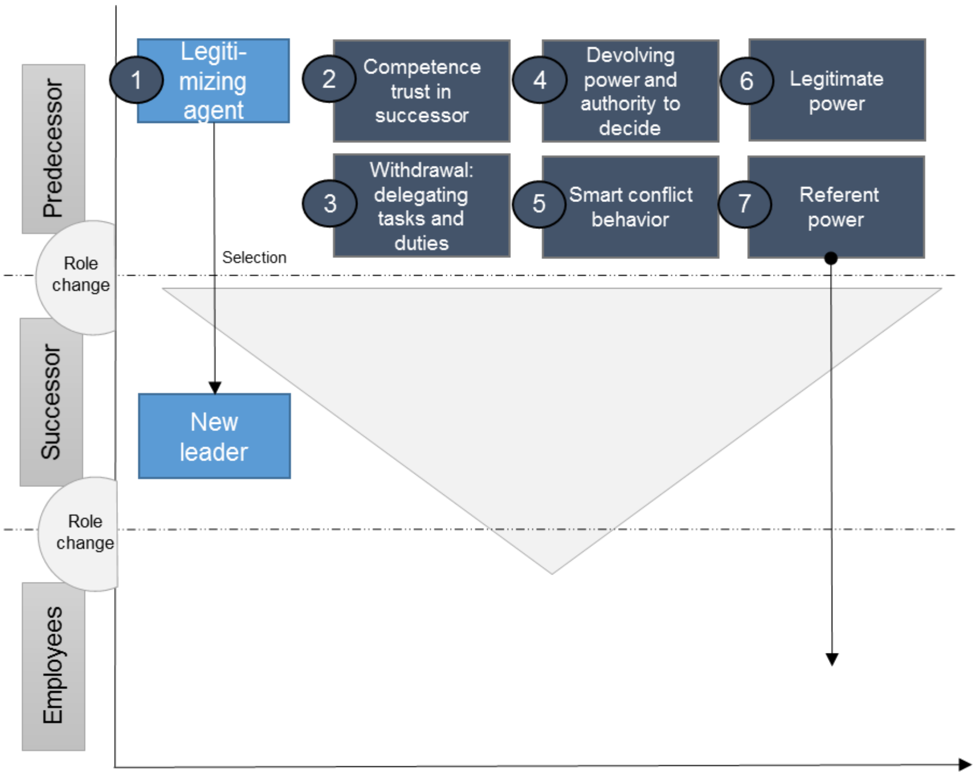

Figure 2: The predecessors' contribution to the successors' acceptance

Above all, the predecessor can be defined as the source of authority or (1) *legitimizing agent* appointing the *new leader* of the business. As the pre-selection questionnaire indicated, in the majority of cases, the predecessor was solely responsible for selecting a successor, although sometimes other family members such as spouses or siblings were involved in the process as well. Still, even if shares in the company belonged to other family members, in the cases studied, the family was often not as present as the predecessor, who was the active manager of the business. Therefore, the figure refers mainly to the predecessor as legitimizing agent, but mentions family members who may be involved in the selection process as well.

The predecessor's behavior toward the successor played an important role in the successor's establishment: apparent (2) *competence trust* in the successor was a compulsory condition for the incumbent to assign responsibility, to (3) *delegate tasks and duties*, and to take a back seat. Often, in the cases studied, a stringent task sharing between both was prevalent, which avoided duplication of work and ensured the transfer of knowledge. Similarly, it was necessary for the predecessor to put the successor up front and operate more in the background in order to strengthen the employees' perception about who was the new leader of the firm. In firms A, B, and H, the successors were enabled to preside over the weekly meetings with skilled workers and executive staff. In one case, in which the predecessor refused to withdraw, the successor was not allowed to chair or even to join the meeting, which made it difficult for the successor to become accepted by the employees.

> "I would like to be around in the daily meetings in the morning, but my father would say: 'What do you want here? That's my job'" (Successor 9, Firm E)

Another way of empowering the successor was to refer the subordinates to the successor regarding questions they had or decisions that had to be made. Thus, the predecessor's slow and subtle (3) *withdrawal* from the active business might have enhanced the successor's (4) *authority to decide* and broadened his/her responsibility for specific tasks. To the same extent as the predecessors removed themselves, the successors established their position, as one predecessor said:

> "As the senior fades or becomes weaker, the junior gets stronger. I lose strength and he gains it simultaneously" (Predecessor 8, Firm B)

Another important aspect was empowering the successor by (4) *devolving power*. It also means that the forerunner lays down the law if necessary in order to legitimate the successor's words and to show loyalty and support.

> "Yes, I remember, in the beginning it took some time, until I had made it clear to the employees, that, when I'm not present or anything else, and the junior wants something to be done, then things are carried out as he wants" (Predecessor 4, Firm C)

Certainly, the predecessor still fulfilled some duties in the firm: often he was responsible for tasks that required special knowledge. This was accepted insofar as the last authority to decide was still up to the successor. Often, this was not deemed negative or destructive and the successor benefitted from his/her forerunner's treasure trove of experience. The employees perceived their work environment as highly familiar and personal—as long as the relationship between predecessor and successor was harmonious and clear duties and structures existed.

> "He is still here. He can help me whenever I need him. But in the end, I have to make sure that I get along myself" (Successor 5, Firm G)

But if the predecessor tried to retain his key position in the day-to-day business, the successor was never able to gain a foothold. For instance, in the case of firm C, the predecessor could not stop intervening and interfering, permanently inhibiting the successor's autonomy, which led to the successor's wish that his father should even move from his private apartment, which was close to the company site.

Furthermore, the interviews revealed that the subordinates recognized tensions and conflicts between both of them and could feel as though "caught between two stools" in case of being involved. To avoid this situation, it could be helpful for the predecessor and successor to (5) *resolve conflicts* early and backstage, although some employees indicated in the interviews that having controversies is "natural". Thus, it would be unnatural and inappropriate to falsely portray a perfect world. However, communicating common views and clear messages was essential for the employees to find a pleasant working atmosphere. This implied congruent instructions as well. Besides, when the successor, for instance, criticized an employee, the predecessor should support his/her actions, even if he did not agree with him/her. This alludes to the aforementioned undermining of the successor's growing authority, which should be avoided. It also underlines the importance of a good flow of communication between both leaders that enables the permanent exchange of information. Besides, it hampers personal advantage and enrichment on the part of employees who might try to play incumbent and successor off against each other, which is only possible as a result of information asymmetries resulting from poor communication skills.

> "Sometimes it happens that we are at variance with each other and try to solve our disagreement in front of other people. But mostly, they take to their heels" (Successor 6, Firm F)

> "In the beginning, we both have been played off against each other more or less. Some employees said things like 'we don't catch on anymore! The "wrinkly" says, do it that way, you say, do it like that, what shall we do now?' But we could stop that comparatively fast, and people with whom it didn't work out, we dismissed them" (Predecessor 4, Firm C)

From this, it follows that the predecessor should not undermine the successor's authority through challenging or changing his/her decisions by public accusations in front of the employees. Hereby, the forerunner would question the successor's position and competence. Any agreements should be the subject of mutual responsibility—otherwise consequences for the successor's reputation may not be inevitable. On the other side, it could switch completely: when the employees sympathized strongly with the successor, the employees formed a coalition with the successor to protect and defend him against the predecessor. But, sooner or later, they expected the successor to start fighting back in order to assert his/her position.

> "Sometimes we would have expected a little bit more resistance from her [the successor, author's note]" (Employee 10, Firm G)

The predecessor's (6) *legitimate power,* particularly his/her position power, was also of great importance. For instance, in one case (firm E), the employees very much encouraged the predecessor to stay active in the business. It appeared to be difficult for the employees to rethink and get used to the successor as the new boss, because the former had been their superior for many years. This led to a phenomenon that could be found in another case (firm K) as well, where the predecessor was still called "boss", although he had withdrawn from the business a long time ago and the business was even sold. It seems that, despite the withdrawal from the business, the forerunner's position power did not diminish overnight. Rather, the decrease in power was a continuing process.

> "When I started working here, I had definitely more respect for the predecessor. Because he simply was the boss" (Employee 14, Firm G)

Especially in long lasting joint-reign phases of the succession process, the predecessor's strong position power could become a problem for the parties involved. Figuratively, the predecessor's power is compared with a "lighthouse" and the successor's with a "buoy". It could happen that the predecessor's far-reaching light now outshined the weak light of the successor's buoy. The employees, following the brighter light, took the predecessor's instructions for granted. This was confirmed by statements from subordinates that emphasized the right of the predecessor to have the final say, for example when difficult decisions had to be made. On the one hand, this indicates that, if the predecessor was broadly accepted, his/her acceptance would exceed that of the successor. On the other hand, the predecessor's legitimate power can positively influence the successor's legitimate power because the subordinates rely on the legitimizing agent's opinion and trust him/her to have selected the right person. This always assumes that the predecessor is willing to step back.

Another problem was that the "lighthouse effect" might be intensified by the confidence, sympathy, and admiration that the employees placed in their former superior. In Figure 2, this is referred to as (7) *referent power* according to French and Raven (1959). As many successors were incapable of contributing to the business's prosperity to the same extent as their forerunners were doing—especially in the beginning on account of their younger age, inexperience, and their lower level of seniority—their performance was naturally rated worse compared with the predecessors. Loyalty toward the predecessor, appreciation of his/her former achievements and merits, and his/her dedication to the business might therefore impede a smooth beginning and establishment of the successor because the latter falls short of the predecessor.

Hence, a harmonious and trustful relationship between predecessor and successor determined by the predecessor's ability to step aside, to delegate tasks and duties, to assign responsibility and authority to decide can influence the position and acceptance of the successor in a positive way. If the predecessor resisted withdrawal at first in some cases, it turned out to be a good strategy for the successor to accept the predecessor's position and to be patient instead of rebelling against it in order to assert his/her leader position.

4.1.3 The successors' contribution to their own acceptance

Research question 2 aimed at examining the successors' influence on their own acceptance. In the interviews, their own behavior appeared to be very crucial regarding their personal standing in the business. Likewise, Figure 3 depicts the successors' own contribution to their acceptance. The following paragraphs explain the identified influence factors in greater detail by considering the labeled numbers of the boxes in the figure.

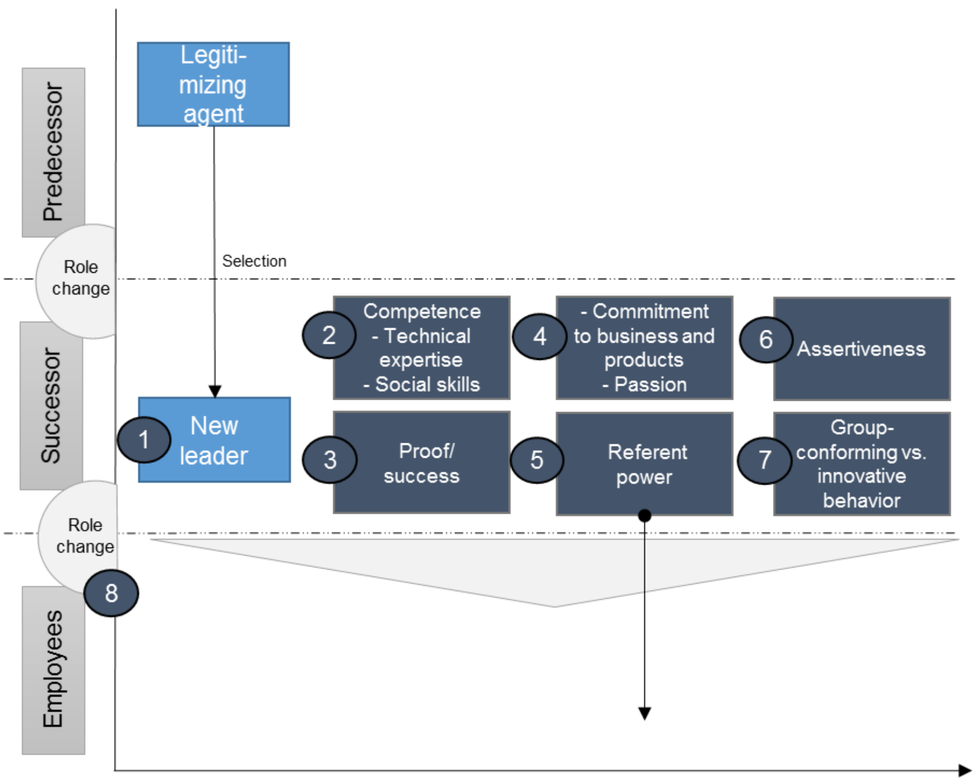

Figure 3: The successor's contribution to his/her own acceptance

As before, the successor is defined as the (1) *new leader* of the family firm, who was appointed by a *legitimizing agent*, namely the predecessor.

One of the most striking facts the employees mentioned was the necessary (2) *competence* of the successor. In skilled craft businesses, this mostly refers to a suitable education such as an apprenticeship or a master craftsman certificate in particular. But it also appeared to be important that the successors not only possessed this technical expertise theoretically, but that they proved their professional skills and abilities successfully to the organizational environment ((3) *proof/success*). Often, the successors were even better educated than the predecessors. They not only held one or two master craftsman's diplomas, but had often studied, for instance, economics at university to broaden their economic knowledge and to improve their management abilities. Hence, in cases where the employees perceived the successors as highly and better educated than themselves, they also expected them to set a good example and saw them as an idol. If the successors lacked this specific technical expertise, because they had studied or received training outside the business's craft, this could lead to problems between predecessor and successor and employees respectively:

> "I believe the employees think in some respects that I [the successor, author's note] have not a clue of what I am saying anyway, so, sooner or later, this might lead to (…) some kind of acceptance issues. Actually, I already have them" (Successor 9, Firm E)

However, concordantly with the firm size, the demands on the successors' abilities increased. All interviewees considered economic skills more important the larger the firm. Still, in both bakeries with more than 500 employees, the successors had completed their degrees in economics as well as acquired profound knowledge in their craft discipline. Furthermore, the employees seemed to accept a lack of craftsmanship if this was planned from the beginning and if the successor concentrated on his/her own business division, e.g., as business administration manager, not interfering in the employees' affairs.

> "If somebody comes and says, I have no idea of these things, I do my own thing here and you do your own thing there—I mean, then things are clarified. I know that he knows as much about baking as the man in the moon, but that's fine, as long as he does a decent job in the back office" (Employee 7, Firm C)

Lacking professional expertise involved the risk of becoming dependent on the employees' knowledge and willingness to cooperate. Especially in cases of both firm and family external successions, this appeared to be problematic because it took a long time for the successor to get to know and understand the internal business processes and products. A short duration of collaboration between predecessor and successor worsened the situation, as happened in firm K, because both parties could not overcome their lack of willingness to cooperate. To summarize, especially in the skilled craft sector, the existence of solid professional expertise turned out to be essential.

Another big issue was the existence of (2) *social skills*. Employees highly valued successors who were committed to the firm and had an authentic personality free from arrogance, but characterized by modesty. This led to trustful and close cooperation between them. Also, the successor was a place to go for their (personal) problems and sensitivities. They appreciated when the successor was receptive to their problems and when he/she took any legitimate concern the employees raised seriously.

> "At any time I can confide any concern to him" (Employee 8, Firm C)

Certainly, this required sensitivity on the part of the successor for the well-being of his/her employees:

> "They [the employees, author's note] have realized that my leadership style has more team spirit. I show interest in their opinion and deal with their concerns. And I take notice if someone is energetically down. My father doesn't notice that" (Successor 9, Firm E)

Another important influence variable was the successor's (4) *commitment* to the business and its products, driven by a huge (4) *passion* for the craft discipline itself. Often, the successors and predecessors were described as, for example, "bakers with heart and soul" who have devoted themselves to the business. This led to high participation in the day-to-day business, which was highly valued by employees and seen as a commitment toward the business and toward themselves, because the successors did not avoid "dirtying their hands". It also led to mutual trust and confidence. Especially in the case of personnel or time bottlenecks, the employees expected the successor to actively lend a hand. Accepted successors showed no haughtiness or arrogant behavior.

> "He is always there. Even if the worst case happens in the back office or in the production, he is always there" (Employee 8, Firm C)

> "I believe he [the successor, author's note] set his heart to it" (Employee 1, Firm A)

Furthermore, possessing professional and social skills, commitment, and passion for the business led to a sense of admiration from the employees' viewpoint. They often paid tribute to and respected the successor and identified themselves with him because he was often one step ahead. In French and Raven's (1959) concept of power, this would similarly be declared as (5) *referent power*.

In addition, the successors might yet have a certain amount of authority due to their position power innately, which was reflected in statements such as "She is my boss and I have to accept that" (Employee 9, Firm G) or "The boss is the one who pays" (Firms C, D, and I). Often, position power can stem from the authority of ownership (Finkelstein, 1992; McCollom, 1992) but, as the employees did not seem to know about the proper distribution of the shares, ownership seemed to play a less important role. Other bases of legitimate power such as legitimate reciprocity, legitimate dependence, and the equity norm did not play the same important role as position power, but were mentioned by a few employees. Still, some statements show that respect for authorities in superordinate positions exists by nature:

> "I think, straight from birth we have this feeling of respect toward people in a superior position" (Employee 15, Firm B)

Also, just being present and always around gave the subordinates the feeling that the successor was interested in the business. Simultaneously, it enabled him/her to control and monitor output. Hence, this control of group activity was another possibility for the successor to show his/her presence in the business. In concrete terms, checking the returns from the daily exported goods manufactured in the bakery or monitoring of performance indicators such as the achieved customer turnover per employee in the hairdresser case were examples of a successor paying attention to the business. Nevertheless, exaggerating the right of control could lead to a reversal of the effect, because employees felt pressurized and over-monitored.

Despite all the aforementioned required social empathy for the employees, the successors had to assert themselves and be able to be harsh and strict when required. In Figure 3, this is referred to as (6) *assertiveness*. They had not always to act like well-behaved new leaders tolerating inadequate behavior—instead they needed to impose penalties and sanctions if necessary, e.g., if someone defied them. This could even lead to the declaration of a written warning (often in agreement with the predecessor) if, for instance, a subordinate permanently undermined the successor's authority or repeatedly failed to complete a task. By using coercive power, the successors earned respect.

Another facet of gaining acceptance referred to the determinant (7) *group conformity*, which is also mentioned by Hollander (1964). The employees expected the successor to preserve existing structures and to secure continuity. Similarly, they demanded a "fresh breeze" and waited for the successor to implement new ideas and innovations to ensure the firm's existence. This forced the successor into a dilemma as he/she was only allowed to be innovative in a defined framework. Expected innovations could refer to small improvements, but also to the development of new products, organizational changes, and process innovations. Still, mainly older subordinates seemed to have problems with accepting changes. However, involving employees in the change process gained higher acceptance regarding innovations than excluding them from decision-making.

> "When he has a new product in mind or a recipe, he asks his pastry chef to try the new combination. After that, we all sit together and test the new confectionery or pastries. That's great. It's like trial and error. If it doesn't taste, we are allowed to say that. I mean, we have to sell it later, so we should know and like what we sell" (Employee 8, Firm C)

The delegation of decisions and general involvement of employees by asking for their opinion were thus highly appreciated and resulted in a relationship characterized by mutual respect and esteem. Often, the involvement of employees and open communication were part of the corporate culture. Continuing these traditions and values can be seen as part of the successor's required group-conforming behavior.

> "I think, we have lean hierarchical structures and the employees are involved to a great extent. When we have our fortnightly meeting with all department heads, everyone can speak his mind and every opinion is accepted" (Employee 15, Firm B)

In general, it can be said that the relationship between the employees and the new leader of the firm was always subject to (8) *role change*. Often, both parties knew each other from the successor's childhood on, and they were mostly on a first-name basis with each other. In the observed firms, the structures were very familiar, traditional, and personal. But it was not observed that addressing someone formally led to higher acceptance. More relevant were objective criteria for judging the new leader. So, becoming familiar with each other began with the entry of the successor into the business, often at an early age. As said before, all members of the firm scrutinized his/her abilities critically and evaluated his/her skills. It is self-evident that a role change had to follow: the successors developed from children to peers and, after their official announcement as managers, they found themselves in a superior role. Hence, the successors gained acceptance in the long run by working hard for it, by showing commitment to the firm, by caring for the employees' concerns, and by proving their abilities and skills permanently. In the case of a family external but firm internal succession (firm I), this role change appeared to be more difficult for the employees, because the new superior was once a peer at the same level in the organizational hierarchy.

> "Certainly, after I was appointed to the new boss, they stopped telling me about everything that was going on" (Successor 7, Firm I)

Another problem was the often considerable age difference between the employees and the successor, because they might not take advice from someone who was younger and apparently inexperienced. In contrast, this role change was not necessary with recently appointed employees. Because of their short collaboration with the predecessor, the successor was their central contact person from the very beginning. Loyalty was built more easily because those employees tended not to look up to the former superior.

> "I am 46 and the employee has served in the business for 46 years. That's not easy" (Successor 9, Firm E)

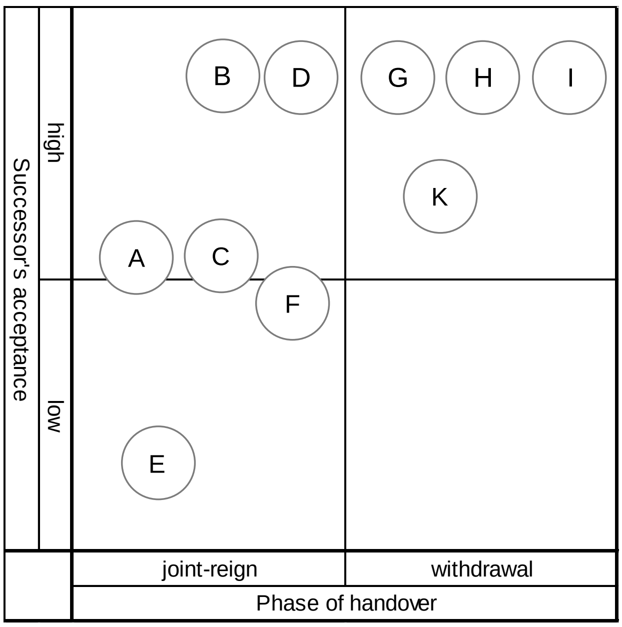

Figure 4: Successor's acceptance depending on phase of handover

An analysis of the successor's acceptance dependent on the phase of handover is depicted in Figure 4. It shows that problems regarding the successor's legitimate authority only appeared in family firms where the predecessor still remained active in the business—where the businesses were in the joint-reign phase. In contrast, cases in the withdrawal phase appeared to have better accepted successors. Herein, the successor had the full authority to decide without the predecessor occasionally interrupting.

4.1.4 Interdependencies between the predecessor's and the successor's behavior

After presenting the consequences of the predecessor's and successor's behavior for the acceptance of the latter in subchapters 4.1.2 and 4.1.3, this section focuses on the specific research question 3, which aimed at examining the relationship between predecessors and successors and its consequences for the new leader's acceptance. In Figure 5, those interdependencies are therefore depicted in an alternative way. In contrast to the comprehensive model (Figure 6), which will be introduced later as a consolidation of the single figures presented so far, Figure 5 focuses exclusively on the "reaction chain" between the former and the new leader. Furthermore, it provides an additional explanation for why some successions work out smoothly and others do not, because one single misfit at a certain stage entails further aberration during the process.

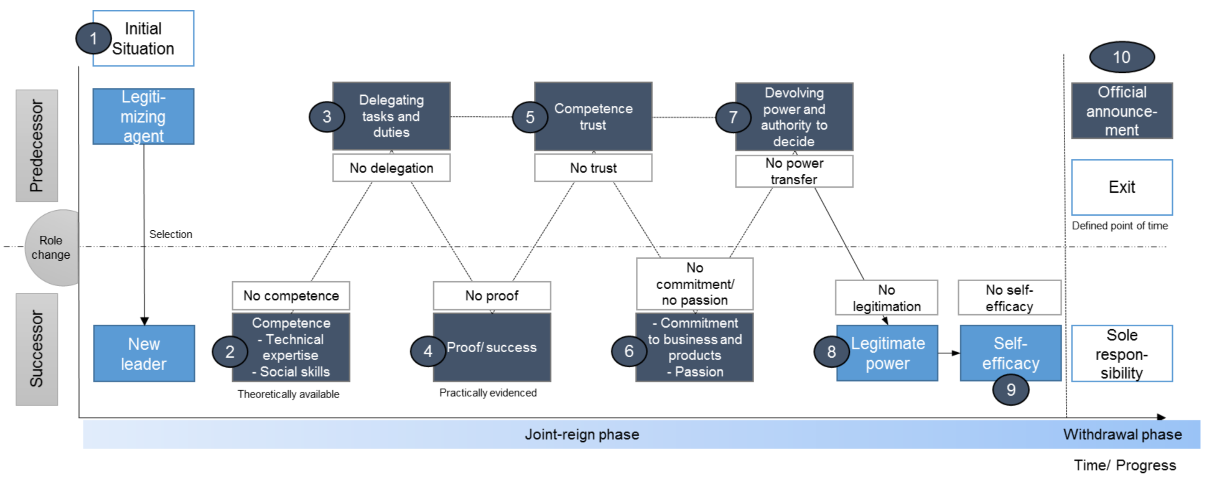

Figure 5: Interdependencies between predecessor and successor during succession

Again, with the predecessor as the legitimizing agent who selects the successor as the new leader of the family firm, the (1) *initial situation* is set. With the successor's entry into the business, the really critical stage called the joint-reign phase (Cadieux, 2007) often begins. Other authors have identified this specific stage as very critical in the succession process, having a high conflict potential due to the contrariness and inconsistency of the predecessor's and the successor's interests, views, and plans (Breuer, 2002; Lansberg, 1988).

As said before, (2) *professional competence* and *social skills* were required from the successors. These theoretically available resources were recognized by the predecessors who then started to (3) *delegate* a few *tasks and duties* tentatively. Those tasks did not necessarily require a great amount of responsibility or problem solving abilities. Rather, this was about (4) *proving* the available know-how in practice. Only if the successors' attempts at transferring their resources into practice were (4) *successful* was (5) *competence trust* created on the part of the predecessors. The successors noticed that the predecessors were willing to delegate more and more responsibility and that they were trusted, which in turn increased their (6) *commitment* to the business and the products, boosted their passion even more, and fostered their willingness to take over. Following from this, the predecessors recognized the true and intrinsic wish of the successors to fill their shoes. Encouraged by their trust placed in the successors, they were willing to (7) *devolve* more and more *power* and *authority to decide* to their successors, as the predecessors were confident that the business would be in safe hands. The predecessors now behaved unconsciously in a way that (8) *legitimized* the successors as future leaders of the company. They strengthened their position further, supported them in front of the employees and other stakeholders, and were willing to withdraw more and more. Feeling strong by virtue of the predecessors' confidence and support, the legitimated successors developed a feeling of (9) *self-efficacy* and self-confidence and believed that they could succeed as future leader of the firm.

Having a closer look at the aforementioned "reaction chain", any deviation from the presented ideal process has consequences for the legitimizing of the future leader. For instance, if the successors have no available competencies that are required, the predecessors will hesitate to delegate tasks because they are not confident that the successors will successfully fulfill the demand. Thus, the successors cannot prove themselves in practice and are not able to achieve a feeling of success. In turn, no competence trust is created on the part of the predecessors. A vicious circle starts—the successors feel blocked, inhibited, and therefore demotivated. Passion for the craft, commitment to the business and its product are hard to show. Again, this leads the predecessors to retain all the power they have, not being willing to devolve it as they doubt that the business will be in the successors' safe hands. As a consequence, the successors are equipped with no or less legitimate power. They do not feel self-confident concerning their role as future leader and doubt whether they can handle the whole situation with sole responsibility. The success of the succession process is now in dispute.

Thus, deviating from the ideal process runs the risk of a postponed withdrawal from the business on the part of the predecessor. But no matter which path the predecessor and successor take during the joint-reign phase—eventually the process is completed one day by the (10) *predecessor's exit*, which marks the beginning of the withdrawal phase. The successor now has sole responsibility for the family firm. Two important points should be mentioned:

A *defined point in time* for the succession could be identified as a further positive influence factor in the study. Not only is a succession schedule with detailed steps and deadlines important for a smooth succession that clarifies, for instance, legal formality issues, loan application discussions between bank and successor, payment for shares of further heirs, determination of a purchase price in case of selling the firm, or consultancy of experts from different institutions. Also, a fixed point in time appeared to be helpful for fulfilling the succession plan and for facilitating withdrawal from the firm on the part of the predecessor. Corresponding with that were the transfer of shares or the successor’s promotion to the managing director.

> “So, we had three anniversaries: I was 75, the firm was 125 and my son was 30. Personally, I was not in such a hurry, but then we decided to make it, because the dates fit well. So, he got 75% of the shares and I’m still holding 25%” (Predecessor 8, Firm B)

This decision was often accompanied by the (10) *announcement* of the successor’s official entry into the firm. In the cases studied, this supported the employees’ feeling of acknowledging and accepting the successor as their new superior. Thus, it appeared to be appropriate to announce the successor’s promotion to the director of the business in an official way in order to strengthen his/her position power further. However, the employees were mostly not informed about the transfer of shares in the cases studied. But the promotion or entry to the management board was often accompanied by a ceremony, such as a barbeque or an announcement during a Christmas party, where the withdrawal of the predecessor was simultaneously disclosed or where his/her retirement was announced. Still, the employees noticed changes in the management board at the latest when modifications to official writings were made, for instance on the pay slip. More informal ways of announcing were, for example, during on-the-job trainings or briefings held by the successor or predecessor, or when a new candidate was informed during a job interview about the succession plan. For example, firm K had a very official announcement based on the fact that it was a family external as well as firm external succession and the employees had not been acquainted with the acquirer until then.

> “He (the successor, author’s note) just stood at the gallery with the predecessor and introduced himself as new boss. He said a few words about himself and how he plans to continue the business. We were addressed by our names and he announced to conduct one-on-one interviews with each of us” (Employee 18, Firm K)

In another case (firm C), the employees were poorly informed, although it was a succession internally within the family. A possible reason could be that predecessor and successor could not agree about continuing the business for a long time. In between, the business should have been liquidated, because the successor did not show any commitment or willingness to take over.

> “I don’t know, whether he has taken over the business. Nobody told me anything. It was just said, he will take it over one day, but I have no idea, if he has taken over it yet or not” (Employee 7, Firm C)

4.2 Results from the photographs

Photographs were taken of the offices of both predecessor and successor, if possible. In some cases, the offices were not situated at the firm’s premises but in a private apartment (firm H), and therefore no photographs could be taken. The analysis (cf. Table 6) shows that a differentiation has to be made depending on the status of the handover. It could be seen that, in joint-reign phases, both predecessor and successor mostly had common offices. Reasons for this might lie in better possibilities for sharing knowledge and information, for showing the successor the ropes, or just lack of space. Although the immediate spatial proximity could be problematic, shared offices did not constitute a problem if the relationship between predecessor and successor was harmonious in general (firms B, D, and F). But if certain substantial differences existed (firm C), it could happen that the successor wished to have his/her own office or for the predecessor to disappear from the firm's site.

Firm	Photographs taken	Own office SC	Own office PD	Shared office	Own desk	Succession phase	Type of handover	Duration of collaboration
A	Yes	Yes	Yes	No	Yes	joint-reign phase	family internal	4 years
B	Yes	No	No	Yes	Yes	joint-reign phase	family internal	10 years
C	No	No	No	Yes	Yes	joint-reign phase	family internal	12 years
D	Yes	No	No	Yes	No	joint-reign phase	family internal	13 years
E	Yes	Yes	Yes	No	Yes	joint-reign phase	family internal	13 years
F	Yes	No	No	Yes	Yes	joint-reign phase	family internal	5 years
G	Yes	Yes	No	No	Yes	withdrawal phase	family internal	19 years
H	No	n/a	n/a	n/a	n/a	withdrawal phase	family internal	13 years
I	No	Yes	No	No	Yes	withdrawal phase	family external, firm internal	28 years
K	No	Yes	No	No	Yes	withdrawal phase	family external, firm external	6 weeks

[1] SC = successor (abbreviation), [2] PD = predecessor (abbr.)

Table 6: Overview about own and shared offices of predecessor and successor (photographs)

Firm B represents a case with shared offices: on the day of the successor's official announcement as managing director, the predecessor left his desk and moved to the smaller one where the successor used to sit. The exchange of desks, although still in the same office, was a symbol of the predecessor's willingness to step aside and transfer power to the successor. Furthermore, this action was visible to everyone because of the transparent office glass doors. It was interpreted as a sign to the subordinates that the successor was now officially their new boss.

> "They even share offices with each other. But, at the day of handing over the business, the senior stood up from his desk and moved to the smaller one in the corner. And he doesn't mind" (Employee 15, Firm B)

Only in two joint-reign cases did both predecessor and successor have separate offices: in one case (firm A), the office building was rebuilt and, thus, there was enough space for both predecessor and successor to have their own offices. The lettering “company management” was written on both doors and the rooms were opposite each other, which shows that the successor was treated identically, at least from a spatial point of view and regarding appearance. In the other case (firm E), the successor preferred single offices. Owing to the difficult relationship between transferor and heir, the successors feared that shared offices might end in disaster. In both cases, it was not yet foreseeable when the predecessor would retire, which might also be a reason for establishing separate offices. In Appendix 8, some exemplary photographs are provided that give an insight into the office situations of predecessor and successor.

When the succession process had progressed to the withdrawal phase, in all cases studied, the predecessors no longer had had their own offices (firms G, I, and K). It is then obvious that the predecessor’s withdrawal from the business is completed through him leaving his/her office. Giving up a small space of power—that is the office—and transferring it to the successor (the predecessor moves out, the successor moves in) is a symbol for retiring from the active business and assigning all responsibilities to the successor as the new leader of the firm eventually. Furthermore, the predecessors only returned to the business in their role as visitor or consultant, not entitled to have their own room, desk, or any spatial demands.

4.3 Results from the IPI

4.3.1 Preliminary analysis of the IPI

Although prior research has shown that the IPI is a valid and reliable instrument (Raven et al., 1998), a factor analysis was carried out. After that, the components generated had to be examined for internal consistency by calculating Cronbach’s alpha value (Cronbach, 1951). As the German version of the questionnaire had not been proven before, a principal component analysis had to be conducted in order to verify that the items load on the same factors as in the original English version (Raven et al., 1998). Another reason for proving the reliability of the instrument is that the survey was applied in a different environment. In contrast to the original version, which was tested with American students and Israeli health workers, this survey was conducted with enterprises from the crafts sector in an organizational context.

To begin with, the Bartlett’s tests showed p-values < 0.05 for both samples, which means that correlations between the items differ significantly from zero (Bortz & Schuster, 2010). This is a necessary condition for operating a principal component analysis. As a further statistic, the Kaiser–Meyer–Olkin (KMO) measure of sampling adequacy was calculated in order to determine whether the data were suitable for a principal component analysis. Regarding the predecessor’s sample, the indicator showed poor but still applicable results with KMO = 0.54 (Bühner, 2006, p. 207). In contrast, with KMO = 0.46, the successor’s sample showed insufficient results for conducting a factor analysis. Nevertheless, for both samples, a component analysis with Varimax rotation with Kaiser normalization was computed.

As the 11 power bases that were revealed in the original IPI were known, no screeplot had to be calculated in order to identify the number of components (Bühner, 2006; Catell, 1966). Instead, 11 factors were simulated as a hypothetical model. The principal component analysis for the predecessor's sample revealed 10 factors with eigenvalues > 1.0 (factor 1 = 9.12; … ; factor 10 = 1.09), also known as the Guttman–Kaiser criterion, which is a predictor of common factors. The 11th factor equaled an eigenvalue of 0.93, which is nearly 1.0. Regarding the successor's sample, 10 factors were identified as well with eigenvalues above 1.0 (factor 1 = 10.45; …; factor 10 = 1.01), although 11 factors were adjusted. The 11th factor achieved an eigenvalue of 0.87; not every item could be matched with a factor unambiguously. In both samples, the factor analysis yielded only moderate results: in the predecessors' sample, five items could not be summarized, whereas in the successors' sample, four components remained unexplained. Using a seven-factor hypothetical model, according to Raven et al.'s (1998) identified factors, revealed less robust and distinct results and could not solve the problem as well.

Nevertheless, the internal consistency was calculated by pooling the items according to the original questionnaire using Cronbach's alpha (Cronbach, 1951). Here, the factors revealed reliability coefficients ranging from very good (α = 0.85, factor impersonal coercive power, successor's sample) to poor (α = 0.45; factor legitimate position power, predecessor's sample) (see Appendix 9). In particular, the factors legitimate power of reciprocity (both samples), referent power (both samples), and the aforementioned legitimate power of position achieved critical values. Thus, the decision was made to exclude all items in each component where an increase in Cronbach's alpha above 0.1 could be achieved. In the predecessors' sample, items 8 (personal reward power, improvement: + 0.24) and 2 (legitimate power of position, improvement: + 0.25) were deleted[8]. Items 2 (legitimate power of position, improvement: + 0.13) and 8 (personal reward power, improvement: + 0.14) were also removed in the successors' sample and items 18 (personal coercion power, improvement: + 0.16) and 32 (legitimate power of reciprocity, improvement: + 0.11). Hence, the risk of excluding information by deleting items from the survey was accepted and compensated by achieving higher reliability values. Interestingly, item 8 congruently loaded higher on another factor in the original IPI (Raven et al., 1998, p. 314), but was still retained by the authors in the factor personal reward power.

After accomplishing this procedure, all factors besides referent power (remains at α = 0.46 (predecessor's sample) and α = 0.48 (successor's sample)) now achieve values above 0.55 and provide still poor, but at least sufficient, internal consistency values. In accordance with Cortina (1993), a smaller number of items can deflate the requested alpha value, and a value at minimum 0.4 is accepted when the factor consists of only two or three items (Cortina, 1993). This means that the achieved values are still adequate and usable.

As mentioned before, Raven's latest approach differentiated the legitimate power into four categories: legitimate reciprocity, equity, dependence, and position power (Raven, 1992). According to the assumed

[8] Interestingly, items 2 and 8 could not have been allocated clearly in the factor analysis before.

research question, the proxy for the acceptance of a leader is represented by his/her legitimate power as a whole, whereas all four bases of legitimate power were aggregated into one legitimate power base for later regression. The Cronbach's alpha values showed satisfying results with $\alpha = 0.68$ (predecessors' sample) and $\alpha = 0.82$ (successors' sample).

4.3.2 Summary statistics

Some 59.5% of all respondents reported that the businesses they worked in were in the joint-reign phase, with 30.5% in the withdrawal phase. Consistent with these frequencies, 13.6% of the predecessors were not active in day-to-day-business, 25.4% only partially, and the majority of them (61.0%) were integrated completely, which is reasonable when considering that the majority of the family firms found themselves in the joint-reign phase. Consequently, almost one third of the successors were only partially integrated, whereas 69.5% were fully active. Corresponding to these findings, 61.0% were already appointed as managing director. The difference of 8.5% might be explainable given that being fully active in the business does not necessarily mean having all official authorities assigned. Nevertheless, it is interesting to see that, in 40.7% of the cases, the successors did not yet own capital shares, 32.2% had shares up to 50%, and only 27.1% possessed more than 50%. This shows once more that succession is a long process often with diminutive steps. Although 72.9% of the successors did not own the majority of capital, 61% were still appointed as managing director, as said above. 13.6% of the successions that took place were family external, whereas the majority of the firms were handed over to a family internal member (86.4%). Furthermore, 74.6% of the evaluated successors were male, 25.4% female; in contrast, 88.1% of the predecessors were male and only 11.9% female.

Some 76.3% of the respondents collaborated with the predecessor on average for longer than 5 years, but only 27.1% reached this duration of cooperation with the successor. The majority (49.2%) of the respondents worked with the successor for 1–3 years. Also, the collaboration with the successor was often closer (62.7%) than with the predecessor (47.5%), which shows that, in the firms considered, the successors still had a certain amount of authority to decide or the predecessor seemed to be willing to step aside. 50.8% of the respondents were male and 47.5% female. 40.7% had an executive job position, whereas 59.3% were in no managerial position. It can be assumed that respondents with an executive position work as foremen or master craftsmen, whereas the employees with no managerial position are often skilled workers. Furthermore, 20.3% of the employees questioned were between 21 and 30 years old, one quarter between 31 and 40 years, and 52.5% were older than 40 years.

4.3.3 Control variables

As said before, different control variables were inserted in model 3, which will be explained in the following. Their mean values, standard deviations, and a short description of each of them are depicted in Table 7.

The control variables include the degree of the successors' and the predecessors' involvement in the daily business, because the interviews revealed that the extent of their personal engagement in the firms differs widely. Even firms in the same stage, as for example in the joint-reign phase, had very different levels of involved successors and predecessors. It can be argued that a very active successor in combination with a passive transferor has a different influence on the successor's acceptance and vice versa, which is why it was controlled for the variables "*Embedding_SC*" and "*Embedding_PD*".

			Target subject (PD, SC, E)	
Variable	**Description**	**n**	**Mean**	**SD[4]**
Embedding_SC[1]	Involvement of successor in day-to-day-business in 3 categories; reference category: 2 = SC completely involved	59	1.69	0.464
Embedding_PD[2]	Involvement of predecessor in day-to-day-business in 3 categories; reference category: 2 = PD completely involved	59	1.47	0.728
Closeness_Collaboration_SC	Dummy = 1, if collaboration between successor and employee is not very close, 0 otherwise	59	0.37	0.488
Closeness_Collaboration_PD	Dummy = 1, if collaboration between predecessor and employee is not very close, 0 otherwise	59	0.53	0.504
Length_Collaboration_SC	Duration of collaboration between respondent and successor in 5 categories; reference category: 2 = 1–3 years	59	2.60	0.990
Length_Collaboration_PD	Duration of collaboration between respondent and predecessor in 5 categories; reference category: 4 = longer than 5 years	59	3.61	0.766
Capital_Share_SC	Capital shares of successor in 3 categories; reference category: 0 = SC does not yet owns shares	59	0.86	0.819
Executive_Director_SC	Dummy = 1, if successor is managing director, 0 otherwise	59	0.61	0.492
Age_E[3]	Respondents' age in 4 categories; reference category: 3 = older than 40 years	59	2.33	0.803

[1] SC = successor (abbreviation), [2] PD = predecessor (abbr.), [3] E = employee (abbr.), [4] SD = standard deviation (abbr.)
The control variables Age_E, Length_Collaboration_SC/PD, and Closeness_Collaboration_SC/PD originate from the respondents' data in the survey; all other control variables are based on the qualitative data generated in the interviews.

Table 7: Description of control variables

Also, the closeness of collaboration between the employees and their superiors might have an influence on the acceptance of the new leader. The closer the cooperation between subordinate and superior, the more the new leader might be perceived as superior and thus become accepted. Furthermore, the employees' perception regarding their superior might, for instance, also be influenced by his leadership qualities. A close cooperation with a decent boss might be perceived more positively and result in a positive working climate. Working for two equal superiors, which can be the case during successions, might also be difficult for the employees as a consequence of feeling caught between two stools. Thus, these aspects were also included as control variables "*Closeness_Collaboration_SC*" or "*Closeness_Collaboration_PD*".

Furthermore, the focused interviews revealed that it can be difficult for the successor to establish a relationship especially with older employees because of their longer period of employment. These subordinates often seemed to be strongly focused on the predecessor and accepted his/her opinion and instructions rather than the successor's. The longer it is, the more problematic it might become for the successor because the employees still perceive the predecessor as their sole superior. Thus, the "*Length of Collaboration*" with the predecessor was one control variable included in the regression. As this effect is expected to diminish over time with increasing length of collaboration with the successor, a control variable regarding the successor was also included ("*Length of Collaboration_SC*"). Closely linked with these arguments is the employees' age, which positively correlates with job tenure. Thus, "*Age_E*" is included as a control variable.

As Finkelstein (1992) showed, the ownership of capital shares can enhance the position power of superiors and strengthen their position. Many authors recommend that the transfer of capital should happen concurrently with leadership succession in order to empower the new leader (Barach & Ganitsky, 1995; Churchill & Hatten, [1987] 1997; Le Breton-Miller et al., 2004). Thus, it might influence the successors' acceptance if they already hold shares in the company or not. Although in most of the cases in this study the employees were not informed about the transfer of capital shares, it was factored into the regression as the control variable "*Capital Share_SC*". As could be seen from the interviews, the early announcement of the successor had a positive influence, which was realized, for instance, by appointing the successor as managing director. This possible influence is displayed by the variable "*Executive Director_SC*".

4.3.4 Testing different models

The research questions 1 and 2 in Chapter 2.5 were tested with a multiple linear regression model. The dependent variable is y = "*Legitimate power successor*", depicting the successor's legitimate power as a synonym for his acceptance and reputation in the firm. Therefore, the single factors legitimate reciprocity, equity, dependence, and position power were aggregated to an overall legitimate power base. Table 8 provides all relevant results from the different regression models that were calculated.

To begin with, in **model 1**, a multiple regression with a stepwise entry of the independent variables was calculated as no ex-ante hypotheses were postulated (Field, 2013). Although the stepwise entry method is viewed critically in the literature (Field, 2013), it is the only possibility for analyzing data when no hints exist. The regression revealed that the predecessor's legitimate power was of the greatest influence (coefficient 0.93, significance at 1‰ level). Thereby, the measurement of the predecessor's acceptance is carried out similarly to that of the successor by aggregating all four different bases of legitimate power into one proxy variable (x = "*Legitimate power predecessor*"). Furthermore, the predecessor's expert power played a significant role ($p < 0.01$). With a negative coefficient of –0.10, the predecessor's knowledge contributed to a decrease in the successor's legitimate power. Interestingly, the successor's expert power, which was highly influential according to the findings from the focused interviews, did not show a relevant effect. Instead, the successor's referent power was significant. Here, the coefficient becomes positive (0.24) with $p < 0.001$. This means that the more the employees find the successors likeable, the higher is the successors' acceptance. In contrast, identification with the predecessor ("*referent power predecessor*") shows a negative value at –0.15 with a 1% significance.

Based on model 1, a further **model 2** was calculated, where the predecessors' legitimate power has been divided into its single components. Here, the R^2-value amounts to 0.910 and is almost equal to that in model 1 ($R^2 = 0.908$). All four single legitimate power components sum up to coefficient values of 0.91, which also gets close to the value in model 1 (legitimate power predecessor = 0.93). In detail, it can be said that the predecessors' legitimate power of reciprocity (0.26) has the greatest influence, followed by legitimate power of equity (0.24), legitimate power of dependence (0.21), and legitimate position power (0.20). All these variables are significant at $p < 0.001$. Compared with model 1, the influence of the predecessors' expert power (–0.11) stayed approximately at the same level, whereas referent power increased a bit (–0.16). Indeed, the influence of the successors' referent power increased slightly in model 2 as well, up to 0.27 (vs. 0.24 in model 1) at the same level of significance.

Including the aforementioned control variables (see 4.3.3, Table 7) causes no great change in R^2, and no control variable has influence at a significant level. As **model 3** in Table 8 shows, the coefficient of the variable "*legitimate power predecessor*" increases slightly (0.94), while the coefficients "*referent power successor*" (0.27) and "*referent power predecessor*" (–0.18) show a slight intensified effect compared with model 1. Furthermore, the coefficient "*expert power predecessor*" (–0.07) decreases and does not show a significant influence any more. In summary, it can be said that models 1 and 2 seem to be a very robust approximation for the influence factors on the successor's acceptance. Only the predecessor's expert power, which stands for the predecessor's competence, could not hold when inserting the control variables in model 2.

As mentioned before, the successor's expert power did not show a significant effect in the stepwise regression, although it appeared to be a very important influence variable according to the findings from the focused interviews. Thus, by using the forced entry method, regression **model 4** includes the variable "*expert power successor*" in order to examine its influence on the successor's acceptance. However, the variable neither showed an effect (0.01) nor was significant ($p = 0.90$).

y= Legitimate Power Successor:	*(1)*	*(2)*	*(3)*	*(4)*
Legitimate Power Predecessor	0.929***		0.944***	0.928***
	(0.000)		(0.000)	(0.000)
Legitimate Power of Equity Predecessor		0.241***		
		(0.000)		
Legitimate Power of Reciprocity Predecessor		0.260***		
		(0.000)		
Legitimate Position Power Predecessor		0.203***		
		(0.000)		
Legitimate Power of Dependence Predecessor		0.207***		
		(0.000)		
Expert Power Successor				0.007
				(0.897)
Expert Power Predecessor	–0.100**	–0.108**	–0.073	–0.105
	(0.005)	(0.003)	(0.133)	(0.059)
Referent Power Successor	0.242***	0.273***	0.269***	0.240***
	(0.000)	(0.000)	(0.000)	(0.000)
Referent Power Predecessor	–0.152**	–0.160**	–0.177**	–0.149**
	(0.004)	(0.004)	(0.004)	(0.009)
Embedding Successor			Yes	
Embedding Predecessor			Yes	
Closeness Collaboration with Successor			Yes	
Closeness Collaboration with Predecessor			Yes	
Length Collaboration with Successor			Yes	
Length Collaboration with Predecessor			Yes	
Capital Share Successor			Yes	
Executive Director Successor			Yes	
Age of Employees			Yes	
Constant	0.078	0.178	0.27	0.074
	(0.700)	(0.445)	(0.947)	(0.718)
Observations	59	59	59	59
R-squared	0.908	0.910	0.938	0.908
Adjusted R-squared	0.901	0.898	0.905	0.899

Multiple regression model
All models are significant (p<0.00); *** p<0.001, ** p<0.01, *p<0.05

Table 8: Multiple regression models

In order to deepen the understanding of the influence of the predecessor's legitimate power on that of the successor's, a further analysis was made. It is assumed that highly accepted predecessors have rather legitimated successors than less accepted predecessors. The power level of the source of authority has already been mentioned in the literature (Bass & Bass, 2008; French & Raven, 1959). Thus, an independent samples t-test was conducted. This enables identification of the significance of variances in mean values stemming from two groups (Field, 2013). Therefore, a null hypothesis H_0 has to be added, whereas H_1 reads as follows.

H_1: **A successor, whose predecessor is highly accepted, holds a higher acceptance level than a successor whose predecessor is less accepted.**

H_0: A successor, whose predecessor is highly accepted, holds a lower or equal acceptance level than a successor whose predecessor is less accepted.

A t-test requires normally distributed populations, which was tested with a Kolmogorov–Smirnov test, and approximately equal variances. The one-sample Kolmogorov–Smirnov test confirmed the null hypothesis for each variable. Hence, both populations are normally distributed. Furthermore, standard deviations showed almost equal values (both legitimate power levels: 1.02; see Appendix 10). A cut point of 4.0 was determined for the degree of the predecessors' acceptance because this marks the middle of the applied Likert scale.

Independent Samples Test					
		Levene's test for equality of variances		*t-test for equality of means*	
		F	Sig.	Sig. (2-tailed)	Mean difference
Legitimate power successor	Equal variances assumed	0.018	0.895	0.000	1.57848
Group Statistics					
	Legitimate power predecessor	*N*	*Mean*	*Std. Deviation*	
Legitimate power successor	≥ 4.00	41	4.5955	0.69599	
	< 4.00	22	3.0170	0.65902	

Table 9: Independent samples test and group statistics

From a descriptive standpoint, Table 9 shows that the successors' legitimate power mean values differ from 3.02 (for predecessors' legitimate power < 4.0) to 4.60 (for predecessors' legitimate power ≥ 4.0). First of all, the Levene's test for equality of variances was calculated. At a significance level of 0.895, equal variances can be assumed. The two-tailed significance level amounts to 0.000, hence H_0 has to be rejected. As a result, H_1 can be confirmed. Successors whose predecessors had a higher level of legitimate power (≥ 4.0) achieved higher levels of legitimate power ($x_{\geq 4.0} = 4.60$) than successors with less accepted (< 4.0) predecessors ($x_{<4.0} = 3.02$) at a significant level.

4.4 Integration of the methods into a theoretical framework

The overall research question was to identify the factors that influence the legitimization of the successor in family businesses. In detail, it should be examined what influence the predecessors as legitimizing agents have on the successors' acceptance, and what the successors can contribute themselves. Whether the successors are accepted by family members or other shareholders in the business besides their predecessors was not considered in this paper.

The findings from all methods applied in this study have now been summarized and portrayed in the so-called *Theoretical Framework of the Successor's Legitimization in Family Firm Succession* (cf. Figure 6). The triangulation of different quantitative and qualitative methods aimed at obtaining "knowledge about the issue of the study which is broader than the single approach provided, or to mutually validate the findings of both approaches" (Flick, 2009, p. 30). According to Kelle and Erzberger (2004), "by measuring from different points may mean that the same social phenomenon is treated by different methods" (p. 174). In this context, different aspects of and influence factors on the successor's acceptance were elaborated using interviews, photographs, and a survey. Furthermore, it might mean that "different aspects of the same phenomenon or even different phenomena" (Kelle & Erzberger, 2004, p. 174) are treated in order to unify the picture. This was, for instance, realized by considering more bases of social power in the IPI in contrast to the interviews, which focused mainly on the sole legitimate power. Next, the photographs provided a differentiated picture of the power relationships between both leaders by accounting for symbols, which could not have been discovered in the same way within the survey or the interviews.

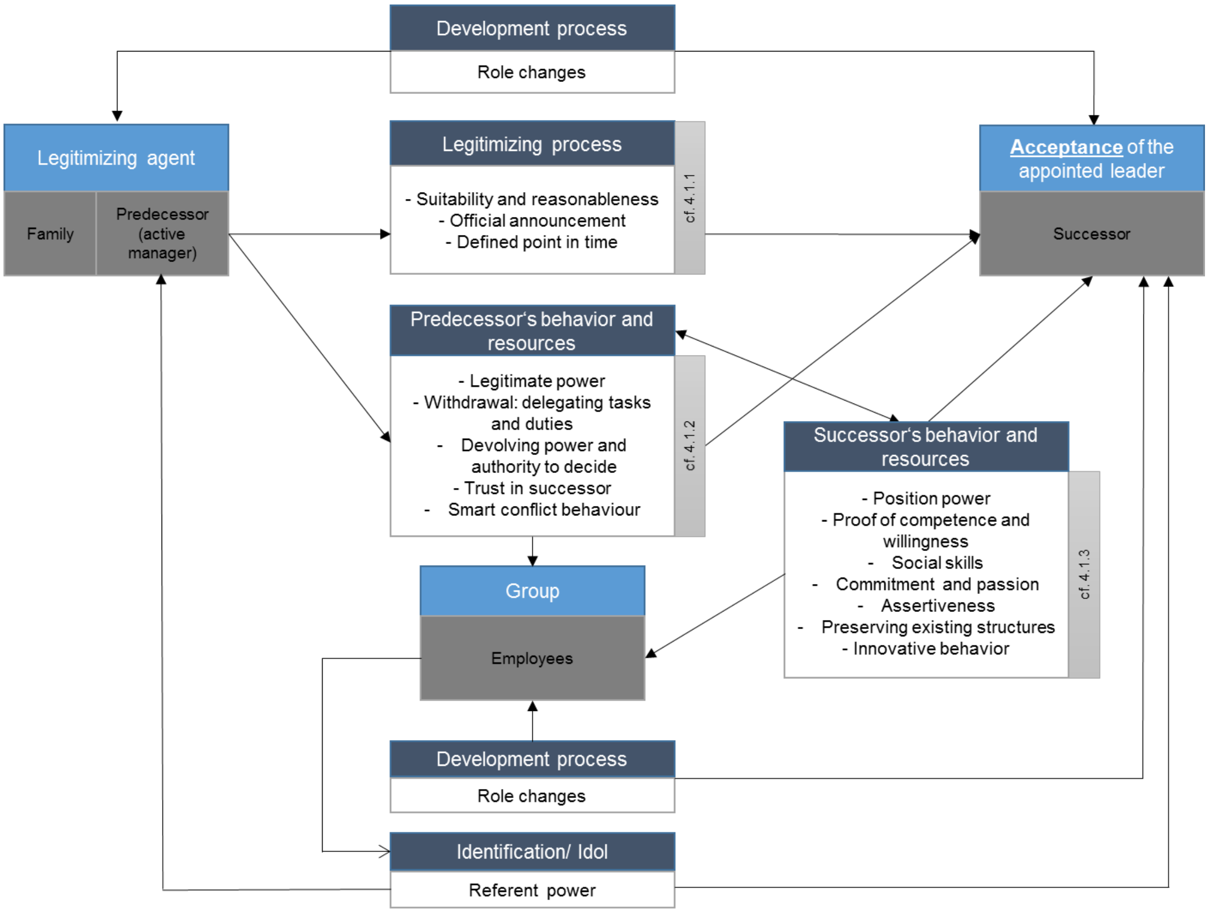

Figure 6: A theoretical framework of the successor's legitimization in family firm succession

The framework illustrates the different influence factors and their interrelationships that lead to the successor's acceptance as future leader of the firm and provides no differentiation between the various perspectives of the persons interviewed. In contrast to Figure 1 and Figure 5, the framework includes the employees' perspective as well and does not differentiate between the different succession phases. It also contains a condensed version of the predecessor's (Figure 2) and successor's (Figure 3) contribution to the latter's acceptance. Thus, Figure 6 summarizes in general what has already been presented in the previous chapters by integrating all viewpoints and components. The consolidation of all perspectives has certain advantages as, for example, a more objective view can be provided. Although predecessor and successor might have different explanations and perceptions than employees, and vice versa, a more reliable point of view is presented that might be closer to reality.

5 Discussion

This paper deals with the question of identifying influence factors on the successor's acceptance in family firm succession. Findings from qualitative focused interviews, photographs, and a quantitative survey embedded in a case study research design are condensed into a theoretical model that illustrates the identified influence factors. First of all, it remains difficult to say which determinant has the greatest influence on the successor's acceptance. On the one side, the predecessor can contribute much by showing appropriate behavior. On the other side, the successor seems to have to fulfill some necessary preconditions to get a chance. Even if the predecessors in their role as source of authority highly "recommend" their successors by appointing and supporting them, the successors need to meet certain demands. For example, they need to be skilled in both professional and social matters. In fact, many factors contribute and influence each other simultaneously, initiating a dynamic process that will be discussed in the following.

At the beginning of the legitimizing process, the predecessors deal with the question of the successors' suitability. This fits with the fact that the individuals' wishes and strengths become more and more important (trend toward individualism) and that the concept of primogeniture, which describes the transfer of the business to a family internal heir, seems to have become extinct nowadays (Halter & Schröder, 2010). This can be proven at least by numbers for the skilled crafts sector, where 58.8% of the successions took place family external in 2010, and only 41.2% of all businesses were handed over to a family internal person (Müller et al., 2011). Thus, the predecessors scrutinize the successors and undertake a kind of objective selection process to prove whether the aspirants are sufficiently able and competent (Filser et al., 2013). Breuer (2009) suggests that this even happens at an early age. If this initial suitability test is passed, the next question arises: is it in general reasonable that the candidate takes over the business? Because the transferors found themselves in a permanent dilemma between managing the business and being a good parent, they know that the successors often suffered as children from their clash of roles. The time entrepreneurs spent on the business was simply not available to the family (Breuer, 2000). It can be regarded as a sort of protection from the dilemma the predecessors went through as owner and parent themselves. Nevertheless, if the predecessors conclude that their successors are able to take over the business, this increases their commitment toward and trust in their successors. It can be seen as an initiating step in their function as legitimizing agents. Simultaneously, the successors judge the situation and evaluate constantly whether they can imagine this way of living (Breuer, 2000).

Also, other possibilities are evaluated, such as, for instance, starting a career in a family external business. These are then compared with the possibilities the family firm offers. This process of evaluating could also be found in the interviews in this study, especially in cases where the successors found a difficult market environment and were not sure whether they would succeed or not. These considerations are described as "context factors" by De Massis et al. (2008). Likewise, the authors state that a change in market conditions or an expected decline in firm performance might reduce the successor's willingness to take over.

In this study, most of the successors signaled from their early childhood on whether they were interested in and willing to take over the business one day. This includes being around in the business as a child, helping out or working during school holidays, and pursuing a career that fits into the craft context (apprenticeship as well as master craftsman education). Barach et al. (1988) identified "starting early" by joining the firm during summer jobs as a worthwhile strategy for gaining credibility (p. 54). Sharma and Irving (2005) discussed in their study antecedents and consequences for the successor's commitment to the family business. The findings in this paper concerning the successor's signals fit into the four mind-sets that the authors have identified. The successor's willingness to follow can be seen as *affective commitment* and is "desire based" (Sharma & Irving, 2005, p. 16). The identification with the occupation can be described as *imperative commitment* and might also be called "occupational entrenchment" (Carson, Carson, & Bedeian, 1995). Also, a sense of obligation to continue the business could be found in the interviews. This *normative commitment* is "largely based on expectations that the family has for their role in the business rather than an intrinsic desire to contribute to the firm" (Sharma & Irving, 2005, p. 15). It simultaneously poses the question whether there can actually be something like voluntariness to succeed. Breuer (2009) describes this as a "voluntariness myth" because, from his point of view, successors are always influenced or even compelled, even though statements such as "do whatever makes you happy" are said.

Barnes and Hershon (1989) argue that incumbents mostly do not devolve power and responsibility to their successors as long as they are alive and present in the business. This results in long phases of "cohabitation" (Breuer, 2002). It increases the successor's feeling of uncertainty and, in general, stands for contrariness and inconsistency of the predecessor's and the successor's interests, directions, and strategies (Breuer, 2002). The findings of this paper reveal that it is not always negative or disadvantageous if long phases of collaboration take place because intrinsic knowledge can be transferred more easily. Nevertheless, a defined point in time definitely facilitates the succession process, because it forces both sides to initiate and execute certain steps necessary for an effective succession. Filser et al. (2013) confirm that it is "important to address and communicate company succession at the earliest date possible" (p. 272). Deadlines can also support the completion of actions, tasks, and steps. The early establishment of a succession plan including upcoming steps and actions is therefore often mentioned in the literature (Dyck et al., 2002; Handler, 1990; Lansberg, 1988; Le Breton-Miller et al., 2004; Sonnenfeld & Spence, 1989). Moreover, it gives the successor a sense of security regarding the succession. Being supported and legitimated by the forerunner results in a feeling of self-efficacy and self-confidence, as was shown within the legitimizing process in this study.

Accompanied by this is the official announcement of the successor's start in the business. Often, the successor has worked in the business before, but the promotion to managing director, which simultaneously means that the predecessor steps aside a little bit more or even withdraws, offers an opportunity to get things formalized. In some cases, symbolic procedures took place such as, for instance, a barbeque or company parties. All in all, it can be said that making it official fosters the acceptance of the successor. As Breuer (2009) mentions, "formalizing the succession" also has consequences for the predecessor and the successor. Both might feel more secure regarding their future life: while the predecessors can more easily retire from the business and look for alternative life tasks, because they have the security that the business is going to be continued, the successors can start making concrete plans about their "independent, entrepreneurial venture" (Breuer, 2009, p. 314).

The results concerning the predecessor's behavior correspond to findings in the literature, where the predecessors take the role of a supervisor in the beginning by assigning tasks while being the immediate superior, by giving feedback, and by correcting mistakes (Cadieux, 2007). Also, that the predecessors remain active in the firm and are in charge of specific tasks might be caused by their long lasting and sole responsibility for the business in the past. Frequently, the successors do not want to exclude them from their life work (Cadieux, 2007). By proving their competence, the successors grow into their new responsibilities, which simultaneously disburdens the predecessors. Thus, the predecessor's withdrawal from the business gradually empowers the new leader, showing that the successor has proven his/her abilities and the predecessor trusts him/her. Chrisman et al. (1998) also identify trust as an important variable in their study about important attributes of the successor for an effective succession and regard it as even more important than competence. In this study, trust on the part of the predecessor in his/her successor has been identified as a condition sine qua non. Furthermore, Goldberg and Wooldridge (1993) have shown that the incumbent's confidence in the successor's willingness to take over the business is correlated with the predecessor's ease in empowering the new leader and transferring his/her authority to him/her. In the interviews in this study, these aspects have also been discovered: the predecessors recognized over time whether they could rely on their successors and whether they aimed at ensuring the general good of the company. If this was approved, the predecessor was more willing to devolve the autonomy to decide to the successor step by step. Confidence and mutual trust is also one of the influencing factors that Koffi and Lorrain (2010) mention in their study. It is obvious that this is also a process because the predecessor will not step aside right from the beginning. More likely, after the entry of the scion, the incumbent acts as a coach by introducing the successor to the operating processes, by transferring knowledge, and by introducing him/her to all stakeholders. In the course of the joint-reign phase, the roles then change to the predecessor as a mentor and consultant, whereas the successor also moves into a new role, as Handler (1990) and Brückner (2011) have revealed: "The owner's role adjustment is therefore defined in terms of a diminishing level of involvement and authority" (Handler, 1990, p. 43). Taking over full responsibility occurs after several years, making it easier for the employees to perceive the successor as head of the firm on an equal footing, because they do not view the successor as a "helper" any more. Findings in this paper reveal the predecessor as an initiator of this role development and identified his willingness as indispensable. The process is completed by the predecessor's retirement from the firm, as findings from the photograph section in this paper also reveal. The predecessors' final withdrawal was accomplished by giving up their offices, which empowered the successor to become an independent and effective leader. Goldberg and Wooldridge (1993) stated in their paper that "effective succession is not likely to occur as long as the predecessor is still involved in the business" (p. 65). This can be confirmed from findings in this paper, where the successor's acceptance was highest in cases where the predecessor had already left the business.

Empowering of the successor also means that the predecessor protects the successor from all doubters who might want to harm him (Koffi & Lorrain, 2010) and that he is loyal to him in any case of conflict (Cadieux, 2007). This behavior could be observed in this study concerning male predecessors as well—and not only in conjunction with women business leaders, as Koffi and Lorrain (2010) argue. Furthermore, the development process, which was observed in the case studies, mainly referred to behavioral patterns regarding family tradition and roles. In some cases, it was difficult for both predecessor and successor to leave manifested father–son or father–daughter roles and to become equal partners. A reason for this might lie in the difficulty for predecessors to get rid of father–child patterns that had worked in the family system, but turned out to fail in the business environment (Breuer, 2009): "You remain the child in perpetuity" (Successor 9, Firm E). Now both parties have to disengage themselves from their initial roles as parent and child and develop an equal partnership free from past behavioral patterns. Otherwise, the successor might also be perceived as an everlasting child on the part of employees, which endangers his/her legitimate position.

As mentioned before, legitimate power is described as the most complex source of power, but also the most effective one in achieving influence (French & Raven, 1959). From the findings across all methods, it could be deduced that the predecessors often inherit and maintain an enormous amount of legitimate power, particularly position power. On the one side, the attribution or possession of legitimate power empowers the predecessor as legitimizing agent to choose the successor. In particular, this was impressively seen in the survey results (IPI), where the legitimate power of the predecessor had the greatest influence of all variables on the successor's acceptance. Furthermore, forerunners holding a large amount of legitimacy simultaneously had successors with high legitimate power. Thus, the successor's legitimate power was a direct reflection of the power and status of the legitimizing authority (Bass & Bass, 2008). On the other side, the predecessor's expert power, that is his knowledge, expertise, and skills, negatively influenced the successor's acceptance. Moreover, a high level of identification or idealization on the part of employees with the predecessor (referent power) affected the successor's position negatively. In other words, the predecessor often remained the senior boss with a wide influence based on his/her former formal position—even if he/she had withdrawn from the business. This is a result of many factors, for example, the huge knowledge and wealth of experience the predecessor holds, or simply because the predecessor has been their boss for a very long time period and the subordinates often hold close relationships with him, as Lansberg (1988) explains. The predecessor's retained strong influence was described as a "lighthouse effect" in this paper.

Nevertheless, the successors have to develop their own positions in the business by showing commitment and passion. Instead of sitting in a well-feathered nest, proving their abilities can be a long and sometimes exhausting job. An interview excerpt from Steier's (2001) study confirms this: "When there is a family business, your father can give you some credibility, but you also have to build it for yourself" (p. 271).

What can the successors now contribute themselves? The competence of the future leader has already been mentioned as one determinant for gaining legitimation in Hollander's theory (1964). The results of this study therefore conform to existing psychological theory, as the professional expertise of the successor could be identified as a striking factor for proving oneself as adequate for the position as new leader. Although measuring competence is difficult, different studies from succession literature involved proxies such as "education", "experience in family business", "experience outside family business", "financial skills", "technical skills", and other variables (Chrisman et al., 1998). In this study, especially technical skills, experience outside the family business, and education were most important. What cannot be proven is whether the evaluation of the successor's competence is independent from the source of authority or whether the predecessor's suitability test is one precondition for the employees to consider the successor as able. Although Read (1974) supposes that the leader's competence is judged independently from the legitimizing agent, other authors stress the source of authority as a moderating variable (Hollander & Julian, 1969). From the findings in the interviews, it can be said that the employees seemed to have a clear understanding of the successor's abilities independent from the predecessor's opinion. In contrast, the survey results (IPI) did not identify the successors' expert power as a relevant influence variable for their acceptance. Nevertheless, because of the emphasis on required expertise in the focused interviews across all perspectives, it was decided to retain it in the theoretical framework. As Filser et al. (2013) state in their conclusion, one of the prerequisites to continue the business is competence on behalf of the successor: "Incompetence leads to a lack of trust" and "a lack of trust on behalf of the employees might also affect the acceptance of the successor" (p. 272). This statement can be confirmed thoroughly.

The new leader's group-conforming behavior turned out to be another important aspect. Conformity refers to "a set of behaviors, displayed in a given situation, evidently in keeping with certain demands of the social situation" (Hollander, 1964, p. 185). First, the successors need to be aware of a given group norm and, second, their manifest behavior should be in concordance with these group norms (Hollander, 1964). Hence, the group itself determines the group norms, which consists of the subordinates in the case of an organization: “It is possible, indeed highly probable, that conforming behavior for one individual may be nonconforming with another, in terms of the perceptions of the group members in the situation” (p. 187). The question is how should a successor behave toward the subordinates in order to gain acceptance? Different aspects, found in the interviews, can be ascribed as group-conforming behavior. One of the most striking points was that the employees expected him to be very social and sensitive. They appreciated successors who keep their feet on the ground, who behave authentically, and who do not act as if they own the place. Yukl (2002) also emphasizes that ineffective leaders who exercise power in “an arrogant, manipulative, and domineering manner” (p. 185) are more likely to raise resistance.

Furthermore, showing passion and commitment for the business and love for the products were factors that helped the successor to gain acceptance. Chrisman et al. (1998) identified commitment to the business as one of the two most important attributes a successor should hold. The authors argue that commitment strongly alludes to trustworthiness and the successor’s real and honest intentions. Simultaneously, the employees admired the successors in a way for their passion and their skills. This can be compared with French and Raven’s (1959) referent power, which enables the superior person to influence a subordinate because of his/her identification with him (French & Raven, 1959). In concordance, findings from the IPI revealed that a high amount of referent power resulted in higher acceptance levels of the successor.

Also, Lambrecht (2005) identified love for the product as one of three reasons why the family considered it as important that the family business was continued by the family. Although not directly associated with the successor’s acceptance, the “fulfillment of values” (Lambrecht, 2005, p. 275) might also be part of the successor’s group-conforming behavior. Furthermore, contributing to the work output by lending a hand when things get stressful, while simultaneously being assertive and making positions clear to others, was seen as a necessary characteristic a successor should have. Associated with the successor’s presence in the day-to-day business is his/her possibility of controlling the group’s tasks and outputs. This enables him/her to correct the subordinates if they make mistakes, and to change processes if something goes wrong. Rudimentarily, this could be compared with French and Raven’s (1959) coercive power, which is based on the subordinates’ perception that the superior person has the right to disapprove or animadvert the subordinates. It also alludes to the control of group activities, which appeared to be one facet of measuring the legitimization of leaders in small groups in different questionnaires (Anderson & Wanberg, 1991; Kehr, 2000).

Although it is demanded from the successors to behave according to existing group norms, they should simultaneously behave innovatively, which displays a breakup with existing patterns. Hollander (1964, 1987) developed the so-called Idiosyncrasy Credit Model, which solves the paradox. The more accepted the “would-be leader” is (Hollander, 1985, p. 502), the larger is the room for development he/she is granted to behave in a nonconforming manner. To receive this credit, the legitimated leader should behave competently and conform in the beginning. After he/she has "proven" his/her position and gained a sufficient amount of trust, his/her nonconformity can lead to innovation and a change in social structures at a later date (Hollander, 1985). This also highlights a certain process perspective and, accordingly, these patterns could also be found in the interviews. In rare cases, the successors initiated radical changes at the beginning of their career in the business. In contrast, after a while and after they had maintained and extended their position inside the firm, the successors became more courageous and suggested innovations. One reason therefore might lay in the frequently observed predecessors' resistance to changes. It was necessary that at least they were on the successor's side. Furthermore, employees with a major age difference from the successor and thus a longer job tenure were more skeptical toward changes than others. An adjustment to new structures or products requires a shift in attitude, which older employees more often seemed to lack. Lansberg (1988) attributes this to the employees' fear of changing processes that might "restrict their autonomy and influence" (p. 130). Cabrera-Suarez, Saa-Perez and Garcia-Almeida (2001) also state that the successor must consider operational and organizational structure within the firm, but should not reject them without having good reasons. Nevertheless, for the future success of the business, it is of the "utmost importance that family firms develop an entrepreneurial mindset that allows them to identify and exploit opportunities in their environments" (Kellermanns & Eddleston, 2006, p. 809). Innovative behavior is thereby closely connected to corporate entrepreneurship and includes product as well as process innovation and the pursuit of new markets (Covin & Miles, 1999; Zahra, Neubaum, & Huse, 2000). Furthermore, a business's willingness to change is positively associated with corporate entrepreneurship, as Kellermanns and Eddleston (2006) found out. But, as "first generation family businesses are often based on innovative ideas, after a few years, they often lose their entrepreneurial momentum" (Salvato, 2004). Thus, it might be in the charge of the successor to "rejuvenate, recreate, and reinvent" (Kellermanns & Eddleston, 2006, p. 813)—especially when the family is still owned and managed by multiple generations (Jaffe & Lane, 2004). It proved to be a good strategy for the successors to behave competently and conform to the group norms in the beginning. But strongly connected with the acceptance of the successors in their role as new leaders, it was also expected that certain things might change. At this stage, the successors should implement new ideas and show innovative behavior.

6 Conclusion, Contribution, and Limitations

Filser et al. (2013), in their review about psychological aspects of succession in family business management, complain that most of the existing, empirical studies do not focus exclusively on psychological aspects, conflicts, and emotions. This study contributes to this special field of interest. It examines the influence of several potential sources on the successor's acceptance in family businesses and takes the bases of social power approach as underlying theory from social psychology into consideration.

It could be shown that the predecessors as legitimizing agents have a remarkable influence on establishing the new leader—regarding their behavior and certain considerable actions. The survey results revealed that the predecessor's level of acceptance measured by his/her amount of legitimate power has a great influence on the successors' acceptance as future leader from the subordinates' point of view. Furthermore, the degree of identification with predecessors appeared to have a negative influence on the successor's position in the firm, whereas enjoying high popularity as successor had a positive effect. As mentioned above, especially in joint-reign phases, where predecessor and successor collaborate, this might become a problem. Hence, a dilemma occurs: on the one side, one could recommend shortening the joint-reign phase as much as possible due to the predecessors' power and strong position that might outperform the successors' authority. On the other side, this phase is especially important for transferring knowledge and expertise (Churchill & Hatten, [1987] 1997). Successors and predecessors should therefore try to communicate with each other as much as possible in order to exchange views and to prevent conflict. However, the predecessors should be willing to share knowledge and to assign responsibilities.

But the successor himself also contributes to his/her legitimation by acting competently and being socially skilled. Although the successor's expert power was not of significant influence in the survey, it was often mentioned in the interviews across all parties. Moreover, proving their intrinsic wish and willingness to take over, showing their passion for the business as well as for the products, and demonstrating assertiveness if appropriate were further influence factors increasing their acceptance, authority, and reputation in the business.

Furthermore, other aspects were revealed to be important, such as for example the early announcement of the new leader at a defined point in time as part of the legitimizing process. It could be seen that all suggested influential aspects stemming from the small group experiments and the underlying theory (French & Raven, 1959; Hollander, 1964) can be confirmed in the field. Furthermore, the meaning of the term "conformity with group norms" was elaborated in the context of family succession, namely displaying commitment to the products and business, showing passion, having leadership qualities, and finding a balance between preserving existing structures and initiating changes. Although the succession literature suggests different attributes the successor should hold in order to achieve an effective succession and has elaborated on the conducive behavior of predecessors toward their successors, the presented model illuminates the influence factors especially in terms of the successor's legitimacy and therefore presents a new view that considers different bases of social power.

The non-family employees' perspective and feelings during a succession are also an often-mentioned research topic with a further need to investigate (Filser et al., 2013; Havla, 2014). This study tries to fill this gap and contemplates the succession also from the employee's point of view by involving their perspective in the interviews and in the survey. Also, conducting interviews with different people contributes to the concept of triangulation that is one keyword in conjunction with qualitative research.

As Flick (2009) states, it can be used, on the one hand, as a strategy for improving the quality of qualitative research. On the other hand, *triangulation* "describes and formalizes the relation between qualitative and quantitative research". Denzin (1989) developed a systematic approach to triangulation for social research in the 1970s. He distinguishes four different types of triangulation: *data*, *investigator*, *theory*, and *methodological triangulation*. Especially the data triangulation was applied by collecting data from different individuals, in particular the predecessors, successors, and employees. This enables the researcher to have a look at one problem from different perspectives, which strengthens the validity of the developed model. For instance, competence and participation in the day-to-day business were variables not only mentioned by employees, but also by the predecessors. Still, a longitudinal study (Flick, 2009), which would have analyzed the cases again at a later date and therefore would have provided more information about the change in the successor's status and influence, has not been executed. Examining the long-term perspective of the succession process would have gone beyond the scope of this study.

Furthermore, all findings are summarized in a theoretical model, which depicts all influence factors in a descriptive manner. One of its major contributions is the systemization and structuring of a complex topic—the process of legitimizing a successor in family firm succession. To use Lewin's (1945) often-quoted endorsement of theory that views theory as key in guiding effective practice: "There is nothing so practical as a good theory" (Lewin, 1945; cited from Sharma, 2004, p. 2). Nevertheless, theoretical models always provide a simplified representation of reality.

The greatest limitation of the model might be its assumption that there is only one predecessor, who selects one successor. But in many family businesses, the appointment of the successor is a consequence of a democratic choice by different family members. In this study, family members who might also have influenced the appointment process as legitimizing agents as well as sibling successors or groups of successors were not considered. Also, the support of family employees working in the business and their influence on the acceptance of the successor has not been analyzed. What makes a family business a family firm—its "familiness", which can be described as "resources and capabilities related to family involvement and interactions" (Chrisman, Chua, & Litz, 2003, p. 468), is thus neglected. However, that ownership is not split up between large numbers of family members is a typical characteristic of the German crafts sector (Müller et al., 2011).

There is clearly a need to conduct empirical studies, which confirm or contradict the different aspects of the model. The IPI, which was used in this study, is a questionnaire based on social power theory and focuses on power and influence (Raven, 2008). But to test the single aspects of the theoretical framework, a more practical approach is needed, which is closer to the model. This would involve the development of a specific questionnaire that consists of all dimensions and factors the model contains.

Further investigation should also focus on whether the model can be confirmed within industries different from the skilled crafts sector and within businesses from other countries, where the successor's authority might play a different role, for example in more or less hierarchical organizational settings. So it remains questionable whether the successor's expertise plays the same important role in other industrial sectors or whether this finding is caused by the legal entry requirements that craftspeople have to fulfill when starting or managing a business. On the other side, competence was identified as a striking influence variable even in small group experiments. For this reason, the results might still be generalized. Also, it should be further elaborated whether the model can be applied independently from the mode of succession (internally within the family or externally). Although two cases had family external successors, these forms of succession surely have their own characteristics that need to be considered further in greater detail.

Another limitation of the study is the fact that, in most of the cases, the successors were perceived as highly accepted. In only one business did the successor seem to be less accepted. Unfortunately, it was not possible to conduct interviews with the predecessor and employees in this conflict-riddled case, which is why their perspectives are missing. Here, the successor not only lacked technical competence, which is why she could not prove her abilities in the business, she also struggled for authority and control because her predecessor undermined it constantly. Hence, it is questionable whether findings from this case are sufficient for generalizing the identified antecedents and causes for a less accepted leader.

Nevertheless, the predecessor was revealed as legitimizing agent with an enormous influence on the successor's acceptance due to his position power. Because all transferors appeared to have a great amount of power and experienced respect and appraisal, the consequences of having a less powerful perceived forerunner are difficult to predict. Certainly, such cases remain difficult to identify in the field, because it can be assumed that the majority of owners and predecessors are accepted by their associates. Disloyal employees can expect to be dismissed if they do not meet expectations or behave inappropriately. At least, results from the IPI indicated the tendency for predecessors with less legitimate power to entail less accepted successors, even if their absolute level of legitimacy was still medium to high. Hence, the consequences of a not completely legitimated source of authority are not predictable in the present study and could be the subject of further investigation.

In the end, the successor's rise in the family firm is a long and weary journey including many imponderables for everybody affected by the succession. Results of this study lead us to assume that the success of positioning a new leader depends, on the one side, on the predecessor's role as source of authority and, on the other side, how the successor can contribute enormously to his/her own standing. This paper aimed to supporting the predecessor, successor, and employees to overcome obstacles in the path of succession and provided valuable advice about how the new leader of the business can gain a foothold and acceptance. This in turns enables him/her to perpetuate the family business and to continue the family tradition—until the next generation steps in.

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Appendix

Appendix 1: Data privacy statement in German

Erklärung der Projektleitung

Hiermit erklärt die Projektleiterin, Dipl.-Kffr. Alexandra Zehe,

- dass alle von Ihnen in den Interviews gemachten Angaben vollständig anonymisiert bzw. pseudonymisiert werden, so dass ein Rückschluss auf Ihre Person nicht möglich sein wird,
- dass personenbezogene Daten (Audiodateien und deren schriftliche Version) nur in passwortgesicherter Form und getrennt von den Kontaktdaten (Namen und Adressen) aufbewahrt werden und nur die Projektleitung sowie die Projektmitarbeiter/-innen Zugang zu diesen Daten haben,

und

- dass sowohl die Audiodatei, die verschrifteten Transkripte als auch die personenbezogenen Daten auf folgende Art und Weise aufbewahrt werden: passwortgeschützte Lagerung auf einem externen Speichermedium, Zugang zu den Originaldaten hat nur die Projektleiterin.

____

(München, (Datum), Dipl.-Kffr. Alexandra Zehe)

Appendix 2: Agreement with interviews

Einwilligungserklärung der / des Interviewten

Hiermit erkläre ich, **(Name des Interviewten),** mich einverstanden,

dass die anonymisierte Version des Interviews und etwaiger Folgeinterviews im Rahmen des oben genannten Forschungsvorhabens und damit verbundenen Publikationen und Vorträgen genutzt werden kann.

Über die vertrauliche und anonymisierte Verwendung meiner Daten bin ich von Frau Alexandra Zehe aufgeklärt worden.

____

(Ort), den (Datum), (Name des Interviewten)

Appendix 3: Exemplary interview guide for a focused interview with an employee

I. Welcome and introduction

II. Information about privacy protection and confidentiality

III. Interview

1. To start with, please tell me how you came to work with this firm.
2. Tell me a little bit about your job.
3. You have been working for this business for several years. Please tell me how have you perceived and experienced the succession.
4. How has the entry of the successor into the firm been proceeded?
5. What do you think, who was involved in this step?
6. What do you think, how was it for the successor?
7. How was it for you as an employee?
8. What do you as an employee consider an important attribute that the successor needs to bring along when continuing the business?
9. You did mention some factors. How has it been applied in this firm?
10. Supervisors often represent authoritarians. How about both of your supervisors?
11. What is important to you, so that you accept someone as your supervisor?
12. What do you think, to what extent has the predecessor affected the positioning of the successor?
13. Now both supervisors are working in the business. What does that mean for you?
14. Please tell me how has the collaboration been between you and the successor so far?
15. Does the cooperation between you and the predecessor differ?
16. I'm going to show you a film-sequence next and ask you some questions regarding it afterwards. [Film Buddenbrooks] What spontaneously comes to your mind regarding this sequence?
17. Can you understand the successor's desire for change?
18. You have been working with this business for several years. How long have you already known the successor?
19. What do you think, how is it going to be for you, when the predecessor is gone one day?
20. What do you think, how is it going to be for the predecessor himself when the successor officially continues the business on his own?

Appendix 4: Exemplary interview guide for a focused interview with a predecessor

I. Welcome and introduction

II. Information about privacy protection and confidentiality

III. Interview

1. You have taken over the business from your father. To start with, please tell me how and when did you discover your interest in the business?
2. I'm going to show you a film-sequence next and ask you some questions regarding it afterwards. [Film En familie] What spontaneously comes to your mind regarding this sequence?
3. Can you remember, how was it for you at that time?
4. After you had agreed with your son/daughter about succeeding in the business, how did things continue afterwards?
5. What do you think—how was it for your son/daughter at that time?
6. How was it for you then?
7. Which general requirements should a successor fulfill in your opinion?
8. You did mention some factors. How has it been applied in this firm?
9. Supervisors often represent authoritarians. Would you agree?
10. Would you consider yourself as authoritarian? How does this differ from your son/daughter?
11. In what way do you think does your behavior affect the positioning of your son/daughter within the firm?
12. Please tell me something about the collaboration with your son/daughter in the business.
13. Again, I'm going to show you a film-sequence next and ask you some questions regarding it afterwards. [Film Buddenbrooks] What spontaneously comes to your mind regarding this sequence?
14. Can you understand the successor's desire for change?
15. What changes do you expect after the handover to your son/daughter?
16. What do you think, which expectations will your son/daughter have to meet?
17. How do you feel when thinking about your own future? Do you already have plans?

Appendix 5: Interpersonal Power Inventory (Raven et al., 1998); original and German versions

	English		*German*
Power base	**No.**	**Item**	**Item**
Reward Impersonal	1	A good evaluation from my supervisor could lead to an increase in pay.	Eine gute Beurteilung meines Chefs könnte eine Gehaltserhöhung herbeiführen.
	22	My supervisor could help me receive special benefits.**	Mein Chef könnte mir zu besonderen Vorteilen verhelfen.**
	37	My supervisor's actions could help me get a promotion.	Das Handeln des Chefs könnte mir zu einer Beförderung verhelfen.
	41	I expected to get some favorable consideration for this.*	–
Coercive Impersonal	6	My supervisor could give me undesirable job assignments.*	–
	13	My supervisor could make things unpleasant for me.	Mein Chef könnte manche Dinge unangenehm für mich werden lassen.
	31	My supervisor could make it more difficult for me to get a promotion.	Mein Chef könnte es mir erschweren, eine Beförderung zu erhalten.
	39	My supervisor could make it more difficult for me to get a pay increase.	Mein Chef könnte es mir erschweren eine Gehaltserhöhung zu erhalten
Expert Power	3	My supervisor probably knew the best way to do the job.***	Mein Chef wusste vermutlich am besten, wie die Arbeit richtig zu erledigen war.***
	19	My supervisor probably knew more about the job than I did.	Mein Chef wusste vermutlich mehr über die Arbeit als ich.
	26	I trusted my supervisor to give me the best direction on this.*	–
	38	My supervisor probably had more technical knowledge about this than I did.	Mein Chef hatte vermutlich ein größeres technisches Wissen über die Sache, als ich es hatte.
Referent Power	5	I respected my supervisor and thought highly of him/her and did not wish to disagree.	Ich respektierte meinen Chef und hielt sehr viel von ihm, daher wollte ich nicht widersprechen.
	15	I saw my supervisor as someone I could identify with.	Ich sah in meinem Chef jemanden, mit dem ich mich identifizieren konnte.
	27	We were both part of the same work group and should have seen eye-to-eye on things.*	–
	35	I looked up to my supervisor and generally modeled my work accordingly.	Ich schaute zu meinem Chef auf und gestaltete grundsätzlich meine Arbeit dementsprechend.
Informational Power	4	Once it was pointed out, I could see why the change was necessary.	Als erst einmal darauf hingewiesen worden war, verstand ich, warum die Meinungsänderung notwendig war.
	17	My supervisor had carefully explained the basis for the request.*	–
	24	My supervisor gave me good reasons for changing how I did the job.	Mein Chef nannte mir gute Gründe dafür, die Art und Weise, wie ich meine Arbeit erledigte, zu ändern.
	42	I could then understand why the recommended change was for the better.	Ich konnte sodann verstehen, warum die empfohlene Änderung zum Besseren war.
Legitimacy/ Position	2	After all, he/she was my supervisor.**	Im Grunde war er doch mein Chef.**
	20	It was his/her job to tell me how to do my work.*	–
	28	My supervisor had the right to request that I do my work in a particular way.	Mein Chef hatte das Recht zu verlangen, dass ich meine Arbeit auf eine bestimmte Art und Weise erledigte.
	34	As a subordinate, I had an obligation to do as my supervisor said.	Als Untergeordneter hatte ich die Pflicht das zu tun, was mein Chef mir sagte.

Legitimacy/ Reciprocity	7	My supervisor had done some nice things for me in the past so I did this in return.*	–
	12	For past considerations I had received, I felt obliged to comply.	In Anbetracht früherer Gegenleistungen, fühlte ich mich verpflichtet zuzustimmen.
	32	My supervisor had previously done some good things that I had requested.****	Mein Chef hatte früher auch schon ein paar Nettigkeiten getan, um die ich ihn gebeten hatte.****
	43	My supervisor had let me have my way earlier so I felt obliged to comply now.	Mein Chef ließ mich früher schon einmal meinen Willen durchsetzen, weshalb ich mich nun verpflichtet fühlte, zuzustimmen.
Legitimacy/ Dependence	9	It was clear to me that my supervisor really depended on me to do this for him/her.*	–
	16	Unless I did so, his/her job would be more difficult.***	Wenn ich es nicht so getan hätte, wär seine Arbeit sicherlich erschwert.
	25	I understood that my supervisor really needed my help on this.	Ich verstand, dass mein Chef diesbezüglich meine Unterstützung wirklich benötigte.
	40	I realized that a supervisor needs assistance and cooperation from those working with him/her.	Ich erkannte, dass ein Chef Unterstützung und Zusammenarbeit von denen benötigt, die mit ihm arbeiten.
Legitimacy/ Equity	11	By doing so, I could make up for some problems I may have caused in the past.***	Dadurch konnte ich einige von mir in der Vergangenheit verursachte Probleme wieder gut machen.***
	21	Complying helped make up for things I had not done so well previously.	Durch das Befolgen der Aufforderung konnte ich einige Dinge, die ich vorher einmal nicht so gut erledigt hatte, wieder gut machen.
	30	I had made some mistakes and therefore felt that I owed this to him/her.****	Ich hatte einige Fehler gemacht und daher fühlte ich, dass ich ihm dies schuldete.****
	36	I had not always done what he/she wished, so this time I felt I should.*	–
Personal Reward	8	I liked my supervisor and his/her approval was important to me.**	Ich mochte meinen Chef und seine Anerkennung war wichtig für mich.**
	14	It made me feel better to know that my supervisor liked me.*	–
	29	My supervisor made me feel more valued when I did as requested.	Mein Chef gab mir das Gefühl, wichtig zu sein, wenn ich so tat, wie von mir gewünscht.
	33	It made me feel personally accepted when I did as my supervisor asked.	Ich hatte das Gefühl persönlich akzeptiert zu sein, wenn ich so tat, wie mein Chef von mir verlangte.
Personal Coercion	10	I didn't want my supervisor to dislike me.*	–
	18	It would have been disturbing to know that my supervisor disapproved of me.**	Es hätte mich gestört zu wissen, dass mein Chef mich missbilligt.**
	23	My supervisor may have been cold and distant if I did not do as requested.	Mein Chef wäre wohl kalt und distanziert gewesen, wenn ich nicht das tat, was von mir gewünscht war.
	44	Just knowing that I was on the bad side of my supervisor would have upset me.	Allein das Wissen, dass ich mich bei meinem Chef unbeliebt machte, hätte mich aufgeregt.

* not included in survey

** deleted (PD/SC)
*** deleted PD
**** deleted SC

Appendix 6: Exemplary excerpt from the coding scheme regarding the successor

Second Cycle Codes	**First Cycle Codes**
Career	Independent decision about career
	Secondary education
	Vocational training/apprenticeship
	Internship in alien firms
	Experience in alien firms
	Studies/management assistant certified by the local Chamber of Trade
	Further training
	No experience in own firm
	Lacking vocational training
	High-flyer
	Self-employment
Required characteristics	Interpersonal skills
	Professional competence
	General education
	Personality/charisma
	Passion
	Identification with business/products
Leadership style	Cooperative/participative
	Authoritarian/dominant/patriarchal
Authority/acceptance/respect	(–) No acceptance
	(+) Acceptance
	Power
	Group-conforming behavior
	Legitimizing agent (predecessor)
	Age differences (employees vs. successor)
	Gender
	Development process
	Symbolism

Appendix 7: Detailed case description including critical incidents

Firm	Legal form	Succession phase	Activeness/Role of predecessor	Activeness/Role of successor	Distribution of shares	Critical incident	
Meaning		Official state of succession	How active is the predecessor?	How active is the successor?	Who is the owner?	What forced the successor's decision to enter the business?	In detail
A	Limited liability company (GmbH)	joint-reign	highly active	Managing director and co-owner	PD: 50% SC: 50%	intra-family upheavals; expansion of the business (new production hall, opening of new stores)	divorce of parents; successor takes over the mother's shares; expansion goes along with successor's financial commitment
B	Private limited partnership (KG)	joint-reign	medium active	Managing director and co-owner	PD: 25% SC: 75%	no critical incident—entry after finishing studies	
C	Sole proprietorship	joint-reign	less active	Managing director, but no shares	PD: main shareholder	necessary renewal of investments	successor is willing to take over temporarily for the next 5 years
D	BGB company (GbR)	joint-reign	highly active	Managing director and co-owner	both	no critical incident—entry after finishing studies and gaining sufficient reasonable firm external work experience	
E	Gmbh & Co. KG	joint-reign	medium active	Managing director, but no shares	PD: main shareholder	predecessor's illness	successor terminates current employment in order to fill in for the ill predecessor; predecessor recovers after half a year

F	Gmbh & Co. KG	joint-reign	medium active	Managing director, but no shares	PD: main shareholder	necessary renewal of investments and expansion of workshop	expansion goes along with successor's financial commitment
G	Limited liability company (GmbH)	withdrawal	less active; intermittent specific tasks/ consultant	Managing director, but no shares	PD: main shareholder for actuarial reasons	predecessor's illness	
H	Sole proprietorship	withdrawal	less active; intermittent specific tasks	Managing director, but no shares	PD: main shareholder	fire destroys two stores; decision to rebuild the stores dependent on successor's entry decision	predecessor withdraws and retires after the fire and focuses on other tasks; successor takes full responsibility for the business
I	Sole proprietorship	withdrawal	not active	Managing director and owner	SC: 5% 20 years ago; now main shareholder with 100%	necessary investments; rebuilding of workshop	even 20 years ago, decision was made that one employee will succeed one day; in return for his commitment, the successor received 5% of the shares as gift and incentive to take over definitely and the new workshop was built
K	Gmbh & Co. KG	withdrawal	not active	Managing director and owner	SC: asset deal, 100%	predecessor's death causes his wife to take over (temporarily); wife continues business for several years and decides for reasons of age to sell the business	biological son is not regarded as capable and sufficiently passionate

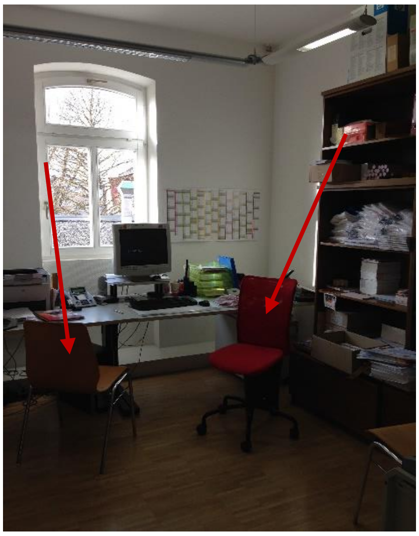
Appendix 8: Exemplary photographs of the predecessor's and successor's offices

Firm B: Joint-reign phase, shared offices with own desks


Successor's desk

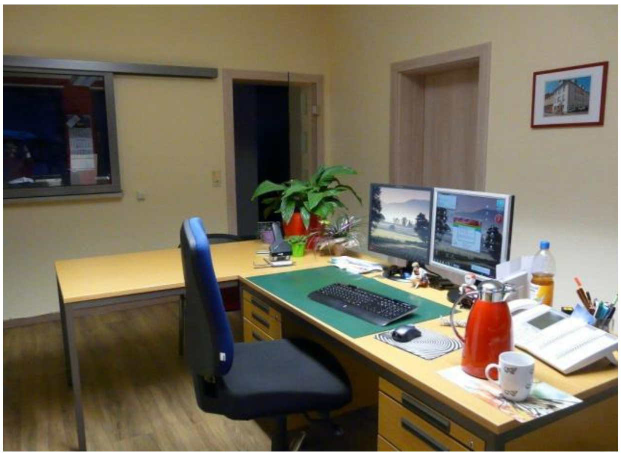

Predecessor's desk

Firm D: Joint-reign phase, shared offices, no own desks


One desk with two chairs

Firm E: Joint-reign phase, own offices, own desks

Predecessor's office



Successor's office (renovated)

Firm G: Withdrawal phase, successor has taken over predecessor's office

Appendix 9: Calculation of Cronbach's alpha

Aggregated Social Power Base item	Item 1	Item 2	Item 3	Sample	Cronbach's alpha	Deleted item	Achieved Improve-ment	Achieved Cronbach's alpha	Original IPI
Reward Impersonal	1	22	37	PD	0.712	-	-	0.712	0.84
				SC	0.788	-	-	0.788	
Coercion Impersonal	39	13	31	PD	0.829	-	-	0.829	0.82
				SC	0.851	-	-	0.851	
Expert	3	19	38	PD	0.753	-	-	0.753	0.83
				SC	0.783	-	-	0.783	
Information	4	24	42	PD	0.555	-	-	0.555	0.81
				SC	0.655	-	-	0.655	
Legitimate Equity	11	21	30	PD	0.737	-	-	0.737	0.86
				SC	0.731	-	-	0.731	
Legitimate Reciprocity	32	12	43	PD	0.532	-	-	0.532	0.67
				SC	0.571	32	+0.111	0.682	
Referent	15	5	35	PD	0.458	-	-	0.458	0.73
				SC	0.475	-	-	0.475	
Reward Personal	8	33	29	PD	0.481	8	+0.242	0.723	0.74
				SC	0.484	8	+0.138	0.622	
Coercion Personal	18	44	23	PD	0.519	-	-	0.519	0.81
				SC	0.517	18	+0.155	0.672	
Legitimate Position	2	28	34	PD	0.453	2	+0.253	0.706	0.78
				SC	0.509	2	+0.126	0.635	
Legitimate Dependence	25	16	40	PD	0.580	-	-	0.580	0.72
				SC	0.515	-	-	0.515	

Appendix 10: One-paired Kolmogorov–Smirnov test

		Legitimate power predecessor	*Legitimate power successor*
N		63	63
Normal parameters[a,b]	Mean	4.3148	4.0443
	Std. Deviation	1.01674	1.01735
Most extreme differences	Absolute	0.079	0.060
	Positive	0.037	0.060
	Negative	–0.079	–0.049
Test statistic		0.079	0.060
Asymp. sig. (2-tailed)		0.200[c,d]	0.200[c,d]

a. Test distribution is normal.

b. Calculated from data.

c. Lilliefors significance correction.

d. This is a lower bound of the true significance.

3 ESSAY 2

INNOVATION TYPES AND INFLUENCE FACTORS ON COMMITMENT AND RESISTANCE TO CHANGE DURING SUCCESSION IN FAMILY SMES

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Abstract

Being and remaining innovative is one of the main factors for sustaining a business in the long term. This topic gains particular importance when a succession takes place in family firms as this disruption might influence the continuum of innovative activity. Thus, this study deals with the management of innovativeness in family SMEs during and after a succession occurs. First, what sort of innovations the family businesses studied pursue is analyzed and, second, how resistance and commitment on the part of the employees as well as the predecessors can be explained. Last, the successors' possibilities for gaining acceptance for any introduced changes are evaluated. Therefore, a case study research design is used by conducting single focused interviews with predecessor, successor, and two employees in ten small and medium-sized family firms from the German crafts sector. Main findings are that the firms considered concentrate on almost all types of innovation, especially on product, organizational, and marketing innovations; process innovations are not pursued by the majority of the firms. Also, incremental rather than radical innovations are implemented. Moreover, employees and predecessors show different resistant and compliant behavior to change. The successors can increase the commitment of their followers and gain idiosyncrasy credits that support deviant behavior if they (1) are highly competent, (2) are group-conforming in the beginning by sharing the organization's beliefs, which in turn creates trust, and (3) involve followers in decision-making and idea-generating processes. The study shows that succession does not prevent family firms from being innovative, but that process innovations and research and development activities are rather neglected. Furthermore, the study gives important hints on how successors can deal with resistant behavior on the part of employees and predecessors.

Keywords: family firms, crafts and trades sector, SME, succession, innovation, innovativeness, commitment, resistance, idiosyncrasy credit, qualitative methods, focused interviews

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"Innovation—any new idea—by definition will not be accepted at first. It takes repeated attempts, endless demonstrations, monotonous rehearsals before innovation can be accepted and internalized by an organization. This requires courageous patience."

Warren Bennis (1925–2014)

1 Introduction

The need to be and to remain innovative is emphasized by many researchers as inevitable to sustain the business (Johannessen, Olsen, & Lumpkin, 2001; Laforet & Tann, 2006; Porter, 1990; Varis & Littunen, 2010). Without this, businesses are not able to stay competitive and defend their market position and share. This is important for large companies as well as for small and medium-sized enterprises (SMEs). Laforet and Tann (2006) argue in their study about British manufacturing SMEs that, especially for small businesses, innovation is fundamental because of the risk of being eliminated by larger competitors that offer lucrative alternatives to the customer.

Most of the papers that deal with innovations differentiate in general between product, service, process, and organizational innovation (De Massis, Frattini, Pizzurno, & Cassia, 2015; Madrid-Guijarro, Garcia, & Van Auken, 2009; Oke, Burke, & Myers, 2007). Oke et al. (2007) state that SMEs from the UK tend to focus more on product than on process innovations as well as on incremental than on radical innovations. The authors also showed that even incremental innovations are positively correlated with business performance, here defined as sales turnover growth (Oke et al., 2007). Laforet and Tann (2006) focus on a particular industry—British small and medium-sized manufacturing firms—as there has been some criticism in the literature that studies were designed without focusing on a specific sector (Leseure, 2000). Also, the present study focuses on a specific industry, as the sample consists of SMEs from the German crafts and trades sector.

Because the majority of German craft firms are supposed to be classified as family firms, this literature stream is relevant as well. There is an ongoing discussion in the present literature about the differences in innovative behavior between family and non-family firms. While one side argues that family involvement has a positive effect on the firm's innovativeness due to their strategic long-term orientation (Ensley, 2006; Le Breton-Miller & Miller, 2006), better social networks (Carney, 2005), and flexible and less hierarchical decision-making systems (De Massis et al., 2015; Kets de Vries, 1993), other authors state that family firms tend to be less innovative (Gudmundson, Tower, & Hartman, 2003; Hülsbeck, Lehmann, Weiß, & Wirsching, 2012) because of their risk aversion (Gedajlovic, Lubatkin, & Schulze, 2004; Naldi, Nordqvist, Sjöberg, & Wiklund, 2007) and pursuit of preserving the family wealth (Schulze, Lubatkin, & Dino, 2002).

Furthermore, this paper takes another feature into consideration in addition to the SME and family firm context as it views innovation and change especially during succession processes in small and medium-sized family firms. Chrisman, Chua, De Massis, Frattini and Wright (2015), for instance, argue that succession means a disruption for the business and might cause changes in management, board composition, and the firms’ goals. They also state that this might in turn modify “the balance between ability and willingness to innovate” (p. 316). A succession in general has a significant impact on the organization not only in terms of revolutionizing existing structures, but also through rebalancing prevalent power structures and authority in both family and firm (Handler, 1990). Therefore, a succession could increase the risk of innovative inertia. On the other side, a succession could offer possibilities as it might serve as a catalyst for change (Kotlar & De Massis, 2013). Especially the successors seen as young and dynamic leaders might have great ambitions and also the potential to seek reforms and the implementation of new ideas. Thus, the *overall research question* of this study refers to the *management of innovation and innovativeness during and after a succession has taken place in family SMEs*.

Nevertheless, although innovative behavior is highly recommended, not everyone might agree with change. Resistance to changes is one of the most common hurdles that can hinder innovative attempts in businesses (Hauschildt, 1999; OECD, 1997). Piderit (2000) proposes a multidimensional view of responses to organizational change. She divides the employees’ responses along three dimensions: emotional, cognitive, and intentional attitudes. Whether resistance and commitment on the part of employees and predecessors are also relevant and how this behavior can be explained will therefore be of further interest within this study as well. As Piderit (2000) also emphasizes the importance of “generating employee support and enthusiasm for proposed changes, rather than overcoming merely resistance” (Piderit, 2000, p. 783), how successors should behave in order to arouse and achieve commitment to change will also be analyzed.

Bringing together the aforementioned streams of literature that are relevant for the overall research question, the following more specific research questions will be examined in detail. First, what sort of innovations the studied family businesses pursue will be analyzed. It is expected that, owing to the craft context and the succession phase, findings regarding the craft firms’ management of innovativeness might differ from other businesses in different industries and life cycle phases. Also, which people pursue which innovations depending on the phase of the succession process will be examined. After that, reasons to commit to or oppose change on the part of employees are elaborated. Therefore, the Idiosyncrasy Credit Theory (Hollander, 1961, 1985, 1987) serves inter alia as a foundation to explain not only the employees’ attitude to change but also the successors’ possibilities for strategically achieving commitment. The predecessors’ attitude toward change and its influence on the employees’ perception will also be of interest.

The study contributes to existing research in the following ways: by combining together the two research streams about family firm succession and innovativeness, the paper approaches this topic in an innovative and novel way. Every business must maintain its ability to be innovative in order to remain competitive—independent of management successions. Thus, the results gained might add new insights into whether a succession is a risk or a chance for family firms regarding their innovative behavior. It contributes to the “black box” (p. 17) that has just recently been opened, as De Massis et al. (2015) state. Furthermore, recent literature provides fragmentary information about the type of innovations pursued by family SMEs during a succession and neglects innovation types beyond product and process innovations any way. To the author’s knowledge, no study has yet addressed the problem of resistant and committed behavior to change on the part of protagonists involved in a family firm succession. This paper tries to fill these gaps.

Laforet and Tann (2006) emphasize that research about innovation in SMEs should “be complemented by qualitative research aiming to provide an insight into companies’ innovative behavior” (Laforet & Tann, 2006, p. 377). Family firm researchers, such as for instance Grundström, Öberg and Öhrwall Rönnbäck (2011), recommend that further case studies should investigate how succeeded family firms treat innovativeness. In this research project, a multiple case study research design was applied to ten family firms that face intra-family or family external succession. By conducting focused interviews with nine predecessors, ten successors, and 18 employees, a deep insight into the topic was provided, and hypotheses were generated which might be elements of future research. Furthermore, cases were considered that have either succeeded in the succession process or are still processing it. Hence, family firms that face a succession might gain important recommendations about how to treat innovation during the long-lasting and often difficult succession process. Successors might adopt strategies for how to better enforce their decisions. As the sample in this paper considers family SMEs from the German crafts and trades sector, it might contribute to the demand for taking contextual sensitivity into account (Laforet & Tann, 2006). Craft businesses in Germany amounted to more than 1 million businesses in 2014 (Statistisches Bundesamt, 2015a), can mostly be classified as small and medium-sized family firms (Glasl, 2007), and therefore play a crucial role in the German “Mittelstand”. Most craft firms are coined by traditional structures and a strong owner centrality, which makes them especially interesting for the purpose of this study which highlights innovation in the context of succession.

The study proceeds as follows: first, a condensed literature review on succession in family firms, innovation, and innovativeness in SMEs and family firms, as well as resistance and commitment to change is given. In chapter 3, the research methodology, applied methods, and sample characteristics are described that support the answers to the research questions. Chapter 4 provides the analysis of the data, whereas the results are discussed in chapter 5. Conclusions and further implications are provided in chapter 6.

2 Preliminary Theoretical Assumptions

2.1 Succession in family firms and its relevance for the German skilled crafts sector

In recent years, succession has become a key issue in family firm literature (Nordqvist & Melin, 2010). Only a small number of businesses survive the handover from the founder to the second generation and an even smaller percentage survives after being transferred to the third generation (Handler, 1992; Ward, 2004). According to Chua, Chrisman and Sharma (2003), succession has become the number one concern of family businesses. The reasons are obvious: sooner or later, a succession takes place in every family business, which means that the “leadership baton from the founder-owner to a successor who will either be a family member, or a non-family member” (Beckhard & Burke, 1983, p. 3; cited from Handler (1994), p. 134) is transferred.

The economic relevance of family businesses is enormous. In Germany, 90.6% of all active companies are owner-managed family firms[12]. They generate 47% of Germany’s total turnover and have a share in total employment of around 56% (Stiftung Familienunternehmen, 2015). Although the definition of a family firm is based on qualitative aspects and is independent of quantitative characteristics such as firm size or legal form, SMEs can be clearly classified as businesses that have an annual work unit with less than 249 employees and do not generate more than 50 million Euro annual turnover or their annual balance sheet total is smaller than 43 million Euro (European Commission, 2005). In Germany, most family firms can be classified as micro-sized[13] companies regarding their size class of employment (91.4%), whereas 8.5% belong to small and medium-sized companies. Only 0.1% were identified as large family firms (Stiftung Familienunternehmen, 2009). Despite existing quantitative definitions, there is broad-based consensus within family firm researchers about what distinguishes family firms from non-family firms. In all definitions, the family itself plays a crucial role with regard to majority family ownership and considerable involvement of family members in the management of the firm (Chua, Chrisman, & Sharma, 1999; Daily & Dollinger, 1992). Posch and Wiedenegger (2014), for instance, use a very narrow definition for identifying family businesses in their study: They applied family ownership, family representation on the top management team, and self-perception as a family firm as three classification criteria.

Also, the German crafts and trades sector plays a crucial role in the German “Mittelstand” as it amounted to more than 1 million businesses in 2014 (Statistisches Bundesamt, 2015a). Around 5.4 million employees work in this sector (Statistisches Bundesamt, 2015b). In 2011, around 99.8% of all craft businesses could be classified as SMEs according to the definition of the EU Commission (Institute for

[12] Owner-managed family firms are controlled by a manageable number of natural persons, and at least one of the owners is simultaneously manager of the business (Stiftung Familienunternehmen, 2015). This alludes to the definition of the Institute for SME Research Bonn, which defines a family firm as an enterprise in which up to two natural persons or their family members own at least 50% of the shares and who are simultaneously involved in the management of the business (Haunschild & Wolter, 2010).

[13] Annual work unit <10 employees; annual turnover ≤ €2 million or annual balance sheet €2 million (European Commission, 2005).

SME Research Bonn, n.d.). Furthermore, Glasl (2007) states that most of the skilled craft businesses in Germany are owner-managed family firms, as management and ownership lie in the same hands (Glasl, 2007).

Reasons for the older generation withdrawing from the business can differ widely. Hauser and Kay (2010) estimate that, between 2010 and 2014, about 86% of all family business transfers in Germany happened because of the age of the predecessor. Other reasons were the sudden death of the owner (10%), illness (4%), or that the predecessors obtained other attractive employment (Hauser & Kay, 2010, p. 32). Furthermore, numbers for the German crafts sector reveal that 41.2% of all successions in 2010 took place internally within the family, whereas 58.8% of all craft firms were handed over to a family external successor (Müller et al., 2011, p. 103). In contrast, data from the Succession Panel of the University of Siegen in cooperation with the Institute for SME Research Bonn from 2008/2009 registered, by interviewing new owners who had already taken over a business, that 85% of all family firm successions took place internally within the family and only 12% were transferred to a family external person (Moog, Kay, Schlömer-Laufen, & Schlepphorst, 2012, p.18). Hence, numbers regarding the German crafts sector show that family external successions have nowadays become more and more important in this industry (Müller et al., 2011). But the German crafts sector also differs in other respects from other family SMEs in terms of succession. The reasons therefore arise mainly from the legal and functional definition of "craft" in Germany (Müller, Koschmieder, Trombska, Zapfe, & Rötzler, 2009). Some authors argue that, because of legal entry restrictions in the German skilled crafts law, only qualified founders enter the market, which is why most of the crafts businesses have higher persistence and a perceived higher liability for succession (Müller & Heyden, 1999; Müller et al., 2009; Rheinisch-Westfälisches Institut für Wirtschaftsforschung Essen, 2004). Further characteristics result from the functional definition of craft, as for example the tendency for unit production, prevalence of manual labor, locally restricted key markets, and small firm sizes (Müller et al., 2009). Furthermore, it should be mentioned that most of the craft businesses are family businesses, which are characterized by the presence of the (founding) owner (Glasl, 2007). This results in centralized power relationships and concentrated decision-making authority. As ownership is split between large numbers of family members only in rare cases (Müller et al., 2009), the typical "familiness" (Chrisman, Chua, & Litz, 2003) in family firms is not always present in craft businesses.

Family succession researchers underline that succession involves many more aspects. For instance, Laakkonen and Kansikas (2011) define succession as "a process of emotional and financial adaptation, socialization and transfer of management and/or ownership in family businesses" (p. 984). No matter which definition is used, all efforts made should result in a "successful succession". Le Breton-Miller, Miller and Steier (2004) view this as "the subsequent positive performance of the firm and ultimately the viability of the business" (p. 306). Handler (1994) highlights in her review of research five literature streams that represent family firm succession literature: (1) succession as a process, (2) the role of the founder, (3) the perspective of the next generation, (4) multiple levels of analysis, and (5) characteristics of effective succession (Handler, 1994). Ip and Jacobs (2006) summarize the actual succession literature as follows: family and business, legal, finance and tax issues, other barriers, and practical approaches to the succession. Thus, research on family firm succession discusses widely different issues, for example the willingness of the predecessor to step back, his/her wish for continuity (Breuer, 2000; Gilding, Gregory, & Cosson, 2013; Lansberg, 1988), the importance of the successors' motivation, abilities, and required qualifications (Sharma, Chrisman, & Chua, 2003a; Sharma & Irving, 2005; Zehe, 2016), the influence of family members owning shares or who are simply involved in the management of the business (Chrisman, Chua, & Sharma, 2005; Kets de Vries, 1993; Ward & Aronoff, 1990). The role development between predecessor and successor (Cadieux, 2007; Lansberg, 1999; Miller, Steier, & Le Breton-Miller, 2003), the importance of trust between both (Chrisman, Chua & Sharma, 1998; Venter, Boshoff & Maas, 2005; Zehe, 2016), and the involvement of an independent consultant (Frey, Halter, & Zellweger, 2005; Levinson, 1983) are also widely discussed topics.

In general, it can be said that family firm succession literature focuses mostly on factors and incidents that happen before the succession occurs, which means before the successor takes over full responsibility for the business and the predecessor withdraws completely (Grundström et al., 2011). In contrast, the long-term effects and consequences of a succession seem to be underrepresented in the literature, probably because the most conflict-ridden and thus critical joint-reign phase is over. Chrisman et al. (2015) argue that a succession is similar to a disruption, which "may change firm goals, board composition, and management, and this may in turn change the balance between ability and willingness to innovate" (p. 316). Although a discontinuity occurs in the management of the firm, the business itself goes on as usual. As succession is generally a multi-year process, innovations are still necessary and essential, even when there are changes in the board or ownership of a company.

Therefore, this paper focuses on the consequences of a succession, especially the family firm's ability and willingness to remain innovative, even when a succession takes place. To the author's knowledge, innovativeness in the light of succession has not yet attracted the attention of many researchers in family firm succession literature, although it is an extremely suspenseful and essential topic for the business in order to remain successful in the long term (Chrisman et al., 2015; Grundström et al., 2011). As mentioned before, the overall research question of this paper refers to the *management of innovation and innovativeness during and after a succession takes place in family SMEs*. Thus, the following chapter introduces the state of the art regarding innovation and innovativeness in SMEs and family firms and leads to the derivation of more specific research questions at the end of section 2.2.

2.2 Innovativeness and innovation in SMEs and family firms

"Growth, success and survival all depend on the ability of firms to innovate on a continual basis" (Varis & Littunen, 2010, p. 129). This quote might put in a nutshell what many researchers argue. A business's future success depends mainly upon its abilities to be and to remain innovative (Capelleras & Greene, 2008; Freel, 2000; Porter, 1990; Storey, 2000) and to maintain sustainable competitive advantages

(Johannessen et al., 2001). Often, innovative competence is considered as a fundamental key component of an entrepreneur (Covin & Miles, 1999; Johannessen et al., 2001; Verhees & Meulenberg, 2004). Drucker (1985) even describes it as a "specific instrument of entrepreneurship" (p. 30). According to Cunningham and Lischeron (1991), an entrepreneur has the ability to create, manage, and assume the risk of a new venture, which in turn facilitates and supports the total innovative process (Cunningham & Lischeron, 1991; Verhees & Meulenberg, 2004).

The general openness of an organization toward new ideas, change, and innovations as part of the corporate culture can be described as *innovativeness* (Hurley & Hult, 1998). It is considered by Lumpkin and Dess (1996) as one dimension of entrepreneurial orientation. Verhees and Meulenberg (2004) emphasize that, especially in small firms, the owner's willingness to learn about and adopt innovation is crucial for the business (Verhees & Meulenberg, 2004). Small and medium-sized companies face the challenge of competing with larger firms in the same market, whereas their ability to pursue innovation "as a core business strategy increases productivity, growth potential, and likelihood of survival" (Madrid-Guijarro et. al, 2009, p. 466).

In general, most of the definitions of *innovation* include the two criteria novelty and newness (Garcia & Calantone, 2002; Johannessen et al., 2001; Varits & Littunen, 2010). Laforet and Tann (2006) define innovation as "seeking new or better products, processes and/or work methods" (p. 368). Damanpour (1991) defines innovation as "the generation, development, and adaption of novel ideas on the part of the firm" (p. 556), whereas Johannessen et al. (2001) raise three newness-related questions in their paper: "What is new, how new, and new to whom?". They develop a measure that is consistent with existing concepts of innovation in order to reduce disagreement and inconsistency between definition and measures, and that focuses "on the 'common denominator' of innovation: newness" (p. 27). They further state that how innovativeness is seen depends very much on the person who perceives it as such. Furthermore, their findings do not support a unidimensional innovation construct—instead innovation can emerge in the following six areas: "(1) new products; (2) new services; (3) new methods of production; (4) opening new markets; (5) new sources of supply; and (6) new ways of organizing" (Johannessen et al., 2001, p. 21). The criteria for something to be innovative is thus not its success, its origin, or its technological radicalness—"what makes it innovative is its newness" (Johannessen et al., 2001, p. 28). Other authors set different taxonomies, for example a differentiation based on the object of change into product and process innovation, cultural and social innovation (Bergmann & Daub, 2008; Corsten, Gössinger, & Schneider, 2006). Oke et al. (2007) summarize the existing literature and condense it to product, service, process, and organizational innovation, focusing in their study mainly on product, service, and process innovation. They further maintain that previous literature has mainly focused on innovation types in large companies. Thus, it might be questioned how far common innovation types are applicable to SMEs.

In this paper, the OECD Oslo Manual (OECD, 2005) has been taken as a fundamental reference that provides international guidelines for defining and classifying innovation types. The Oslo Manual deals with the measurement of scientific and technological activities. Applying these guidelines aims to provide comparable results to other studies in the future. Here, innovation is defined as "the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations" (OECD, 2005, p. 46). It was recognized early on that technological and organizational change are highly interconnected (OECD, 1996). Furthermore, although the first draft focused mainly on technological product and process (TPP) innovations (OECD, 1997), the last version of the manual comprises service innovations as well, which makes it more widely applicable (OECD, 2005). Innovation activities (IAs), which can be defined as activities that "actually, or are intended to, lead to the implementation of innovations" (OECD, 2005, p. 47), can be new or innovative in their own right and support the implementation of innovations in general. The manual does not specifically focus on SMEs—it rather aims to provide comparable innovation indicators across countries and industries and to suggest how to measure the impact of technological change (OECD, 2005). Table 10 provides a detailed overview about the different innovation types according to the OECD (2005) taxonomy including its further subcategories.

Although there are suggestions regarding the necessity of considering organizational and marketing innovations as well when referring to product and process innovations (Gunday, Ulusoy, Kılıç, & Alpkan, 2011), only a few studies take these innovation types into consideration. Hence, the view on marketing, organizational, and social change seems to be neglected in literature and practice so far—maybe because product innovations are easier to measure. At least, product innovations are the most common type of innovations, and comparative studies about innovation types in large firms mainly focus on these (Oke et al., 2007). Also, some authors expand Johannessen et al.'s (2001) conception of newness and distinguish between the extents of change in the range of significant improvement to complete newness ("radicalness") (Varis & Luttinen, 2010), or "exploitation" versus "exploration" (Eng, Ledwith, & Bessant, 2010). The OECD (2005) also differentiates the diffusion and degree of novelty, starting with innovations that are novel to the firm (minimum requirement) up to those that are new to the market, new to the world, or that can even be declared as disruptive innovations (OECD, 2005).

Also, an increasing interest can be recognized in innovativeness in *family firms* (Chrisman & Patel, 2012; Chrisman et al., 2015; Classen, Carree, Van Gils, & Peters, 2014; De Massis, Frattini, & Lichtenthaler, 2013; Grundström et al., 2011; Kellermanns, Eddleston, Sarathy, & Murphy, 2012; Patel & Fiet, 2011; Sharma & Salvato, 2011). Having a closer look at this topic in the family firm context, Patel and Fiet (2011) argue that family firms might in general be better positioned to create and exploit new opportunities. Reasons for this might stem from their "trusted social networks and information channels built over generations" (Sharma & Salvato, 2011, p. 1199) and their patient engagement in long-term investments (Sharma & Salvato, 2011). Ensley (2006) emphasizes the long-term orientation of family firms. A further argument as to why family involvement leads to more innovations compared with non-family firms is that family firms use less formal control systems (Daily & Dollinger, 1992). This in turn enables faster and more intuitive decision-making (Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007) and the involvement of knowledge carriers in these processes. Sharma and Salvato (2011) underline, in their comment on exploiting and exploring new opportunities, that family firms should simultaneously pursue both incremental and radical innovations to increase the likelihood of ensuring long-term survival and performance advantages. In contrast, Chrisman et al. (2015) argue that family firms might be less willing to innovate because possible outcomes are fraught with risk, their success is difficult to predict, necessary skills might not be available within the family, and the desire to remain independent of external financing. As family firms have most of their family wealth invested and tied up in the family firm (Posch & Wiedenegger, 2014), risk-entailing activities that might threaten the family wealth are treated more conservatively (Gedajlovic et al., 2004; Naldi et al., 2007; Schulze et al., 2002). Family firms are therefore more cautious and risk-averse when it comes to pursuing innovations (Chrisman et al., 2015; Hülsbeck et al., 2012). Which of the two contradictory research streams reflect the truth remains unresolved. Nevertheless, Ireland, Hitt and Sirmon (2003) point out that, even if entrepreneurial activities such as pursuing innovative ideas and concepts come with risk, it remains important for family firms to undertake them in order to stay competitive in a highly dynamic and changing environment. This leads Chrisman et al. (2015) to the overall assumption that, if innovation is so crucial for the future viability of companies, family businesses in particular cannot hesitate to innovate because otherwise they would not be able to survive. As the examination of family business and innovation research has just begun recently, De Massis et al. (2015) speak of opening up a "black box" (p. 17). Simultaneously, Hauck and Prügl (2015) confirm that the "knowledge of innovation in family firms remains incomplete and inconsistent" (p. 104). Thus, this paper tries to extend existing research by elaborating on whether successful family firms engage in a continuous cycle of innovation or whether a succession rather impedes innovative activities. The overall research question therefore is *how innovation and innovativeness is treated during and after a succession takes place in family SMEs.*

As proposed in the overall research question, special focus lies with SMEs, which is why a short overview will also be given about *innovativeness in SMEs*. Researchers are paying increasing attention to businesses of these size classes as well (Laforet & Tann, 2006; Madrid-Guijarro et al., 2009; Oke et al., 2007; Varis & Litunen, 2010; Verhees & Meulenberg, 2004). Several researchers argue that it is especially important for these businesses to maintain or increase their market share, as they are permanently threatened by larger competitors who offer better, cheaper, or more innovative products to the customer (Laforet & Tann, 2006). Often mentioned advantages that small firms enjoy are a lack of bureaucracy, informal communication systems, flexibility, and adaptability on account of their nearness to markets (Freel, 2000). On the other side, SMEs might be constrained by their lack of technically qualified personnel, difficulties in securing external financial resources, their inability to diversify risks, and poor usage of external information (Freel, 2000). Eng et al. (2010), for instance, found out that large companies are significantly more likely to engage in radical innovation than SMEs.

Type	Definition	Further differentiation
Product innovation	"A product innovation is the introduction of a good or service that is new or significantly improved with respect to its characteristics or intended uses. This includes significant improvements in technical specifications, components and materials, incorporated software, user friendliness or other functional characteristics." (OECD, 2005, p. 48).	New products
		Improved products
		Service innovations
Process innovation	"A process innovation is the implementation of a new or significantly improved production or delivery method. This includes significant changes in techniques, equipment and/or software." (ibid., p. 49).	Production methods
		Delivery methods
Marketing innovation	"A marketing innovation is the implementation of a new marketing method involving significant changes in product design or packaging, product placement, product promotion or pricing." (ibid., p. 49).	Product design
		Product placement
		Product promotion
		Pricing
Organizational innovation	"An organizational innovation is the implementation of a new organizational method in the firm's business practices, workplace organization or external relations." (ibid., p. 51).	Business practices
		Workplace organization
		External relations
Innovation activities	"Innovation activities are all scientific, technological, organizational, financial and commercial steps which actually, or are intended to, lead to the implementation of innovations. Some innovation activities are themselves innovative, others are not novel activities but are necessary for the implementation of innovations. Innovation activities also include R&D that is not directly related to the development of a specific innovation." (ibid., p. 47).	Research and experimental development (R&D) - Intramural R&D - Extramural R&D - Construction and testing of a prototype
		Activities for product and process innovations - Acquisition of other external knowledge - Acquisition of machinery, equipment, and other capital goods - Other preparations for product and process innovations - Market preparation for product innovations - Training
		Activities for marketing and organizational innovations

Table 10: Innovation typology, according to OECD (2005)

Oke et al. (2007) show in their study about growing SMEs from the UK that these businesses focus rather on product innovations than on service and/or process innovations. Also, these SMEs tend to concentrate significantly more on incremental than on radical innovations on average. Mosey, Clare and Woodcock (2002) stated that "radical innovators" (p. 182), who produce innovative new products in order to place them in new market niches, outperform the "incremental improvers" (p. 183), who only pursue the development of less innovative, simple derivative products. A study by Lahner and Müller (2004), which particularly focused on the German crafts sector, identified several success factors that are characteristic of craft innovators: all of them had an innovation-friendly corporate culture, sufficiently available technical knowledge, and process competence that supported the transformation of knowledge into new products or processes solely or in cooperation with others. Furthermore, their strengths lay in high technical problem-solving skills, flexibility, and customer focus. Interestingly, more than 50% of the participating firms had fewer than 20 employees, and nearly one third had fewer than 10 employees. This shows that innovative SMEs from the crafts sector are not an exceptional phenomenon, but rather a fixed part of the innovation landscape, although larger companies with more than 50 employees were also present (Lahner & Müller, 2004).

Hence, the present paper links the introduced research streams about family firm succession and innovativeness. To the author's knowledge, studies focusing on the management and view of innovativeness during succession processes in family firms remain rare. For instance, Grundström et al. (2011) conducted a study within ten Swedish manufacturing family SMEs and found that innovativeness continued as before, regardless of whether the business was handed over to a family internal or external successor. Furthermore, she indicates that strong finances were no antecedent of innovativeness, whereas weak finances might hinder innovation activities in these firms. The activeness of the predecessor appears to be irrelevant, as his ideas are transferred forward through his choice of successor (Grundström et al., 2011). Hauck and Prügl (2015) focus on the perception of the succession phase as suitable for innovations from a socioemotional wealth perspective. They argue that family adaptability was positively related, and intergenerational authority as well as the history of family bonds were negatively associated with perceiving the succession phase as an opportunity to be innovative. The literature also remains fragmentary regarding the innovative activities and behavior of firms from the German crafts sector. To the author's knowledge, apart from a few existing studies that focus on success factors and constraints for innovation in the crafts sector (Lahner & Müller, 2004; Thomä, 2014), no studies exist that sufficiently cover the topic in the light of leadership succession.

Sharma and Salvato (2011) suggest that further research is needed regarding innovativeness during succession. De Massis et al. (2015) also emphasize the need for further research in this field, for example "whether there are transgenerational influences on technological innovation, whether succession planning supports or hinders technological innovation, and how technological knowledge can be sustained through succession" (p. 25). Highlighting the ability to innovate during succession processes becomes even more relevant considering that succession is often a multi-year process (Hauck & Prügl, 2015). A growing inertia to innovate during this phase might endanger the whole viability of the business.

Of particular interest in this study is which innovation types craft SMEs from Germany pursue, especially during succession processes and how these distinctive types are interrelated. The first specific research question is proposed as follows:

Proposition 1: What sort of innovations do family SMEs currently facing succession pursue?

Corsten et al. (2006), following Schumpeter (1934), state that an entrepreneur as part of the top management team has a greater responsibility as an innovator to release impulses for innovations than other departments such as for instance marketing or R&D. Especially in family SMEs that are mostly shaped by a strong owner and manager centrality, these aspects become more and more important. Family firms currently facing succession now often have two managers and even owners simultaneously—the predecessor and the successor—who have a voice in innovative measures. It could be assumed that the successor, who steps into the business, holds entrepreneurial capabilities and might even try to act as more of an innovator in the firm (Salvato, 2004). This might result from several reasons: Hauck and Prügl (2015) found, for instance, that incumbents tend to make fewer changes with increasing age, which escalates the risk of neglecting any kind of change and innovation during the last years of the predecessor's control. Another reason might be the successor's high motivation regarding the implementation of change. This can in turn lead to a clash of interests with the predecessor who might oppose the intended change.

Considering the status of innovation during a family firm succession, the worst situation appears to be when the predecessor has left an innovation lag due to omitted innovations and possibilities, and the successor has to make up leeway. This situation would impede a successful start in the firm on the part of the successor or might even lead to different stakeholders calling the successor to account for neglected innovative changes s/he is not actually responsible for. In contrast, the best case scenario would be a successor stepping into a healthy and prospering business where the self-concept of the corporate culture contains a certain awareness of innovations and changes. Different authors have stated that organizational culture is one important driver of innovation in businesses (Corsten et al., 2006; Crossan & Apaydin, 2010; Denison, 2000; Posch & Wiedenegger, 2014; Vallejo, 2008). Nordqvist and Melin (2010) argue that the right time to exit the firm is also part of the entrepreneurial process (DeTienne, 2010; Nordqvist & Melin, 2010). This does not allude to traditional business exits from products, markets, or industries, but rather to the phenomenon when the incumbent-owner of the family firm decides to retire or pass the business on (Nordqvist & Melin, 2010). The authors highlight future research possibilities as they "believe that researchers have excellent opportunities to conceptualize succession and ownership transitions within private family businesses as a potential for entrepreneurial exit" (p. 225). Furthermore, they state that next generation members often add new energy, drive, capabilities, and resources to the firm they take over, which in turn depicts a great opportunity for the family business to develop (Hall, 2003; Nordqvist & Melin, 2010). Still, there is some evidence in the literature confirming the complete opposite: Miller, Le Breton-Miller, Lester and Cannella (2007) recently confirmed that founder-led firms outperform non-family as well as multigenerational family firms. The reasons for this lie in the later generations' conservativeness and risk-averseness in order to protect the family wealth, whereas the founders—who are by definition entrepreneurs (Salvato, 2004)—rather aim at entrepreneurial opportunities that enable the continuous growth and success of the business (Kellermanns et al., 2012; Poza, 1988, 1989).

A more theoretical approach is provided by Mitchell, Hart, Valcea and Townsend (2009), who extend the concept of managerial discretion (Hambrick & Finkelstein, 1987) by developing the idea of postsuccession managerial discretion of successors, and thus make it applicable to family firms (Mitchell et al., 2009). Thereby, they mainly focus on the individual dimension of the definition of managerial discretion, which is defined as "the degree to which the chief executive personally is able to envision or create multiple courses of action" (Hambrick & Finkelstein, 1987, p. 379). The authors believe that the successor as future chief officer plays the most important role through his "ability to envision and create future courses of action" (Mitchell et al., 2009, p. 1203). When a succession takes place in family firms, it might be that former core strategies or abilities that were once successful are inappropriate for the future success of the business and therefore have to be adjusted (Leonard-Barton, 1992). Mitchell et al. (2009) define successor discretion as "the extent to which successors are free and willing to formulate, modify, and enact future plans for the renewal of the company" (p. 1203). The establishment of the successor is therefore a key issue for the success of succession strategies (Mitchell et al., 2009). Hambrick and Finkelstein (1987) suggested seven factors that are relevant for the individual-centric element of managerial discretion: tolerance of ambiguity, internal locus of control, cognitive complexity, aspiration level, power base, political acumen, and commitment. As Mitchell et al. (2009) focus on succession discretion in particular and because of the distinctive characteristics of family firms, they add three more factors to the individual-centric concept of managerial discretion that might influence successor discretion and that successors should take into account: (1) wealth preservation-based inertia, (2) predecessor's postsuccession involvement, and (3) familiness. Different authors have argued that the family might tend to conserve the family wealth and therefore the successor is less willing to take entrepreneurial risks (Sharma, Chrisman, & Chua, 1997). Also, the predecessors' postsuccession involvement is often viewed as critical as they might try to maintain their influence due to the central role they inherit even after they have withdrawn from the business (Davis & Harveston, 1998). This might be risky for the successors' satisfaction with the succession itself and his/her motivation and commitment to the business (Sharma, Chrisman, & Chua, 2003b). Mitchell et al. (2009) consider in their concept the constructive, positive side of familiness as an "important force within family firms that moderates relationships between certain individual-centric attributes of successors and successor discretion" (p. 1210). Finally, they state that successors as a new generation in the business should dare to go new ways by stepping beside the well-known paths. Successor discretion can thereby work as an instrument that supports the successor's attempts to become independent of the firm's past behavior (Mitchell et al., 2009).

Consequently, it is quite conceivable that the successors' influence on decisions regarding innovations increases, especially after the predecessor has left the business. If this is the case, considerable differences concerning the extent of their influence on decisions regarding innovation and their innovative efforts must be observable in the different phases of succession. Furthermore, Mitchell et al.'s (2009) concept of managerial discretion also encourages successors to pursue their innovative ideas even during joint-reign phases in order to overcome obsolete structures and processes that are inappropriate for the business today. Thus, having a closer look at innovativeness during family firm succession from this point of view adds a completely new dimension in order to evaluate whether the predecessor's exit should rather be seen as a chance for the business or as a loss. The second specific research question takes the roles of both protagonists into account regarding the management of innovativeness by comparing joint-reign and withdrawal phases.

Proposition 2: What roles do predecessor and successor have regarding the management of innovations dependent on the phase of succession?

2.3 Resistance and commitment to change

Although innovative behavior is desirable in every business, it can easily invoke resistance and reprisal (Storey, 2000), especially if "innovation is not legitimate within the organization" (Dougherty, 1996, p. 430). West and Anderson (1996) note that "arguably the most influential group in an organization in implementing or preventing innovation is the top management team charged with determining strategy and ensuring organizational effectiveness" (p. 680). This citation shows the importance of commitment on the part of managers in a firm. Storey (2000) hypothesizes three important factors to tackle problems with the management of innovation. First, managers must perceive the need for change; second, the opportunity to change; and third, the way to change. If this is not the case, "conflicts and dilemmas residing at the heart of innovation in practice" (p. 351)—that is significant resistance—might arise. According to Doppler and Lauterburg (2000), resistance always emerges if decisions or actions taken, which appear to be logical and rationally necessary even after carefully considering them, are widely rejected by individuals, groups, or even the whole organization for non-obvious reasons or are undermined by passive behavior. In contrast, Piderit (2000) argues that the term resistance is highly negatively burdened nowadays. Every behavior that is perceived as an obstacle is termed resistance by managers, although the employees' skepticism or resistance might also be motivated by other reasons or even be constructive and thoughtful (Ford, Ford, & D'Amelio, 2008; Hadjimanolis, 2003; Hauschildt, 1999), as for example the desire to protect the business's interests (Piderit, 2000). Piderit (2000) points out that it might be "worth entertaining efforts to take those good intentions more seriously by downplaying the invalidating aspect of labeling responses to change 'resistant'" (p. 785).

Hadjimanolis (2003) distinguishes external and internal barriers to innovation. In this paper, internal barriers to innovation are relevant; they can be influenced by the firm and further differentiated into people-, structure-, and strategy-related barriers. "In order to understand barriers to change, we have to study the perceptions, assumptions, interpretations and cognitions of managers and employees" (Hadjimanolis, 2003, p. 566). This is why people-related barriers at the individual level are of particular interest in this study, as the employees' attitudes and beliefs have an effect on their intentions, which subsequently affect their readiness for change (Hadjimanolis, 2003). Past empirical literature from organizational behavior mainly distinguishes three conceptualizations of resistance—as a cognitive state, as an emotional state, and as behavior (Piderit, 2000). Now, Piderit (2000) aims at integrating these three views of resistance to change, diverging in important ways, on the one side, but overlapping in certain ways, on the other side, in order “to deepen the understanding of how employees respond to organizational change” (p. 785). Therefore, Piderit (2000) uses the concept of a tripartite view of attitudes (Ajzen, 1984) from social psychology and labels the three dimensions of attitudes the cognitive, emotional, and intentional ones. The concept was chosen in this study as it enables the distinction between different forms of commitment and opponent behavior.

In the following, the different components of the concept will be explained in more detail. The main component of the *cognitive dimension* is rational thinking or explanation for the change considered. Resistance occurs if reasonable doubts exist as to why the change should not be implemented. Commitment arises if the change is considered as necessary or important. Thus, perceptions can range from strong positive beliefs (i.e., "this change is essential for the organization to succeed") to strong negative beliefs (i.e., "this change could ruin the company") (Piderit, 2000). In contrast, the *emotional or affective dimension* refers to the individual’s feelings that occur as a reaction to the attitude object (Piderit, 2000). The attitudes can thereby vary between strong negative feelings such as fear, anger, and sadness to positive emotions such as happiness or excitement (Piderit, 2000). The *intentional dimension*, which is labeled as the conative dimension in the original tripartite view (Ajzen, 1984), is probably the most complex one as there is no consensus in the literature whether it even exists or if the aforementioned two dimensions are not sufficient to fully describe a concept of attitudes (Piderit, 2000): “Most social psychologists identify and define attitudes in terms of affect or evaluation” (Ajzen, 1984, p. 99). The intentional dimension basically refers to all actions the persons affected might take, as for example positive actions such as supporting the idea as well as negative ones such as opposing it. Developing a conative attitude might therefore simply result from rational judgment or have emotional reasons. Or to say it the other way round: conative or intentional consequences stem from emotional or rational attitudes. As later results will also show, it is sometimes difficult to draw a clear distinction between the three attitudes because of strong ambivalences between them. For instance, an individual might react emotionally positively, but cognitively negatively (Piderit, 2000). The following specific research questions therefore take the employees’ and the predecessors’ attitudes into account and are proposed as follows:

Proposition 3: How can commitment and resistance to innovations on the part of employees be explained?

Proposition 4: How can commitment and resistance to innovations on the part of predecessors be explained?

As mentioned before, this paper focuses rather on internal resistance than on external resistance. The latter arises, for instance, when customers reject new products. Therefore, it is of special interest which strategies can be applied in order to overcome resistance. As mentioned before, the owner is considered as the central figure initiating and introducing change. Hambrick and Finckelstein (1987) suggested the power base of a leader as a relevant factor influencing managerial discretion. Hence, following the concept of successor discretion (Mitchell et al., 2009), the more power the successor has, the greater is the successor's discretion and subsequently his ability to define new directions for the firm's renewal. On the other side, we know from social psychology that the acquisition of legitimate power in particular assumes group-conforming behavior on the part of the new leader (Hollander, 1961)—in this case, the successor. But behaving in a group-conforming manner impedes the possibility for the leader to innovate. In contrast, behaving antinormatively means gaining less legitimate power. Having a closer look at leadership theory, the Idiosyncrasy Credit Model of perceived status and conformity developed by Hollander (1961) tries to solve this contradiction. It gives interesting insights into how leaders should behave in order "to deviate from prevailing group norms" (Abrams, Randsley de Moura, Marques, & Hutchinson, 2008, p. 662); in other words, how can leaders implement changes successfully in organizations? Hence, this model is taken into consideration for the analysis of the successor's behavior in this study.

Basically, the model views the dynamic relationship between leader and follower as central and proposes trust as an essential precondition to thrill and capture the attention of subordinates when starting something new. Hollander (1961, 1987) identifies two key factors for leaders to gain trust. First, the *competence* of the leader is a very important influence variable measured by the contribution to the group's task (Hollander, 1987) and his performance over time (Abrams et al., 2008). From this follows that the leader's competence has a significant impact on his ability to innovate. Second, his *group-conforming behavior* is important and results in accumulating "credits", which can in turn be used by the leader to innovate at a subsequent date in the given frame of earned credits (Hollander, 1961). Furthermore, group conformity and competence *in the early stage* of the relationship between leader and follower lead to trust and a higher status of the leader, which results in a higher probability that subordinates will accept and tolerate the leader's non-conforming behavior (Hollander, 1987). Thereby, all sort of deviations from the groups' typical behavior can be understood as non-conforming behavior (Hollander, 1987).

Hollander (1961) also shows that an equally competent newcomer has less authority than a leader who has been in the group for some time. Still, the status of the leader is even higher the more capable he is. Nevertheless, with increasing time in the group, expectations on the part of the group toward the leader to innovate also rise (Hollander, 1987). Although the leader might have more possibilities and potential to innovate, this can be problematic insofar as the success of the leader's non-conforming action is still viewed critically by the subordinates (Hollander, 1987).

Although Hollander (1987) predicts that non-conformity at an early stage leads to a higher non-acceptance and disapproval of deviations, there are other opinions as well. Abrams et al. (2008), for instance, argue that "antinorm deviants who are future leaders will not be rejected out of hand, despite their lack of prototypicality” (p. 674). This is not in concordance with the social identity perspective on leadership, which basically proposes that more prototypical and group-conforming leaders are more likely to be evaluated positively by the group (cf. Haslam & Platow, 2001; Hogg, 2005; Platow & van Knippenberg, 2001), as these group leaders “best represent the group’s identity and […] best reflect the group’s consensual or prototypical position” (Abrams et al., 2008, p. 663). Abrams et al. (2008) might therefore change the prevalent view on deviant leaders by suggesting that “there can be higher endorsement of an antinormative leader than a normative member […] or that a future leader who is antinormative invites more positive reactions than a member who is antinormative […]” (Abrams et al., 2008, p. 674–675).

Lastly, Haslam and Platow (2001), who are advocates of the social identity perspective, state in their paper, which mainly provides strong support for the social identity and self-categorization theory, that followers are only willing to follow a leader and stand up for him when he has a “history of standing up for the group” (p. 1476), for instance by affirming the groups’ identity toward an outgroup. “Leaders and followers must define themselves in terms of a shared social identity” (Haslam & Platow, 2001, p. 1471). This alludes to Hollander’s assumption that the contribution of credits, which can be used for any counter-normative behavior in turn, increases over time when the leader acts in a group-conforming and ingroup-affirming manner from the beginning. Hollander (1995) also points out that followership is more likely to occur when followers believe that the leader is willing to expend the same effort as they would do.

Relevant for the proposed research question in this paper is how far findings from group experiments from social psychology can be transferred to the field, particularly during succession processes in family firms. Here, the question will be what influences the endorsement or deviation from the successor’s innovative attempts with special regard to his competence, his group-conforming and antinormative behavior at a particular time. The fifth specific research question is therefore postulated as follows:

Proposition 5: How can the successor behave in order to minimize employees’ resistance and to achieve commitment?

3 Research Methodology, Methods, and Sample Characteristics

Databases that contain information about family firms and their innovative behavior are rare. For example, the database *Orbis* focuses rather on product and process innovations and does not provide valuable clues about introduced changes at the organizational or managerial level or about other innovation activities that the considered firms pursue. Reasons therefore lie in the usage of measures, such as for example the number of declared patents, trademarks, or the efforts spent on research and development. These proxies might enable quantification of the implemented product or process innovations, but not social or organizational innovations. Second, although other databases, for example the *Mannheimer Innovationspanel – Deutsche Innovationserhebung*, do indeed provide information about the enterprises' non-technological activities, such as for instance organizational or marketing innovations, it is exclusively possible to filter out SMEs, but not to identify either the extent of family influence or the companies' state of succession. The same problem occurs when using the *Community Innovation Survey (CIS)*, which is part of the EU science and technology statistics, and which even uses the aforementioned definition and differentiation of innovation types (OECD, 2005). Therefore, the usage of databases for an empirical quantitative study that focuses on innovativeness or changes during the succession process in family firms has not been considered to be reasonable.

On the one side, little is known about the types of innovations besides product and process innovations during successions in family SMEs. On the other side, the succession process itself is a very sensitive and emotional topic for all the people involved. Thus, in the present study, an open and exploratory approach to entering the field was chosen in order to understand ongoing processes in depth. A comparative, embedded, multiple-case study (Yin, 2003) has been carried out, which included focused interviews with the predecessor, successor, and two employees from ten small and medium-sized family firms from the German crafts sector. The case itself was the succession going on in different family SMEs. By choosing focused interviews as a research method, it was possible to draw on existing theory as well as to generate new hypotheses. Thus, it was the aim to produce an in-depth view of the innovation types and the management of innovation during succession in family firms rather than making generalizable and statistically proven conclusions. The selection of the German crafts sector takes present criticism about the lack of an industrial focus in existing studies into consideration (Leseure, 2000)[14]. Therefore, the results of this study might indeed be very specific, but outrun general advice (Laforet & Tann, 2006). As mentioned before, the crafts and trades sector plays an important role in the German economy. Simultaneously, more specific information about innovative behavior during successions in this industry is required and would be of great importance.

In order to select businesses for the case studies, some predetermined criteria were set in order to ensure a minimum of comparability. This approach is called criterion sampling (Patton, 1990). As "critical incidents can be a source of criterion sampling" (Patton, 1990, p. 176), the most important criterion was that the firms selected were affected by succession in certain respects. Either both leaders should still be active in the business or the predecessor should already have retired from the business. Regarding the last stage, the predecessor's retirement from the business should not have been more than one year ago in order to ensure that the interviewees' responses to the interview questions were not biased by time or by whitewashing. Furthermore, no team successions were considered; instead, the focus was placed on single successions where only one successor took over the business. The firms were supposed to have at least 15 employees in order to ensure an organizational structure or some hierarchical patterns. Access

[14] The term "craft" refers in Germany to 94 different professions that are listed in the German "Trade and Crafts Code" (HwO). Consequently, it could be assumed that the craft industry is a very heterogeneous sector. Still, there are many similarities that justify subsuming these professions under the term "craft", for instance focus on manual work, manufacturing on request, individual products as a counterpoint to industrial mass production (Glasl, Maiwald, & Wolf, 2008), familiness and owner centrality, focus on local customer groups.

to the businesses was enabled by cooperating with three German chambers of skilled crafts, geographically distributed all over Germany (Chamber of Crafts in Kassel, Erfurt, and Palatinate). Thus, all firms participating in the study were from the skilled crafts sector in terms of the German "Trade and Crafts Code" (HwO).

Although the ten family SMEs have all the predetermined criteria mentioned above in common, the selection of the cases happened stepwise. This approach alludes to so-called theoretical sampling (Flick, 2009). The decision to select the next business for the interviews is based on previous findings and results in order to gain "new insights for the developing theory in relation to the state of theory elaboration so far" (Flick, 2009, p. 118). This means that, depending on the theory developed up to then, the next case that might be important for further theory elaboration was chosen. For this, cases were purposefully picked that varied on a specific range of dimensions. Patton (1990) also calls this procedure maximum variation sampling because very extreme cases were chosen. Those dimensions were, as Table 11 shows, the number of employees, the number of previous successions, the type of handover, the duration of collaboration between predecessor and successor, and the status of handover.

In the following, the sample used in this study will be described in greater detail. As said before, the selected firms were drawn from the German crafts sector. The businesses were active in different crafts, including five bakers and pastrycooks, two carpenters, one hairdresser, one coach builder, and one building company. Thus, not all selected businesses were manufacturing SMEs, but also service providers. Damanpour (1991) emphasized the importance of differentiating organization types when focusing on innovation and innovativeness, for instance by industry sector or the degree of family involvement. Also, within this study, there was mainly one incumbent-owner who owned the majority of the shares. As already mentioned, this is typical of the German crafts and trades sector but not for family firms in general where ownership is often more fragmented. Nevertheless, all firms studied can be classified as family firms according to Posch and Wiedenegger's (2014) three criteria of a family business, that is family ownership, family representation on the top management team, and self-perception as a family firm. Correspondingly, all participating firms can be classified as SMEs regarding their annual work unit and their annual turnover. Only firms A and B exceed the requirements for the annual work unit, but are still medium-sized companies regarding the other two size requirements, annual turnover and annual balance sheet.

The selected businesses differed in their number of previous successions from zero to three. Furthermore, not only were family internal successions studied, but also two family external cases (firms I and K). These have also to be differentiated into one firm external and one firm internal case. Observing two family external cases accommodates the actual development in the crafts sector where these forms of transfer become increasingly important (Müller et al., 2011). Whereas six firms were in the *joint-reign phase*, which according to Cadieux (2007) describes the stage where predecessor and successor are both active in the business, four businesses were in the *withdrawal phase*, which means that the predecessor had already withdrawn from the business. The duration of collaboration between the predecessor and the successor amounted to between six weeks and 28 years.

Firm	Number of inter-viewees	Number of employ-ees	Skilled crafts	Number of previous succes-sions	Type of handover	Collabo-ration	Succession phase
A	4	>500	Baker, pastrycook	3	family internal	4 years	joint-reign phase
B	4	>500	Baker, pastrycook	3	family internal	10 years*	joint-reign phase
C	4	16	Baker	3	family internal	12 years*	joint-reign phase
D	4	35	Baker, pastrycook	2*	family internal	13 years	joint-reign phase
E	1	21	Bricklayer, concretor, tile and slab layer, scaffolder	1*	family internal	13 years	joint-reign phase
F	4	17	Carpenter	2*	family internal	5 years*	joint-reign phase
G	4	34	Baker, pastrycook	3	family internal	19 years*	withdrawal phase*
H	4	30	Hairdresser	0*	family internal	13 years*	withdrawal phase
I	4	15	Carpenter, stair construction	0	family external, firm internal*	28 years*	withdrawal phase
K	4	29	Coach builder	2*	family external, firm external*	6 weeks*	withdrawal phase

* The next firm selected is distinguished mainly in the marked (*) characteristic from the previous one.

Table 11: Sample description

The focused interview, which was developed in the 1940s by Merton and Kendall (1946) to evaluate the impact of mass media in mass communication (Flick, 2009), has been applied as the interview method. One specific characteristic of the focused interview is the presentation of a stimulus to the probands at the beginning of the interview, such as for example a film scene, radio broadcast, or a photograph (Flick, 2009). In this case, a film scene from the German movie “The Buddenbrooks” (1959) was chosen, which deals especially with the successor’s innovative behavior after the predecessor’s death and an employee’s reaction to it (Abich, Krause, & Weidenmann, 1959). This scene was presented to all interviewees, including the predecessors, successors, and employees. According to Merton and Kendall (1946), it is very important to content-analyze the trigger shown to the interviewees beforehand in order to separate the interviewee’s subjective feelings and experiences with the situation from the objective interpretation. Only then can the impact of the presented trigger on the interviewee be clearly analyzed. After a conjoint analysis of the movie scene between interviewer and interviewee, the researcher leads the probands more or less unnoticed to the revelation of their personal experiences with the situation in real life. Thereby, access to their individual experiences is more unforced than by asking direct questions, because the interviewee automatically mixes up personal experiences with the interpretation of the movie scene and discloses themselves more easily. In total, 37 single interviews with nine predecessors, ten successors, and 18 employees were conducted on-site between September 2013 and March 2014.

As multiple case studies follow a typical replication logic (Yin, 2003), the data analysis process started with the development of first propositions and assumptions from underlying theory. On this basis, a semi-structured interview guide was developed, the first cases were chosen, data were collected, analyzed, and interpreted. After that, the researcher stepped back to the sampling phase and decided, on the basis of the findings so far, which cases should be considered next. This replication logic follows two possible outcomes: in order to "duplicate" the findings, either the selected case "(a) predicts similar results (a literal replication) or (b) predicts contrasting results but for anticipatable reasons (a theoretical replication)" (Yin, 2003, p. 57). For instance, choosing two family external succession cases aimed at theoretically replicating the results from the family internal successions. By choosing family internal succession cases in the same handover phase, literal replication of the findings was expected. As "sampling to the point of redundancy is an ideal" (Patton, 1990, p. 186), no further sample units were collected after no surprising findings evolved from the data any more and a reasonable degree of redundancy was reached (Patton, 1990).

All gathered data were transcribed, and coding procedures were used to categorize the generated data (Flick, 2009; Miles, Huberman, & Saldaña, 2014). Depending on the specific research questions, different coding procedures were employed, as will be explained in the following: The first and second specific research questions aimed to identify the different types and initiators of innovations during the succession process. Hence, a qualitative content analysis was conducted to examine the verbal data and to calculate the frequency of specific innovations. Coding was therefore highly deductive and theory dependent, because the categories were derived from and aligned with the aforementioned OECD scheme (OECD, 2005), which simultaneously contributed to the systematic nature of content analysis (Mayring, 2004).

In order to secure the validity and reliability of the data, importance was attached to the calculation of inter-coder reliability as the verbal data were coded independently by two researchers. Team coding enhances the reliability and clarity of the data, because it addresses agreement regarding the length of coded blocks and the codes ascribed to the data blocks (Miles et al., 2014). Inter-coder reliability is an important quality criterion of qualitative content analysis, because it offers valuable information about whether the content analysts achieved similar or identical results from the same material (Mayring, 2004). To estimate this reliability measure, the kappa statistic is used. In this study, two researchers coded the same extracts from the data independently and discussed it afterwards[15]. In Appendix 11 and

[15] This task was the objective of a master thesis (Ditter, 2015) the author supervised.

Appendix 12, the calculation of inter-coder reliability and kappa statistics are provided in detail. For the different innovation types, the kappa statistic equals 0.65, whereas interrater reliability regarding the differentiation of initiators constitutes 0.66. As kappa coefficients of 0.70 are regarded as sufficient according to Mayring (2004), both kappa statistics in this study therefore provide satisfactory results.

The third, fourth, and fifth specific research questions aimed at explaining the employees' and predecessors' resistant and committed behavior. Therefore, qualitative induction as well as deduction was used to draw logical inferences. While qualitative induction aims to reassemble the qualitative characteristics of the sample, which in a way resemble already existing knowledge, deductive subsumption proceeds from a familiar rule or theory, in which the single case is sorted (Reichertz, 2004). Coding procedures were used according to Miles et al. (2014), starting with initial first cycle codes in order to disassemble the data (Yin, 2003). Afterwards, these codes were reassembled and sorted into higher second cycle codes, which are called pattern codes (Miles et al., 2014).

4 Analysis and Results

In the following paragraphs, the findings from the case studies are presented in detail and clustered in single chapters regarding the specific research questions. Appendix 13 provides a detailed case description for each company regarding specific sample characteristics and the management of innovativeness.

4.1 What sort of innovations do family SMEs currently facing succession pursue?

The first specific research question focused on the different innovation types that could be observed within the craft businesses. In the following, those innovation types were clustered within the OECD's (2005) typology and will be presented with rich examples from the businesses. First, the OECD (2005) distinguishes *product innovations* into two broad forms—new and improved products. Whereas the characteristics of newly developed products differ significantly from the previous ones in their characteristics or intended uses, "significant improvements to existing products can occur through changes in materials, components and other characteristics that enhance performance" (OECD, 2005, p. 48). As mentioned before, the term "product" can thereby refer to a good or a service. In the present study, new *products* were mainly those that were new to the firm, but not to the world. For instance, many successors aimed at entering new markets by adding or adapting already existing products to their own product portfolio. This occurred, for instance, in the cases of many bakeries, which started providing products or services they did not offer before, such as a catering service, breakfast, coffee specialties, pastries, lunch, sandwiches, and wraps. In other cases, the present array of products was also extended in order to open up new customers segments. The successor of firm K, for instance, constructed new semi-trailers and spent much effort in developing a special lightweight construction of trailers that was completely new to the world. In the hairdresser case (firm B), new services such as wigs, second hair, and make-up for brides were provided in order to attract new customers.

Type	Further differentiation	Example
Product innovation	New products	- Entry into catering and coffee shop market (bakeries) - New bread sorts, pastries, etc. from foreign countries (bakeries) - Entry into paint shop market - Lightweight construction
	Improved products	- New semi-trailers and trailers
	Service innovations	- Entry into wig/toupee/second hair market (hairdresser) - Cosmetics for bridal mode
Process innovation	Production methods	- Change in production processes (e.g., roof construction process)
	Delivery methods	- New delivery routes and tours

Table 12: Observed product and process innovations

In contrast to that, "*process innovation* is the implementation of a new or significantly improved production or delivery method" (p. 49), such as for instance considerable changes in techniques or equipment that aimed to decrease unit costs, increase quality, or produce new products (OECD, 2005). In the observed family SMEs in this study, some successors actively focused on product or delivery *process innovations*. New production methods were introduced or production sequences were restructured in order to increase efficiency. Firm F installed new computer-aided design software that facilitated the planning and construction process of their roof frameworks. Also, new chains of distribution were identified, such as for example simply driving along new routes in the case of one bakery with a mobile bread shop (firm E).

Third, the OECD (2005) mentions *marketing innovations* aiming "at better addressing customer needs, opening up new markets, or newly positioning a firm's product on the market" (p. 49). Thereby, marketing innovations refer to significant changes in the product design or packaging, product placement, its promotion, and ideal pricing. These innovations all intend to increase the firm's sales and should not have been used previously by the firm (OECD, 2005). Also, *marketing innovations* were pursued by the successors in this study. Regarding *product design* innovations, focus was laid on the improvement of recipes in order to enhance the flavor as well as on the introduction of upgraded product packages or designs. Also, seasonal products were added to the product portfolio, such as for instance special pastries for Christmas or Easter.

Furthermore, the successors tried to figure out new possibilities for the *placement* of the *products*. They identified new acquisition methods to enter foreign markets overseas or launched a web shop in order to reach more customers. Bakeries, which had started offering breakfast, coffee, and lunch, also extended their operating hours. Very often, the successors tried to improve the firm's currently existing *product promotion* activities. For instance, they focused on improving the firm's internet presence by setting up a new or revised internet presence. Furthermore, the successors tried to broaden their web presence not only by embellishing the web site, but also by using several other virtual media channels. A special focus was laid on all sorts of social media platforms. Many successors were very proactive in sharing and exchanging information on blogs, Twitter, and Facebook. Special customer promotions or offers were set up in order to increase customers' loyalty. New firm slogans and logos were developed; new and uniform store concepts appeared, especially in the bakery cases, which aimed at harmonizing the appearance of their stores. The uniform store designs and layouts were all consistent with the firm logo, and the firm brands were manifested by the omnipresent usage of logo and mascot (e.g., on company cars, trucks, packages, stores, work wear…). New *pricing* models were identified only once: the successor in firm F refused to align with the low price strategy, which some of the other craft bakeries implemented in order to compete with larger discount bakers.

Type	Further differentiation	Example
Marketing innovation	Product design	- Enhancement of product package (design, …) - Improvement in flavor - Further packaging units: seasonal products in additional packaging units
	Product placement	- New chains of distribution: web shop, expansion into foreign markets - Extension of operating hours - New target groups (special construction and renovation for senior citizens)
	Product promotion	- New and uniform corporate design (especially store design and layout) - New firm logo and/or slogan - New online presence (web site) - Media presence - Social media activities (Facebook, Twitter, blog, …) - Customer promotions (special offers)
	Pricing	- Refusal of low price strategy

Table 13: Observed marketing innovations

Furthermore, the OECD considers *organizational innovations* as all activities that equal a "new organizational method in the firm's business practices, workplace organization or external relation" (p. 51). Nevertheless, technological change is not possible without managerial and organizational change, which alludes to the possible existence of interrelationships (Gunday et al., 2011; OECD, 1997). Analyzing the *organizational innovations* in the present study brought interesting results. The firms concentrated mostly on changing existing organizational structures and the implementation of new or substantially changed *business practices*. The successors in firms A and K tried to find new ways of attracting new employees and especially apprentices to their businesses. Firms E, J, and K invested heavily in caring for and fostering employees. Introducing flexible working hour models and an incentive system as well as performance-linked compensation, investing in health management, setting up a staff magazine, and providing free work wear are examples where the successors made an effort. Other successors also changed the *workplace organization* by restructuring the organigram of the company and by hiring new expats. In the hairdresser case (firm H), the structuring of activities was standardized by introducing a uniform saloon concept manual. In a certain way, this followed from a corporate strategic decision. Every chain store had to follow these rules and guidelines from the manual. Also, the successors focused on strategic reorientation such as for example determination of the vision, mission, and future goals of the firm. They also emphasized certain values, such as for example trust, quality, and reliability, much more strongly than their predecessors in order to increase customers' trust (especially firm E). *External relations* were newly organized as well: firm K, for instance, became accredited as service partners with several original equipment manufacturers (OEMs) and thus gained access to new customer groups. Certification, documenting compliance with different ISO standards, and the company's accreditation from a large OEM enabled firm K to serve customers who were not reachable beforehand. Often, the successors dealt with customer care activities, such as for instance in-house exhibitions (firm K), customer magazines (firm C), or activities such as a "baking duel" (firm A), which bring customers and businesses in touch with each other. It could be argued that these activities should be classified as marketing innovations as they aim to improve the firm's image or brand, which indicates that the border between different innovation types is sometimes difficult to draw (OECD, 2005).

Type	Further differentiation	Example
Organizational innovation	Business practices	- New ways of recruiting new employees (e.g., apprentices night) - On- and off-the-job training - Flexible working hour models - Health management - Staff magazine - Incentive system and performance-linked compensation - Free car for one month for the "apprentice of the month" - Staff clothing
	Workplace organization	- Changes in organigram - Adjustment in operational structuring (e.g., new department) - Standardized concept/manual for the working process
	External relations	- Strategic partnership with customers - Certification of the company - Accreditation by OEM as "quality partner“ - Customer care (in-house exhibitions, "baking duel", customer magazine, right to return, etc.) - New customer acquisition - Research project "health management" with chamber of crafts

Table 14: Observed organizational innovations

Lastly, "innovation *activities* are all those scientific, technological, organizational, financial and commercial steps, including investment in new knowledge, which actually lead to, or are intended to lead to, the implementation of innovations" (OECD, 2005, p. 91). The OECD (2005) refers to IAs as all research and development activities as well as the acquisition and generation of relevant knowledge new to the firm, acquisition of machinery and equipment, activities related to the development and implementation of new marketing methods, preparations for production, such as for instance tooling up, industrial engineering, and capital acquisition. Table 15 depicts an overview of observed IAs in the businesses, which all aimed at supporting the introduction and implementation of new or improved products and processes or other innovation types. IAs also comprised all research and development activities that were not directly linked to a specific innovational effort (OECD, 2005).

Research and experimental development activities remained in general very rare. Only the successor in firm K pursued the construction and testing of prototypes. However, this cannot only be categorized as "research and experimental development", but also as *market tests* in the subcategory *market preparation for product innovations*, as the prototypes were given to a customer for free in order to test them and receive feedback about the improved technology.

> "I had installed a rear view backup camera on the truck as well as on the trailer. And when the customer noticed it, he wondered what it was. I explained to him how both cameras worked and interacted with each other. (…) He asked how much it would cost as he was interested in buying the system and I said: nothing for you. I give it to you for free – you are my test person. He ordered the next trailer including a camera system." (Successor 10, Firm K)

Type	Further differentiation	Example
Innovation activities (IAs)	**Research and experimental development (R&D)** - Intramural R&D - Extramural R&D - Construction and testing of a prototype	- Prototyping of new semi-trailers and trailers including lightweight construction - Development of rear-view cameras for trucks - Self-made machinery for moldings of stairs
	Activities for product and process innovations - Acquisition of other external knowledge - Acquisition of machinery, equipment, and other capital goods - Other preparations for product and process innovations - Market preparation for product innovations - Training	- Acquisition of new machinery - Implementation of new software - New sites or relocation of former sites: closing of unprofitable stores and opening of new stores - Extension or renovation of a plant or sales building - Certification of the company - Accreditation by OEM as "quality partner" - Prototypes as gift to customers - Retraining and on-the-job training to acquire knowledge necessary for the production of new products and techniques
	Activities for marketing and organizational innovations	Not found

Table 15: Observed innovation activities (IAs)

In the subcategory *activities for product and process innovations*, the firms considered engaged especially in the *acquisition of machinery, equipment, and other capital goods*. Here, investments in necessary machinery and equipment were made in order to access improved technology or to produce a specific product by installing a completely new machine. Other preparations for production aimed mainly at the extension or renovation of plants or sales buildings, at relocating former store sites, or finding new locations that were supposed to be more profitable. Also, new software was implemented, especially enterprise resource planning systems and financial accounting software that supported (strategic) decision-making processes. The aforementioned certification with ISO standards as the new quality standard depicts a change in existing quality procedures and could therefore also be classified as further *preparations for product and process innovations*. *Training* of personnel also played an important role. Successors used to introduce on- and-off-the-job training in order to increase the stock of knowledge. Two bakeries had their own training room where the employees where taught how to prepare the lunch meals and where they were trained as baristas (firms A and C). *Activities for marketing and organizational innovations* could not be identified.

4.2 What roles do predecessor and successor have regarding the management of innovations dependent on the phase of succession?

The second specific research question focused on the different types of innovation and their initiators. Special interest thereby focused on the predecessors and successors and their roles regarding the management of innovations dependent on the phase of succession.

The cross table in Table 16 shows all identified changes, the participating firms reported in the interviews, dependent on their initiators or change agents (Ford et al., 2008), but independent of the succession phase. The term change agent refers to all people in an organization, "who are responsible for identifying the need for change, creating a vision and specifying the desired outcome, and then making it happen" (Ford et al., 2008, p. 362). As the simple number of coded segments would be misleading, innovations redundantly mentioned by several people were eliminated. All in all, 156 different innovations were observed.

Table 16 shows that, in sum, the majority of innovations observed are pushed by the successor (71.79%). In second place, both leaders develop new ideas for change conjointly (18.59%), whereas the predecessor initiates only 5.77% of all observed innovations solely. The employees' and customers' influence on change is scarcely of any importance.

Regarding the innovation type, marketing innovations (especially innovations regarding product promotions (25.64%)) play a significant role as well as activities for product and process innovations that enable the implementation of innovations of those types (19.23%). Furthermore, organizational innovations were of special importance and the development of business practices in particular (12.18%). The considered businesses also focused on the development or improvement of new product succession processes (12.18%).

		Number of coded segments					
	Type of innovation	**Successor**	**Pre-decessor**	**Both**	**Employee**	**Customer**	**Sum**
Product innovation	New or improved products	12 (7.69%)	4 (2.56%)	0 (0.00%)	1 (0.64%)	2 (1.28%)	19 (12.18%)
	Service innovations	3 (1.92%)	0 (0.00%)	6 (3.85%)	0 (0.00%)	0 (0.00%)	9 (5.77%)
Process innovation	Production methods	2 (1.28%)	0 (0.00%)	1 (0.64%)	1 (0.64%)	0 (0.00%)	4 (2.56%)
	Delivery methods	2 (0.64%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	1 (0.64%)
Marketing innovation	Product design	0 (0.00%)	0 (0.00%)	1 (0.64%)	0 (0.00%)	0 (0.00%)	1 (0.64%)
	Product placement	7 (4.49%)	0 (0.00%)	2 (1.28%)	0 (0.00%)	0 (0.00%)	9 (5.77%)
	Product promotion	32 (20.51%)	3 (1.92%)	4 (2.56%)	1 (0.64%)	0 (0.00%)	40 (25.64%)
	Pricing	1 (0.64%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	1 (0.64%)
Organi-zational innovation	Business practices	15 (9.62%)	1 (0.64%)	3 (1.92%)	0 (0.00%)	0 (0.00%)	19 (12.18%)
	Workplace organization	7 (4.49%)	0 (0.00%)	1 (0.64%)	0 (0.00%)	0 (0.00%)	8 (5.13%)
	External relations	10 (6.41%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	10 (6.41%)
Innovation activities (IAs)	Research and experimental development (R&D)	3 (1.92%)	0 (0.00%)	1 (0.64%)	0 (0.00%)	0 (0.00%)	4 (2.56%)
	Activities for product and process innovations	18 (11.54%)	1 (0.64%)	10 (6.41%)	1 (0.64%)	0 (0.00%)	30 (19.23%)
	Activities for marketing and organizational innovations	1 (0.64%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	1 (0.64%)
	Sum	**112 (71.79%)**	**9 (5.77%)**	**29 (18.59%)**	**4 (2.56%)**	**2 (1.28%)**	**156 (100%)**

Table 16: Number of coded segments regarding innovation types dependent on initiator

As proposed in the second specific research question, the status of succession should also be considered. It was assumed that the successors' influence on change was higher in the withdrawal phase due to their sole power to make innovative decisions, because the predecessors as second change agents have already retired. The analysis revealed surprising results. The successor was not only the main change agent, but had initiated many innovations already in the joint-reign phase (31.41%), even though his/her forerunner was still active in the business. The number of the successors' innovations increased slightly in the withdrawal phase up to 40.38%, which is not surprising as the successors are then solely responsible for the business. The predecessors initiated only a few innovations in the joint-reign phase single-handedly (5.77%). Rather, both leaders conjointly pushed innovations (13.46%). In contrast, in the withdrawal phase, the predecessor's innovative activity was highly dependent on the successor. After the predecessors' retirement, innovations pursued unilaterally dropped to zero (0.00%)—instead, if at all, they tended to decide on change in consultation with each other (5.13%).

	Number of coded segments		
	Joint-reign phase	**Withdrawal phase**	**Sum**
Successor	49 (31.41%)	63 (40.38%)	112 (71.79%)
Predecessor	9 (5.77%)	0 (0.00%)	9 (5.77%)
Both	21 (13.46%)	8 (5.13%)	29 (18.59%)
Employee	4 (2.56%)	0 (0.00%)	4 (2.56%)
Customer	2 (1.28%)	0 (0.00%)	2 (1.28%)
Sum	**85 (54.49%)**	**71 (45.51%)**	**156 (100.00%)**

Notes: Redundantly mentioned innovations were deleted from the analysis.

Table 17: Number of coded segments regarding innovations dependent on initiator and succession phase

4.3 Factors influencing resistance and commitment on the part of employees and predecessors

Although it is absolutely necessary that successors pursue changes and innovations as they often have a fresh view of the firm's business structure and processes, every innovative idea or change remains only an idea if it is not accepted by those who have to carry out the instructions or whose efforts and knowledge are necessary for developing or introducing a new innovative product or process. Kanter, Stein and Jick (1992) refer to those people who are responsible for the implementation of change as change recipients. Thus, all aforementioned innovations and changes need to be accepted by the personnel and also the predecessor, who might still be active in the firm and whose power might have an enormous influence on the staff's behavior and attitudes regarding change. The third specific research question therefore dealt with the explanation of commitment and resistance to change on the part of employees, while research question four highlights the predecessor's behavior. In order to react to resistance with an appropriate strategy, managers need to diagnose the causes of resistance (Kotter & Schlesinger, 1979). Thus, all identified committed and resistant behavior was sorted based on Piderit's (2000) aforementioned tripartite view of attitudes. Now a structured scheme of causes for resistance and commitment is provided. The fifth research question takes strategies into account that the successor might adopt in order to cope with and to minimize resistance.

4.3.1 How can commitment and resistance to innovations on the part of employees be explained?

In the present study, *reasons for resistance* were mainly of a cognitive and affective nature. According to Piderit (2000), cognitive resistance is based on rational thinking. Often, the staff did not see the necessity to change and therefore a certain lack of willingness to change could be observed (*cognitive resistance*). Also, change was interpreted as additional effort or extra work resulting in the risk of a work overload, which staff tried to avoid. It would probably be inappropriate to declare this behavior as laziness, but in the interviews, the employees often seemed to feel comfortable with the current situation. Furthermore, examples of *resistance* based on *affective attitudes*, which were manifest in all emotions and feelings regarding the change (Piderit, 2000), could be identified within this study. These included some employees fearing the risk of failure and being skeptical about the success of the change. When the innovation appeared to be very drastic and far-reaching for them personally, some of the employees felt overchallenged, because additional knowledge they did not possess was required to solve the task. Also, loyalty toward the predecessor, who might not have favored the successor's new ideas, appeared to be an influence factor on possible resistant behavior. Here, the predecessor's refusal was used as an argument for their non-commitment. *Intentional resistance* in terms of active intervention could not be observed within the interviews.

> "The employees groaned distressed. Three quarters of a year before the change was implemented, we had the first cancellations of the work contracts. One employee in the confectionery department complained heavily how she should manage the additional workload she expected to have. In the end, it turned out to be not a big deal at all." (Predecessor 3, Firm C)

In the literature, the prospect of positive consequences or other improvements are basically the main facets that can be ascribed to the *cognitive dimension*. This dimension comprises all sorts of *commitment* which stems from rational and careful considerations (Piderit, 2000). The interviews revealed whether the employees expected positive consequences for their own work task or, if they recognized that the changes were necessary for the security of their jobs, it was more likely that they would accept the introduced change. But even if no effects for themselves but for the firm were expected, such as for example positive effects for the business's financial situation, e.g., an increase in turnover, or when simply positive feedback from customers was received, these factors also contributed to the employees' commitment toward change. Causes for *commitment* based on *affective attitudes*—namely positive emotional or mental feelings (Piderit, 2000)—could also be found in the present study: if the employees felt confident with the new development or were excited about the idea, it was more likely that they supported the innovation. Also, the successor's authority was very important. Many employees argued that, simply because the successor had the authority to change and to innovate, they had to take his/her decisions for granted and did not question them.

> "At some point the successor has to say that things have to be carried out like he wants to. Because in the end he is the boss." (Employee 12, Firm F)

Intentional commitment attitudes, which are basically concrete actions that support the idea (Piderit, 2000), could also be identified in the cases studied. It was more likely that the staff encouraged the innovative changes when they were involved in the decision-making or development process. In the cases of the bakeries, new recipes were often tasted jointly and, if the new creation was not sufficient or satisfying, it was either developed further or immediately abandoned. By integrating the staff in decision-making processes, the successors showed that the employees' opinion was valued and esteemed and that they played an important role in the product or process development process.

> "We discuss here a lot. For example, the web shop was a big topic. There are some who fancy the idea and others, who have none of it. And the bosses are both very amenable to discuss all pros and cons with us openly. Which I really like, because you can speak out on it without being disapproved. You don't need to fear that your reputation is tattered the next day." (Employee 16, Firm H)

	The employees' attitudes		
	Cognitive	**Affective**	**Intentional**
Resistance	No necessity to change	Comfort with the current situation	Not observed
	Expecting additional effort or extra work	Risk and fear of failure	
	Fear of a work overload	Skepticism	
		Feeling overchallenged, especially if change/ innovation was radical/far-reaching	
		Additional knowledge required, but not present	
		Loyalty to the predecessor	
Commitment	Expecting positive consequences for their own work task	Feeling confident with the change/innovation	Collaboration during the innovation-generation process
	Improvement in the business's situation	Feeling excited, motivated, and enthusiastic about the innovation	Involvement in the decision-making/democratic choices
	Recognizing the necessity for the security of their jobs	Successor's legitimate power/ authority	
	Receiving positive feedback from customers		

Table 18: Summary of the employees' resistance and commitment to change

In general, the employees' age seemed to have an influence as well. Both successors and predecessors reported that, because of the older employees' larger stock of knowledge and experience, they were less willing to learn and adapt to new concepts and technologies than younger employees or those with a shorter job tenure. All in all, it must be said that, from the employees' point of view, the introduced changes and adjustments should enhance the current situation. If they turned out to be a failure, it was expected that the situation would return to former structures and solutions that had worked better in the past. In Table 18, all observed attitudes are summarized and clustered into resistant and committed behavior.

4.3.2 How can the successor behave in order to minimize employees' resistance and to achieve commitment?

The fifth research question deals with different "strategies" the successors can adopt in order to minimize resistance. As mentioned before, Piderit (2000) points out the existence of *ambivalent attitudes*. Also, in the present study, some explanations for the employees' commitment were difficult to classify clearly as either cognitive or affective attitudes.

The successor's progressiveness and modernity had a positive influence on their commitment as well, because these attributes were viewed as making a positive contribution to the group performance. Often, the successor's motivation to innovate was considered as positive in contrast to the predecessor's occasional rigidness or inertia. Thus, the employees were mostly appreciative of the successor's efforts and willingness to change.

The employees deemed it important that all changes the successor initiated shortly after his entry into the business were not significant and serious. This means that the changes should not be far-reaching and that the successor should rather behave in a manner conforming to the firm and group norms primarily. It turned out to be the better strategy for the successors to accept all given conditions in the beginning instead of trying to change all circumstances even if the successors were very enthusiastic and thrilled about their new role in the firm. In general, successive changes were more likely to be accepted than abrupt adjustments.

> "I would say that he [the successor] shouldn't make too large strides in the beginning, not dare too much—just because you have to keep your feet on the ground." (Employee 2, Firm A)

Still, the employees' expectations regarding the successors' innovative behavior increased over time, which means that, even if they were reluctant to change at the beginning of the successor's career in the family firm, a certain amount of innovative contribution was expected the longer the successor was present at the firm. Another argument was the successor's competence measured by his former education and firm external experiences gained before entering the firm. When the successors were considered to be highly competent, it was more likely that their suggested ideas became accepted, as the employees trusted the successors to have good reasons why the change was necessary. These partially contradictory patterns can be explained by the Idiosyncrasy Credit Theory outlined by Hollander (1961). He proposes that behaving in a group-conforming manner in the beginning leads to a higher number of awarded credit points, which means the leader is able to act later.

As the *successor's competence* and the *involvement of employees* have been identified as important influence factors regarding resistant and committed behavior, Figure 7 combines both of them. One axis describes the successor's degree of competence measured by his educational level, his craft expertise, and his external, former professional experience and can attain three different gradations, from a poor performer, an average capable performer to a highly capable performer. This subdivision follows Hollander's (1961) experimental set for competence in his study on the Idiosyncrasy Credit Model. On the other axis, the degree of involvement of employees in the decision-making processes and product or process development activities is depicted, at levels of low, medium, and high. For example, a case has been classified as greatly involving its employees when weekly meetings with the staff are held, where they could suggest improvements or new products (as for instance in firm B). Cases where the employees were less involved in democratic decision-making processes regarding innovations were classified as "low employees' involvement".

It can be seen that the employees' attitudes toward changes, which equal the "dependent variable", fit into a pattern according to Yukl (2002). In cases where the degree of involvement of employees was very low and the successor lacked professional competence, it was more likely that *resistance to changes* on the part of employees occurred. In contrast, *commitment to changes* most likely evolved in cases where the successors were highly capable performers and employees could weigh in with their opinions. All other subareas were labeled as "*compliance*". In firms C and B, the innovative efforts seemed to be very accepted, whereas resistance could be recognized in firms E and K.

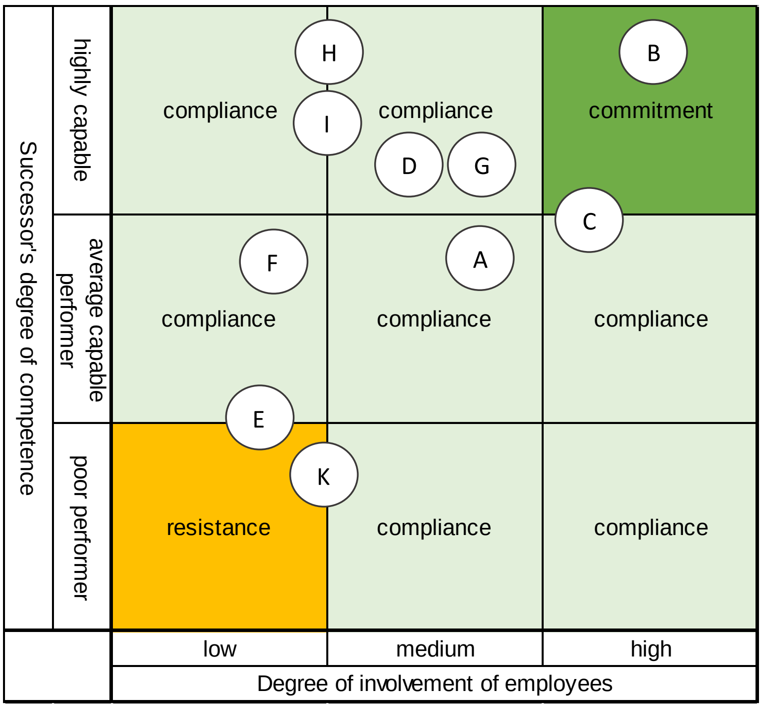

Figure 7: Interaction of successor's competence and involvement of employees regarding the acceptance of the successor's innovative efforts

Yukl (2002) describes *compliant* target persons as "apathetic rather than enthusiastic" (p. 143), who only make minimal efforts to execute the request. The reasons therefore are simple: it is not the person's attitude that has been influenced but the person's behavior (Yukl, 2002). As Yukl (2002) describes this influence outcome as sufficient for routine tasks, it might be inadequate for any innovative attempts, because the employees quietly accept instructions without questioning them. Naturally, *commitment* is the most desirable influence outcome as the "target person internally agrees with the decision or request and makes a great effort to carry out the request" (Yukl, 2002, p. 143). Consequently, *resistance* is the less desirable outcome.

4.3.3 How can commitment and resistance to innovations on the part of predecessors be explained?

The predecessor's active participation in the business played a significant role in the successor's innovative behavior in general. Owing to the age of the predecessors, they often lacked enthusiasm and motivation. Their willingness to change seemed to decrease mostly with age and tended to be lower than the successors'. As long as the predecessors were still present in the business, their final approval was required in some cases; otherwise, the successors were not allowed to implement their innovative ideas. In other cases, the successor was allowed to make decisions solely and independently despite the predecessor's active presence in the business.

Cognitive resistance was arose when the predecessors did not consider the adjustments to be necessary because they themselves had found a way to make things work smoothly in the past. Thus, some of the predecessors perceived the successors' efforts as self-criticism concerning their own former innovative performance and work, which provoked *affective resistance*. This manifested itself for instance in skepticism regarding the change. Especially in the joint-reign phase of succession, the predecessor's presence could therefore turn out to be problematic.

> "I think that every predecessor has made his own experiences and has identified a way how things work out the best. And the staff got used to these ways. And as nobody is able to change himself over night, this might be one reason why it can be so difficult sometimes for us successors to enforce changes." (Successor 1, Firm A)

Causes for the *predecessor's commitment to change* could be identified as well. Similar to the employees' *cognitive attitudes*, the predecessors were more likely to behave supportively if positive consequences or improvements for the business were expected. Reasons grounded in the *affective dimension* were, for example, enthusiasm for and approval of the successors' idea or pride in their progressiveness, because the predecessors did not have the idea themselves. *Intentional attitudes* were also found: the predecessors were more likely to support the idea if they were involved and integrated in the idea development and the decision-making processes—in other words, the requirement for a "go ahead" made them still feel needed and useful.

> "We always try to find a solution we both feel comfortable with by talking with each other through constructive dialogue." (Successor 2, Firm C)

To summarize, in successful successions, the predecessors kept themselves out of the successors' innovative efforts and gave them plenty of rope, even if they did not feel confident with the idea. This in turn supported the employees' attitudes to change positively. Table 19 summarizes all observed attitudes and differentiates them into resistant and committed behavior.

	The predecessors' attitudes		
	Cognitive	**Affective**	**Intentional**
Resistance	No necessity to change	Perceiving initiated change as self-criticism	
Commitment	Improvement in the business's situation	Feeling excited, motivated, and enthusiastic about the innovation	Collaborating during the innovation-generation process
		Feeling proud of the successor's ideas and innovative "potential"	Involvement in the decision-making/democratic choices
		Feeling "needed"	

Table 19: Summary of the predecessors' resistance and commitment to change

5 Discussion

In the following chapter, the results are discussed in a broader context and hypotheses are developed that might be interesting for future research. The relevance of case studies for theory-building is highlighted by Eisenhardt (2007), for instance, who describes it as "one of the best (if not the best) of the bridges from rich qualitative data to mainstream deductive research" (p. 25). She emphasizes the importance of case studies for "developing constructs, measures, and testable theoretical propositions" (Eisenhardt, 2007, p. 25). Thus, the derivation of hypotheses contributes to the circular model of the research process (Flick, 2009), insofar as future data sets can be used to test theory that was built inductively from the present cases. Here, the question will be to what extent the proposed hypotheses can be generalized for family firms in succession phases.

5.1 Innovation types during family firm succession

The first specific research question aimed to analyze the different kind of innovations that were pursued by the considered firms during succession. Thereby, it has to be considered that the interviewees probably revealed innovations that happened recently or at least in the last 3 to 5 years, which are still fresh in their minds. Owing to long-lasting cohabitation phases up to 28 years in some cases, it is assumed that the probands did not report innovations that emerged shortly after the successor's entry into the business.

To start with, almost all observed innovations were rather *incremental* and thus limited in their "radicalness", especially because they were mainly new to the firm rather than new to the world. In this study, disruptive innovations, as the OECD (2005) declares highly radical innovations to be, were not found. These findings are congruent with those of Laforet and Tann (2006), who state that especially small and medium-sized food manufacturers—and the sample in this study consists of many bakeries—"tend to make incremental product changes instead of developing entirely new products" (p. 372). Also, Oke et al. (2007) found in their study that "SMEs tend to focus significantly more on incremental than radical innovations on average" (p. 747). However, their study included only high growth SMEs in the UK and no family businesses in a succession phase. De Massis et al. (2015) state that family firms strategically engage rather in incremental innovations in order to avoid the consumption of the family wealth by being too risk-taking as well as due to limited financial resources. Still, no matter how incremental the innovations were in this study, Oke et al. (2007) emphasize that these kind of innovations have the same significant and positive influence on business performance as radical innovations. Even improvements and adjustments, the identification of niches, and customer-friendly solutions contribute to technological change indispensably (Lahner & Müller, 2004).

H 1: Family SMEs pursue incremental rather than radical innovations during succession.

Only in one case could some radical and new to the market innovations be observed. Interestingly, especially in this case, a family external successor took over and an innovation lag was existent, which forced the successor to innovate in order to recover the business. In the other family external case, a firm internal succession took place and only incremental innovations were identified. Predecessor and successor had worked for 28 years in the same business, which speaks for a long cohabitation phase. A successor who has been active in the business for many years might already have introduced some innovations since his entry. Thus, a smooth transfer with a long collaboration phase might not require radical innovations to the same extent as abrupt entries with short cohabitation phases. These usually happen when a successor cannot be found immediately. Thus, it can be argued that it depends to a huge extent on the business situation the successor finds than on the mode of succession (family internal versus family external). The business situation in turn is highly influenced by the predecessor's behavior.

H 2: The radicalness of pursued innovations during a family firm succession depends greatly on the present business situation. A prosperous business requires less radical innovations than a slacking business.

Interestingly, it was observed in the interviews that decisions on further (radical) investments, especially those that aimed at the enhancement or expansion of buildings and machinery, were bound to the entry decision of the successor. Even if the successors were not yet active in the business—as long as the predecessors had their promise to succeed—the predecessors tended to shrink less from being innovative, which in turn enhanced the business situation and made later investments on the part of the successors less urgent.

This observation gains importance when returning to the question of whether family internal or external successions require more radical innovations. As mentioned before, the number of observed family external cases in this study was not sufficient to draw general conclusions about the differences between family internal and external succession regarding the radicalness of innovations. But based on the fact that predecessors seemed to be quite capable of innovations when they had the promise of their successors, consequently the predecessors must be more risk averse regarding innovations when a successor could not be identified. In family external succession, where a buyer has to be found first, an innovation lag is therefore more likely. From a macro-economic perspective, this could even mean that all firms available on the market for sale are of worse quality because of omitted innovations than those where a successor has already been found. As a consequence, it is more likely that family external successors face the problem of an innovation lag in bought firms, which makes radical innovations more necessary than for family internal successors. This problem is made worse by the existing information asymmetry between seller and purchaser. The following assumption is therefore not in line with Grundström et al. (2011), who could not discover a particular difference between external owners and family internal successors—both pursuing rather incremental innovations.

H 3: Family external successors are more likely to implement radical innovations than family internal successors due to a higher likelihood of an innovation lag in sellable firms.

Although Lahner and Müller (2004) state that the majority of the craft firms in Germany are traditional businesses with no innovative activity at all, *different types of innovations* could be observed which will be discussed in the following: most of the family businesses studied concentrated on *product innovations*, especially on the development of products that were new to the firm. Of all the innovations reported, around 18% account for product innovations. This is in line with Oke et al. (2007), who confirmed their assumption that SMEs rather focus on product innovations than on service or process innovations. Laforet and Tann (2006) found in their study that half of the small manufacturing firms surveyed did not develop new products themselves but in line with customer demands.

Also, *process innovations* that aimed at the enhancement of existing production or delivery processes in order to decrease unit costs or increase quality were identified, even if to a far smaller extent than product innovations (3%). This is in line with Oke et al.'s (2007) findings that high-growth SMEs focus less on process innovations. In contrast, Laforet and Tann (2006) found that SMMEs engaged more strongly in identifying new ways of working than in developing or enhancing new product innovations, whereas it must be added that Laforet and Tann (2006) refer to process innovations as "a company's investments in systems, technology and people" (p. 372). Therefore, their definition might not be congruent with the definition of the OECD (2005), which in turn underlines the necessity of aligning definitions in academic studies in the future to ensure comparability.

H 4: Family firms from the crafts sector rather pursue product than process innovations during succession.

Also, *organizational innovations* appeared to be very important for family businesses in succession phases (around 24%). As this type of innovation includes business practices, workplace reorganization, and external relations, it seems as though efforts in organizational innovations can be made at any time independent of the development of specific products or processes. They aim at the implementation of new methods for organizing routines, improving employee retention, and fostering relations with external stakeholders. Especially the crafts and trades sector, which suffers from a skills shortage, is forced to think about strategies to remain attractive to employees who might consider changing their jobs and transiting to the industry sector. It could be observed within this study that the successors were heavily concerned and involved in developing new ways and measures to foster and care for their employees. For example, incentive systems, flexible working hour models, or health management concepts were introduced in order to retain and commit the staff to the crafts businesses.

H 5: Organizational innovations in general play a significant role during successions in family firms from the crafts sector.

The observed *marketing activities* were of a very creative nature and aimed to bring customers and businesses in touch with each other (altogether 33%). Especially new product promotion activities (26%) played a significant role. The successors particularly pursued their active presence on social media platforms. One reason might be that the successors' generation grew up with social media. Also, the successors hoped to reach a younger generation of customers who are more familiar with the internet and Web 2.0 than earlier customer generations. This in turn increased the customers' feeling of loyalty and affiliation.

H 6: Product promotion activities as part of marketing innovations play a significant role during successions in family firms from the crafts sector.

Innovation activities build the base for all other kind of innovation types as they lead to the implementation of innovations (OECD, 2005). They can be understood as necessary requirements that need to be fulfilled before an innovation is introduced. As the analysis revealed, innovation activities account for 22% of all reported innovations. In particular, focus was laid on the acquisition of machinery, equipment, and other capital goods and on training activities that supported the employees in handling the implemented new products or processes. As mentioned before, large investment decisions in machinery and the extension of production buildings were often not made until the successors had promised their entry into the family business and committed themselves to take over.

Although Scott, Jones, Bramley and Bolton (1996) revealed that the small manufacturing firms in their study suffered from a shortage of skills and technology as well as training problems, this could not be confirmed within this study. This might be because of the dual education system characteristic of the German crafts sector, where companies often train their employees as apprentices from the very beginning and pass them after finishing their apprenticeship. The personnel are therefore highly trained and specialized for the needs of the company. If further training is needed in order to refresh or increase knowledge regarding the implementation of a new product or process, the training is provided by the firm. Laforet and Tann (2006) also discovered that "a good level of training was found in more innovative companies" (p. 374).

H 7: Family firms from the crafts sector in succession processes focus especially on the acquisition of machinery, equipment, and other capital goods and on training activities as part of the innovation activities.

However, in only one case have efforts in research and experimental development been made, which is definitely an alarming signal because it shows that businesses from the crafts and trades sector do not undertake, for instance, creative work in-house that might increase the stock of knowledge, support the invention of radically new products or services, or enable the application of existing knowledge for new purposes. An explanation might be that the advantages of small businesses lie in the further development of existing basic innovations, which do not require fundamental research (Lahner & Müller, 2004). Also, because of the structure of the sample, which consists mainly of SMEs, those activities might not have been identified to a large extent. Moreover, activities for marketing and organizational innovations could barely be identified. Reasons therefore might be that the interviewees reported ex post about their innovative efforts when the marketing innovation itself had already been introduced. Thus, they were not engaged in planning and developing it any more.

H 8: Family firms from the crafts sector in succession processes rarely focus on research and experimental development activities.

5.2 The predecessors' and successors' roles regarding the management of innovations dependent on the phase of succession

The second specific research question aimed at examining the roles of predecessors and successors in the management of innovation processes during a succession. After discussion of the findings, hypotheses are derived and presented as well.

First of all, Laforet and Tann (2006) state that, in less innovative small manufacturing companies, the CEO or owner is less involved in efforts spent on innovations. That the owners show strong personal commitment to innovation (Heunks, 1998; Laforet & Tann, 2006; Pavitt, 1991) is seen as essential for the innovativeness of businesses in the literature. Congruently, Stremming (2009) identified in her study on the innovative behavior of craft SMEs that on average 77% of all innovations are initiated by the owner (p. 214). The author points out that the owners can therefore be seen as the main initiators, but that other members of the organization are also often involved in the development process (Stremming, 2009). It is conceivable that the customer gives an impulse to the employee, who passes on the idea to the owner, who finally manages the realization. In the context of family firm succession, the first question is whether the predecessor, the successor, or even both should be seen as the owners. In this study, the predecessor was still the owner in the majority of the cases. Despite this, the successors appeared to be the main change agents. Regarding the role of the successor, Mitchell et al. (2009) state that the successor as the new leader of the business should dare to step beside the well-known paths.

They view the entry of the successor, who inherits innovative potential, as a chance for the business to develop further.

Furthermore, Lahner and Müller (2004) mention the owner's or manager's high academic qualification as one criterion for high innovative capability. This is in line with the firms considered in this study, where the successors were often better educated than their predecessors. For instance, many successors held an academic degree in addition to the master's examination (cf. Zehe, 2016). Also, the successors have been identified as the main initiators of innovations who bring fresh impulses and new ideas to the business (72%). Interestingly, their engagement was independent of the phase of succession. Even if both leaders were still active in the business, namely in the joint-reign phase, the successors were the most active innovators. Some 31% of all innovations were initiated by them in this phase. One reason is that the predecessors in the cases considered obviously gave the successors huge scope for making decisions and did not shrink from transferring responsibility.

H 9: The majority of innovations implemented during succession are initiated by successors independent of the succession phase.

In the joint-reign phase, it was more likely that both leaders developed new ideas mutually (13%). In rare cases, the predecessor solely gave new impulses (6%). After the predecessors' retirement from the business, they were less involved in innovative activities. Predecessors did not push innovations solely any more (0%), which is a sign of their final departure from the business. At the utmost, innovations were pursued by both in the withdrawal phase (5%). This is in line with Letonja, Duh and Zenko (2012), who confirmed in their study that the predecessors tended to be less innovative during their last years of working up to their retirement. In contrast to that, they identified the successors as highly motivated to innovate and implement novel ideas (Letonja et al., 2012).

H 10: Predecessors tend to push innovations and change in the joint-reign phase, while their engagement drops significantly after their withdrawal.

H 11: Both leaders tend to push innovations and change conjointly in the joint-reign phase, while mutual efforts decrease during the withdrawal phase.

The successor's strong commitment to innovative activities might be one reason why the craft firms in this study considered innovation to be highly important. However, Laforet and Tann (2006) view the role of the CEO as critical likewise, as in 75% of all cases in their study, the CEO or owner was identified as the "project-champion" (p. 372) who evaluated new ideas for products. This could lead to little team integration and group orientation. Their assumption could not be confirmed with the findings in this study as most of the successors tried to involve their employees in decision-making processes, which was also one instrument to increase commitment to change. Nevertheless, in only 3% of all cases in this study were employees the source of innovative ideas. This shows that employees are consulted when it comes to decisions regarding innovations, but seldom make suggestions initially. Nevertheless, companies in which employees made contributions to a suggestion scheme were significantly more innovative (Laforet & Tann, 2006). Because employees are more often in direct contact with customers, they might have a better view on recent market developments and demands and should therefore be more involved in the idea-generating process for innovations in future.

As innovativeness is viewed as an organization's notion of openness, the observation of resistance and commitment on the part of the staff and predecessors, who might still be active in the firm exerting influence, is certainly one indicator for capturing the extent of a firm's innovativeness. In the next section, findings regarding the observed resistant and committed behavior will be discussed.

5.3 Commitment and resistance to innovations on the part of employees

The third specific research question takes into account the resistance and commitment of employees regarding innovations during succession processes.

In this study, the employees showed *cognitive* as well as *affective resistance* even if the change was absolutely reasonable after careful consideration. Problems with enforcing innovative ideas arose for the successor when a certain unwillingness on the part of employees could be observed, predominantly because of considering the innovation to be unnecessary or the fear of additional work load (*cognitive resistance*). Kotter and Schlesinger (1979) confirm that a low tolerance for change is more likely to occur when employees fear not being able to develop the new skills that are required of them. Montes, Moreno and Fernandez (2003) argue that "the perception of on-the-job pressure has a negative impact on the creation of a climate that supports innovation" (p. 171), which is why employees should be prevented from facing a lack of resources such as time, materials, and information (Chandler, Keller, & Lyon, 2000). If future innovations require specific knowledge, firms should provide training measures in order to prevent fear that might arouse and lead to resistant behavior.

Affective resistance appeared especially in the case of radical and far-reaching changes—here, the workers seemed to be more skeptical than toward incremental changes. Also, their loyalty to the predecessor played an important role. Employees tended to be more resistant if the predecessor did not agree with the successor. This was used as an argument for considering the innovation not to be necessary. This is in line with Hauschildt (1999), who referred in their study to the top management team promoting change as "power proponents" or "innovation champions" (p. 13). They found that destructive resistant behavior on the part of subordinates was more likely to be overcome when committed and powerful proponents promoted the idea. In the present study, the predecessor would assume the role of the proponent. Hauschildt's (1999) findings underline the importance of the predecessor acting in line with the successor in order to constrain resistance, which was emphasized in this study.

Intentional resistance, which expressed itself in undertaking conscious actions against the innovation, could not be identified. Reasons therefore might lie in the successor's legitimate power, because the successor simply has the right to enact decisions due to his power position as (junior) boss of the company.

H 12: Among employees, cognitive and affective rather than intentional resistance is more likely to arise regarding the implementation of innovations during family firm succession in the German crafts sector.

On the other hand, *cognitive commitment* was enhanced when the employees believed the innovation might bring positive consequences for their own work task, or its necessity to ensure the survival of the firm and its contribution to their own job security was recognized. Also, positive feedback by customers or a significant increase in turnover contributed to their commitment. *Affective commitment* arose mainly from their personal attitude toward the innovative object: if they favored the idea personally, support was more likely. Furthermore, Kotter and Schlesinger (1979) recommend that potential resistors should be involved "in some aspect of the design and implementation of the change" (p. 109) in order to forestall resistance. This way of dealing with resistance was also found within this study, where *intentional commitment* manifested itself when workers were integrated in the development process of innovations.

H 13: Among employees, cognitive, affective, and intentional commitment is likely to arise regarding the implementation of innovations during family firm succession in the German crafts sector.

5.4 Behavioral strategies for the successor to minimize employees' resistance and to achieve commitment

The fifth specific research question dealt with the possibilities for successors to minimize employees' resistance and to achieve commitment.

As mentioned before, the integration of employees into decision-making processes regarding the planned changes increased their commitment. A combination of the degree of involvement of employees in decision-making and the successor's competence in a pattern revealed three different potential outcomes—resistance, compliance, and commitment. To label the boxes, Yukl's (2002) approach of allocating different bases of social power to outcomes of influence attempts was adopted. *Commitment* as the most desirable influence outcome appeared conclusively when the successor was extremely capable and followers were highly involved. Furthermore, this influence result is the most preferred case as "commitment is an even more desirable outcome because of the trust and emotional pledge that it engenders" (Green, 1999). Furthermore, Yukl (2002) states that to solve difficult tasks—and dealing with innovations usually comprises complexity—"commitment is usually the most successful outcome" (p. 143) as the change recipient strongly agrees with the request and exerts him/herself to carry out the order. Similarly, in the firms studied, commitment was highest when the successor was extremely competent and included employees to a great extent. Thus, the following hypothesis can be drawn:

H 14: The more capable the successor is regarded as being and the more integrated employees are in the idea-generating and decision-making process regarding innovations, the more likely it is that the suggestion and implementation of innovations on the part of the successors during family firm succession are accepted by employees and <u>commitment</u> occurs.

On the other side, *resistance* to change occurred more frequently in the cases studied when employees were not allowed to state their opinion and to co-decide, and when the successor was a poor performer. According to Yukl (2002), the occurrence of resistance is also highly probable when coercive power is used by the leader. This power base is grounded upon the followers' fear of the leaders' possible punishments or disapproval (Raven, 1992), for instance the loss of jobs or promotion possibilities. Because the risk exists that the use of coercive power results in anxiety and resentment, "it is best to avoid using coercion" (Green, 1999, p. 56). Kotter and Schlesinger (1979) similarly argue in the context of choosing the right strategies for change that "using coercion is a risky process because inevitably people strongly resent forced change" (p. 111). In the cases studied, the use of coercive power on the part of the successor to exert innovative influence was rare.

H 15: The <u>less capable</u> the successor is regarded as being and the <u>less integrated</u> employees are in the idea-generating and decision-making process regarding innovations, the <u>less likely</u> it is that the suggestion and implementation of innovations on the part of the successors during family firm succession are accepted by employees, which results in <u>resistant behavior</u>.

Lastly, *compliance* is closely connected with the use of reward, legitimate, or position power. Yukl (2002) describes compliant target people as indifferent and rather demotivated, who only make minimal efforts to execute the order. This is because it is not the person's inner attitude that has changed but only the person's behavior (Yukl, 2002). Thus, compliance might be sufficient for routine tasks, but is quite inadequate for highly innovative attempts, as the employees quietly accept instructions without trying hard to implement the requested change. In the interviews, some workers indeed reported that the successor had the right to determine future directions on account of his legitimate or position power. But reward power, such as the use of tangible rewards or personal approval, could not be identified as one of the successor's strategies to enforce innovative attempts. However, Kotter and Schlesinger (1979) recommend rewards and incentives as a strategy to overcome active or passive resistors. In the present study, compliance most likely occurred when the successor was competent at a medium or high level, but integrated the employees only to a low to medium extent.

Furthermore, the employees considered it important that changes introduced shortly after the entry of the successor were not of a radical nature. An explanation might be provided by the aforementioned Idiosyncrasy Credit Theory outlined by Hollander (1961). The leaders' group-conforming behavior leads to the followers' contribution of idiosyncrasy credits. In this context, the leaders are allowed to act and behave counter-normatively, that is innovatively. Consequently, the findings in this study provide more support for Hollander's (1961) Idiosyncrasy Credit Theory than for the study by Abrams et al. (2008), because antinormative successors who acted in a non-conforming manner at the beginning of their career in the business were punished by a loss of legitimacy to enforce innovative change more than leaders who acted in conformity with the group norms. Furthermore, Hollander (1985, 1995) states that followers are more likely to enact the instructions of their bosses when they believe that the leader would vouch for the group members or at least exert effort on their behalf. Haslam and Platow (2001) go even further and reveal from a social identity perspective and self-categorization concept that followers are rather motivated by group-level concerns, namely by collective self-interest, than by the prospect of personal rewards, namely personal self-interest.

In this study, it was congruently found that followers were more likely to accept the successors' innovations and change concepts when they recognized a certain positive contribution for the organization, which one could argue equals the group. This resulted mainly in *cognitive commitment*, as they all pursue the same goal of keeping the organization alive. Also, trust played an important role. When the successors had gained trust on behalf of the employees over time by introducing innovations successfully and by sharing the same views, the employees' tolerance for the successor to behave deviantly and non-conformingly increased similarly. This is in line with Haslam and Platow (2001), who state that "people follow leaders who hold similar beliefs to their own" (p. 1478). As beliefs are the bases of affective attitudes (Ajzen, 1984; Piderit, 2000), this resulted in *affective commitment*.

As mentioned before, the successor's *competence* as an important influence variable on the successor's ability to exert his vision and actions should not be neglected. This study revealed that successors who were considered to be highly capable performers were more likely to enforce their suggested ideas. Zehe (2016) also identified competence in her study about the legitimization of leaders as a key influence variable enhancing the successor's acceptance. Mishra (1996) introduces the term "competence trust", which means that a belief in the leader's motivation and capability to perform certain tasks must be prevalent. "Competence trust can even compensate for some of the deficiencies of a system dependent solely on interpersonal trust" (Sundaramurthy, 2008, p. 94). Also, Hollander (1961) found that the accorded status of the leader of the group was more likely to grow when he was seen as a highly capable performer. Being in a group for some time could even increase his accorded status, but also allow the expectancies to rise simultaneously. This could be confirmed within this study as the employees' expectations regarding the successors' innovative behavior increased over time. Thus, it can be assumed that the innovative pressure resting on the successor accumulates with time within the company.

H 16: Group-conforming behavior on the part of the successor in the beginning, which manifests itself in the introduction of rather incremental innovations in order not to deviate from the group norms in a too radical way, increases the likelihood of gaining idiosyncrasy credits that give room for change.

H 17: The pressure on the successor to deviate from existing group norms increases over time as long as the successor behaves in a group-conforming manner at the beginning and has proven worth in gaining idiosyncrasy credits by introducing successful innovations.

H 18: A highly capable successor gains more idiosyncrasy credits that enable the enforcement of innovations than a less competent successor.

5.5 Commitment and resistance to innovations on the part of predecessors

The fourth research question focused on the commitment and resistance to innovations on the part of the incumbent-owners. In the following, results, the *predecessors' resistance and commitment* are discussed first, followed by the derivation of hypotheses.

As the predecessors have found ways in the past to work things out smoothly, they often did not consider the innovations initiated by the successors as necessary, which was classified as *cognitive resistance*. *Affective resistance* attitudes stemmed mainly from the perception that changes were understood as self-criticism regarding their former performance. *Intentional resistance* was detected in joint-reign phases as some successors not being allowed to introduce and implement innovative ideas without the predecessors' "go-ahead". Here, integrating the predecessors into decision-making regarding the planned change was decisive in increasing their commitment. This was also important because employees were more likely to resist change when the predecessor did not support the innovation. The predecessors can therefore be seen as "power proponents" or "innovation champions" promoting change in joint-reign phases (Hauschildt, 1999).

However, after their withdrawal, the majority of the incumbents were restrained by their successors. This is in contrast to Grundström et al. (2011), who found that "regardless of if the previous owner remains active within the firm or not, her or his ideas are transferred forward through the choice of successor and through the new owners' wishes to keep values acquired" (p. 636). In this study, this is only applicable to family firms in the joint-reign phase where the predecessors' blessings were required. In withdrawal phases, the successors definitely made autonomous decisions independent of the previous incumbent.

H 19: Among <u>predecessors, cognitive, affective, and intentional resistance</u> is likely to arise regarding the implementation of innovations during family firm succession in the German crafts sector.

H 20: <u>Predecessors</u> are more likely to show <u>intentional resistance,</u> in particular when they are still active in the business and are not integrated in the idea-generating and decision-making process regarding the implementation of innovations on the part of the successors, during family firm succession in the German crafts sector.

Congruently with the employees' *cognitive commitment*, the predecessors considered innovations as necessary if positive consequences for the business were expected. Here, the group and organizational perspective—that is the "collective self-interest" (Haslam & Platow, 2001, p. 1477)—is emphasized. The predecessor's commitment was more likely to increase when positive business-related consequences, such as for instance an increase in turnover or improvements in operational processes, were expected. *Affective commitment* was discovered in terms of enthusiasm, pride, and approval of the successor's innovative idea. In general, there were several personality types: those that were in competition with the successors were not in favor of the successors' innovative ideas. In contrast, predecessors who were able to transfer tasks, duties, decision-making, and managerial powers were also more likely to be in favor of the successors' actions and therefore approved them. As mentioned before, predecessors appeared to be more supportive of an idea when they were integrated in the development process and when ideas were mutually discussed (*intentional commitment*). Nevertheless, the successors were the ones who made the greatest efforts to initiate new ideas.

H 21: Among predecessors, cognitive, affective, and intentional commitment is likely to arise regarding the implementation of innovations during family firm succession.

6 Conclusion, Contribution, and Further Implications

The overall aim of this study was to examine the family firm's general management of innovation and innovativeness during and after a succession has taken place in family SMEs. The more specific research questions aimed at the analysis of the specific innovation types that family firms focus on and on the predecessors' and successors' roles in the management of innovativeness in the different phases of succession. Furthermore, explanations for resistance and commitment on the part of the employees and predecessors were examined as well as strategies for the successor to minimize resistance.

The study showed that a succession in general does not necessarily impede family firms from being innovative. The successors appeared to be the main change agents, even in joint-reign phases, which was a surprising result on account of the predecessors' lasting activeness in the business.

In order to classify all identified innovations, the OECD (2005) scheme of innovation types was applied. All innovation types and innovation activities included in the OECD typology were found within the cases studied, whereas the main focus remained on product, organizational, and marketing innovations. No innovations were identified that did not fit into the OECD scheme, which is why the OECD typology seems to be appropriate for family SMEs as well. The majority of the firms did not concentrate on process innovations primarily. However, IAs, which support the implementation of innovations, were undertaken by all family firms. Here, especially type 2 IAs, which refer to the acquisition of new machinery, equipment, and other capital goods, were found. One alarming finding was that the firms considered did not concentrate on research and development activities, which are a necessary precondition for radical innovations. This might be because of the craft industry or the craft disciplines in particular that the sample consisted of. A bakery, hairdresser, or carpenter might not be forced to invest in research and development activities, as these are more relevant in skill-intensive and high-tech industries. But in order to stay competitive and to survive, businesses from the crafts sector should also think about their research activities as there might still be room for improvement and further innovative approaches.

In line with this is the finding that the firms considered implemented incremental rather than radical innovations. It was argued that this is more dependent on the present business situation the successor finds when taking over. The existence of a severe business situation might make change and innovation on the part of the successor more necessary than in cases where the incumbent-owner has not failed to react to actual developments in the business environment. This happened in one case, where a family as well as a firm external owner took the business over. Drawing general conclusions from only one case might be difficult, but what can be noted is the fact that predecessors were more likely to innovate when the successors had promised to step into their shoes—even if the entry date was not yet fixed. Conversely, this means that family firms without a succession aspirant are more likely to suffer from an innovation lag. Family firms that cannot find a family internal successor are thrown on to the free market. Consequently, it can be assumed that firms where a family external and firm internal succession took place are of minor quality due to omitted innovations, which makes radical innovations more necessary.

Also, whether the crafts sector should be more radically innovative in the future remains difficult to judge as radical innovations are not reasonable for every kind of craft discipline. For example, a bakery that advertises its traditional production processes is bound to the usage of its traditional recipes, although an enhancement of the process might reduce personnel costs and raise the efficiency of the production process in general. A painter might also be constrained by the colors acquired by purchase on the market—he could be "innovative" regarding the application of the colors on different media, but this probably remains a difference on a small scale. Other craft disciplines might be more predisposed to radical innovations, especially disciplines where research and development activities are needed, as mentioned above. This includes, for example, orthotic technicians, vessel and equipment constructors, and hearing aid acousticians. But those disciplines were not part of the sample. However, the risk involved has to be carefully judged against rising developmental costs and the diminution of marginal utility for the customer who experiences increasing degrees of novelty (Corsten et al., 2006; Kulicke, 1987). Nevertheless, as Oke et al. (2007) argue, incremental innovations are also fruitful for the future prospects and performance of the business.

Lastly, the behavior of parties involved in the succession process that deal with innovation, in particular the predecessor, successor, and the workers, was merged and explained using findings from social psychology. Findings in this study provided strong support for theoretical arguments derived from social power and leadership theory. The tripartite view of attitudes (Ajzen, 1984; Piderit, 2000) provided a scheme to sort observed commitment and resistance attitudes. Findings in this paper contributed to Piderit's (2000) assumptions in the following way: as it was shown in this study that attitudes to change are not always stringent, but can also be ambivalent, Piderit's (2000) proposition for the prevalence of multidimensional attitudes to organizational change is confirmed. Furthermore, she called for further "investigations of what motivates those responses to change" (p. 792). In this study, identifying motives and causes, why employees and predecessors responded to the successor's introduced change with resistant or committed behavior, provided for this demand. Also, Hollander's (1964) Idiosyncrasy Credit Theory gave important hints about what may influence the successor's ability to implement change in an ordered system and what influences commitment. By transferring findings from social psychology, which mainly stem from small group experiments, into real contexts, those theories were proven in the field and their lack of external validity narrowed. Herewith, the paper also contributes to the demand from some authors to support family firm succession research with findings from social psychology (Filser, Kraus, & Märk, 2013).

In most of the cases, the successors have been identified as pioneers who supply the family firm after their entry with fresh ideas and who introduce change in different areas, even in joint-reign phases where the former owner was still active in the business. However, in some cases, the predecessor remained the one having the final say regarding the implementation of innovations. Here, much of the legitimate power remained with the predecessor and did not diminish until he/she finally left the business. Especially in long-lasting collaboration phases, this might lead to serious problems, when the successors' innovative capabilities are restrained by the predecessors' influence. Furthermore, resistance on the part of the predecessor invoked employee resistance as well—presumably because of felt loyalty and the predecessor's legitimate power, which conflicted with that of the successor. Thus, successors would be wise to try to increase the predecessors' commitment by involving them in the decision-making and development process because, in the end, the predecessors could be the ones impeding innovations and change.

Difficulties in adapting to new situations also increased with rising age of the employees. Integrating the employees into decision-making showed the same effect as involving the predecessors: it was more likely that they would accept the introduced change. In combination with a highly capable successor, commitment was most likely to be invoked, whereas the conjunction of a less competent successor and less involved workers most likely resulted in resistance. For this analysis, Yukl's (2002) approach regarding the success of different influence outcomes was used. Adopting the Idiosyncrasy Credit Theory of Hollander (1964) provided interesting suggestions as to how the successor should behave in order to successfully enforce change. Change and innovation can be viewed as non-conforming behavior deviating from existing group norms and structures. Successors who behaved in a manner conforming with the group norms at the beginning of their career in the family firm by introducing incremental change and sharing group beliefs gained the trust of the followers. Subsequently, this led to the contribution of idiosyncrasy credits. Backed up with this amount of credits, the successors were able to behave counter-normatively—in other words, they were allowed to be innovative and change existing organizational norms. With increasing time in the firm, the expectancies rose similarly. Employees then even expected and regarded the successor as responsible for introducing change—the innovation pressure on the successor increased.

From these findings, several hypotheses were proposed that have to be tested within a larger sample, as this study used qualitative methods in a case study research design. The results might not therefore be generalizable for all family firms as well as SMEs. Still, the study complies with a present demand in the literature to take the contextual specialties of different industries into account (Laforet & Tann, 2006). Here, focus was laid on SMEs from the crafts and trades sector in Germany in particular. Future research should therefore investigate whether the identified innovation types and the extent of engagement in those types are generalizable: (1) for SMEs from other industries, (2) for family firms in general, independent of their size and industry, or (3) whether the findings were influenced by the ongoing succession the considered family firms currently faced.

The findings in this paper contribute to the existing literature in three different ways: first, they give new insights into existing SME innovation literature by elaborating which sort of innovations SMEs from a specific sector pursue. Second, the important aspect of remaining innovative even during unstable and difficult phases, as a family firm succession often appears to be, is emphasized. Hence, highlighting innovation in the light of succession contributes to the “black box” of innovation in family firms (Cassia, De Massis, & Pizzurno, 2012; Chrisman et al., 2015; De Massis et al., 2015) that was recently opened up in family firm literature.

Further research could focus on the development of an innovation type’s hierarchy, which depicts the interrelationships between them. For instance, it might be possible that process innovations have to be regarded first as they might constitute a precondition for product innovations or other types. Regarding the observed resistance and commitment to change, it might be interesting to examine whether the identified attitudes could be related to certain innovation types. For instance, it might be conceivable that organizational innovation provokes affective resistance or commitment, whereas marketing innovation invokes cognitive resistance or commitment. Indeed, an analysis like this might be difficult, as attitudes are often not clearly dividable due to blurring boundaries. Also, a differentiation into incremental and radical innovations is possible—radical change might create greater resistance than incremental change. Still, it might be difficult to match innovation types or the extent of innovations with a specific attitude, as these are highly individual perceptions depending on influence factors such as the personal context and consequences the change might have for oneself, the amount of available information, or the degree of involvement. Another interesting research topic for the future would be to elaborate on the radicalness of innovations in general in family internal versus external successions. As mentioned before, it is assumed in this study that firms seeking purchasers on the market are of inferior quality because of an innovation lag, which makes radical innovations more necessary than in family internal successions, where the successor decision is settled long before.

In conclusion, this study has shown how important it is for family firms even in phases when a succession is ongoing to invest resources in topics such as innovation, as remaining innovative is seen as indispensable for sustaining a business (Johannessen et al., 2001; Porter, 1990). Being open to new developments and reacting to the changing environment can thus be seen as key for continuous success over generations in the family firm. Furthermore, “an organizational climate […] characterized by strong cohesion, open communication and freedom to express opinions” (Montes et al., 2003, p. 169) is absolutely necessary to enable change. This openness was referred to as innovativeness (Hurley & Hult, 1998). The successor as main initiator should therefore provide a corporate climate conducive to change and involve all members of the organization in the innovation process as they might carry important knowledge. This not only refers to the employees, but also to the predecessor and helps to minimize resistance to change. A long-lasting cohabitation phase can therefore be seen as highly useful, because it enables the transfer of important (implicit) knowledge from the predecessor to the succeeding generation—assuming that the predecessor gives the successor plenty of opportunity to be innovative. But even if resistance on the part of the predecessors and employees does exist, the successors need to be willing to take a chance in adjusting an ailing system in order to succeed in the business. This must happen despite their desire to preserve the family wealth and their possibly higher risk-aversion compared with previous generations. As long as they are keen to do that, their entry into the business should definitely be seen as a godsend and the exit of the predecessor not as a curse.

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Appendix

Appendix 11: Kappa statistics for inter-coder reliability regarding different innovation types

		Rater B														
		1	2	3	4	5	6	7	9	10	11	12	13	14	0	**Sum**
Rater A	1	15		1								1			2	**19**
	2	1	4				2								2	**9**
	3	1		3												**4**
	4				1											**1**
	5					1										**1**
	6		1				8									**9**
	7							33							7	**40**
	8	1														**1**
	9							6	7			1	3		2	**19**
	10			1					1	2			2		2	**8**
	11						2				8					**10**
	12										1	3				**4**
	13	1		1			3						24		1	**30**
	14												1			**1**
	Sum	**19**	**5**	**6**	**1**	**1**	**15**	**39**	**8**	**2**	**9**	**5**	**30**	**0**	**16**	**156**

Legend

0	Not coded
1	IT_Prod-Goods
2	IT_Prod-Service
3	IT_Proc-Production
4	IT_Proc-Delivery
5	IT_Marketing-Design
6	IT_Marketing-Placement
7	IT_Marketing-Promotion
8	IT_Marketing-Pricing
9	IT_Org-Business
10	IT_Org-Workplace
11	IT_Org-External
12	IT_Innov-Act-R&D
13	IT_Innov-Act-Prod & Proc
14	IT_Innov-Act-Market & Org

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Measure of agreement	Kappa	0.651	0.041	22.054	0.000
No. of valid cases		156			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

Appendix 12: Kappa statistics for inter-coder reliability regarding initiators of innovations

		Rater B						
		1	2	3	4	5	0	**Sum**
Rater A	1	96		4			12	**19**
	2		8				1	**9**
	3	5	1	21			2	**4**
	4				4			**1**
	5				1		1	**1**
	Sum	**101**	**9**	**25**	**5**	**0**	**16**	**156**

Legend

0	Not coded
1	Successor
2	Predecessor
3	Both
4	Employees
5	Customers

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Measure of agreement	Kappa	0.655	0.056	12.825	0.000
No. of valid cases		156			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

Appendix 13: Case descriptions of participating companies regarding their management of innovation

Firm	Legal form	Succession phase	Activeness/ role of predecessor	Activeness/ role of successor	Distribution of shares	Initiator of innovations/ change agent	Successor's innovative behavior in the beginning	Successor's expertise	Degree of involving employees
Message		**Official state of succession**	**How active is the predecessor?**	**How active is the successor?**	**Who is the owner?**	**Who initiates innovations and change?**	**To what extent does the successor behave in a group-conforming manner?**	**How competent is the successor?**	**How are decisions made?**
A	Limited liability company (GmbH)	Joint-reign	Highly active	Managing director and co-owner	PD: 50% SC: 50%	Successor highly engaged with refreshing ideas, e.g., Azubi-Night, club night in the production hall, measures for employee recruiting, new products, cafe shops. Predecessor gives successor much scope for development and implementation of new ideas.	Successor makes suggestions and frequently decides solely, even at an early state in the succession. After the decision is made, he adheres to it, although not every decision for a specific change turns out to be successful afterwards. The predecessor sticks by him, even if some decisions fail.	Successor is about to finish his degree in economics and holds two master craftsman diplomas. Apprenticeships were family firm external. Better educated than predecessor.	Employees are encouraged to give feedback about newly developed products (conjoint tastings). They co-decide, whether the product comes up for sale, whether it is rejected, or whether it has to be further improved.
B	Private limited partnership (KG)	Joint-reign	Medium active	Managing director and co-owner	PD: 25% SC: 75%	Both leaders display innovative behavior, although active in different areas. The successor focuses more on organizational innovations, for instance restructuring of business practices, web shop, other distribution channels, whereas the predecessor concentrates on, e.g., corporate design, art, identification of new agencies.	Rather incremental innovations and changing small parameters. Successor has not tried to roll the business up as he found a solid business situation after his entry, which made radical innovations less necessary.	Comprehensive expertise in his craft through several jobs in other companies where the successor gained extensive experience. Employees say that he's been there and done that. Holds an academic degree in economics and two master craftsman diplomas.	Ideas for new products stem inter alia from employees, as they are closer to the customer. Employees are also involved in decision-making regarding newly developed products during weekly meetings.

C	Sole proprietorship	Joint-reign	Less active	Managing director, but no shares	PD: main shareholder	Predecessor and successor conjointly. Predecessor wants successor to decide. Employees are involved to a large extent and are encouraged to make suggestions.	Rather hesitant and inactive regarding innovations. Needs impulse from predecessor and employees. Needs a long time until decisions regarding changes are eventually made.	No academic degree, but two master craftsman diplomas (family firm external). Employees refer to him as highly capable, especially his ability to make gateaux.	Employees are encouraged to give feedback about newly developed products (conjoint tastings). They co-decide, whether the product comes up for sale, whether it is rejected, or whether it has to be further improved. Employees often have far-reaching influence regarding decisions and take the initiative.
D	BGB company (GbR)	Joint-reign	Highly active	Managing director and co-owner	Both	Successor is proactive regarding customer communications, social media, and the identification of new cafes and agencies. Predecessor is responsible for product innovations and the improvement of existing products. Both leaders discuss and agree upon decisions conjointly.	In general, no radical innovations necessary, because the business is on a firm footing. Even incremental innovations are not introduced overnight, but in small steps.	Holds an economics degree and one master craftsman diploma. Gained extensive experience through several work stays abroad and by working in other companies.	Successor integrates employees in the development of new ideas. Decisions about which choice has to be made finally remains within his authority. Successor follows the strategy to let employees experience whether the change works out or has positive consequences for them (rational persuasion).
E	Gmbh & Co. KG	Joint-reign	Medium active	Managing director, but no shares	PD: main shareholder	Successor tries to innovate, but is thwarted by predecessor.	Incremental innovations in areas, where predecessor is not active, for instance social media, human resource management, financial planning, and cost controlling. Difficulties for the successor in implementing any ideas, especially those referring to the staff.	No apprenticeship in the craft in which the business is active. Has no technical expertise, but financial and social skills. Holds an academic degree in economics.	Employees are not involved.

F	Gmbh & Co. KG	Joint-reign	Medium active	Managing director, but no shares	PD: main shareholder	Both leaders display innovative behavior and decide conjointly about what is implemented and what not.	Successor continues the business in the same way as before, no radical changes. As both leaders are active in the firm, they discuss and agree about far-reaching innovations such as, for instance, the extension of the workshop.	Holds one master craftsman diploma; gave up his study at university after the second semester. No work experience in other companies.	Employees are hardly involved, although they would like to be integrated.
G	Limited liability company (GmbH)	Withdrawal	Less active; intermittent specific tasks/ consultant	Managing director, but no shares	PD: main shareholder for actuarial reasons	Predecessor is often skeptical about the successor's ideas, but gives her plenty of rope. Successor is main change agent and aims to extend the present business segments. Also plans a new shop building. Predecessor controls and monitors the innovations financially and is responsible for specific tasks, for instance the development of seasonal products.	Very proactive. Sometimes resistance on the part of employees, as they feel overchallenged, fear the additional work load, and are pressurized to do things they actually do not want to do (e.g., wearing a traditional dress in the sales branch during a folk festival).	Successor holds two master craftman diplomas, both acquired in the family firm. Little outside work experience. Several advanced trainings in order to enter new business segments.	Successor decides about the implementation of innovations solely. If resistance arises, successor tries to achieve commitment by showing the employees how reasonable and necessary the change is (rational persuasion).
H	Sole proprietorship	Withdrawal	Less active; intermittent specific tasks	Managing director, but no shares	PD: main shareholder	Successor is main change agent. Predecessor has officially left the business and focuses on other business segments independent from the core business.	Rather "radical" innovations such as for instance the introduction of a standardized concept/manual for the working process. At least, this had comprehensive consequences for the employees. As the employees rated this change as helpful and reasonable and refer to the successor as highly competent, the changes are predominantly accepted.	Highly competent successor with extensive professional knowledge. Many important achievements, including winning of several championships. Also other awards, such as for instance the youngest master with a diploma in the craft. Admired by employees.	Employees are asked for advice, especially regarding the implementation of products to be sold to the customer (e.g., hair care products). Innovations regarding the organizational structure are not discussed. Team leaders are more integrated than working staff.

I	Sole proprietorship	Withdrawal	Not active	Managing director and owner	SC: 5% 20 years ago; now main shareholder with 100%	Predecessor is not active in the business any more and avoids interfering. Thus, successor is sole change agent.	Successor tried to change the workplace organization in the beginning, which was not well accepted by the employees. Enhancements to the incentive system were positively judged, though.	Holds no master craftman diploma, but a certificate of apprenticeship which was acquired in the same business he took over later. As a long-term employee, the successor gained comprehensive experience in the business. Predecessor refers to him as very talented with good spatial sense. Employees esteem him.	Employees are hardly involved, although they would like to be integrated.
K	Gmbh & Co. KG	Withdrawal	Not active	Managing director and owner	SC: asset deal, 100%	Predecessor is not active in the business any more. As successor and predecessor have fallen out with each other, the predecessor is not welcomed. Successor is sole change agent.	Successor tried to implement many changes in a very radical way and acted definitely antinormatively in the beginning. As an outside purchaser of the company, his popularity did not peak right from the start.	No professional expertise from the beginning as the business segment of the company is highly specific. Holds an academic degree and gained experience in other companies, especially in the sales department of a large OEM. Has already been a managing director of a smaller company in his former job position, but the business (from a completely different sector) was sold.	Employees are hardly involved, although they would like to be integrated. Mostly, they simply have to carry out the request.

4 ESSAY 3

VIDEO ELICITATION INTERVIEWS IN ORGANIZATIONAL AND MANAGEMENT RESEARCH: APPLICATION IN A FIELD STUDY

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Abstract

Despite growing interest in video-based methods in organizational and management research, the application is rare. In this paper we focus on videos as stimuli in interviews. We compare video elicitation interviews to other forms of interviews, which employ photos as stimuli or which are purely word-based. We suggest five stages of how video elicitation interviews might be applied. Against the background of a field study we share some methodological insights, and discuss the possibilities as well as limitations of video elicitation interviews. We find that organizational and management research could benefit from the inclusion of this method, particularly when exploring sensitive topics, emotions, or identities.

Keywords: Interviews, qualitative research, video elicitation

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5 CONCLUSION

The aim of this dissertation is to support the crafts sector with strategies for the successor to legitimate his position as a new leader in the firm, to enact decisions, and to enforce innovative attempts. Therefore, in ***paper 1***, a theoretical framework was developed that depicts the complex relationships and role adjustments between predecessor, successor, and employees in the light of social power and their influence on the successor's acceptance as a dependent variable. The inferences were drawn by applying multiple methods, which means that qualitative as well as quantitative methods were used to examine the assumptions.

In ***paper 2***, special attention was paid to the management of innovations while a succession is going on by elaborating different innovation types that family firms pursue. Also, the initiating roles of predecessor and successor with respect to the management of innovativeness were analyzed. Furthermore, it provides helpful instructions about how successors can behave in order to implement innovative attempts and what prevents them from facing resistant behavior from the predecessor and the employees.

In contrast, ***paper 3*** is a method paper that focuses on video elicitation interviews as a new interview method for organizational researchers. A hands-on guide for researchers who want to apply this type of interview was developed, and practical recommendations and pitfalls were deduced from experiences in the succession study, where this type of interview was used.

By considering French and Raven's (1959) social bases of power approach, Hollander's (1964) influence factors of gaining legitimacy, and the Idiosyncrasy Credit Theory (Hollander, 1987), this dissertation provides comprehensive insights into succession processes in the German crafts sector and the craft firm's ability to manage innovativeness during this particular stage from a social psychological angle. To the author's knowledge, no other studies exist that link theories from social psychology to the context of succession in terms of legitimacy, power, and influence, although an increasing demand exists to take psychological aspects more into consideration (Filser et al., 2013). By adopting a case study research design, focused interviews were conducted and photographs were used as a documentary method. Also, the power composition of predecessor and successor was empirically tested in a quantitative manner by applying a standardized instrument from social power theory among employees. The IPI (Raven et al., 1998) enabled us to measure different sources of social power of leaders. Thus, it was not only possible to prove existing theories from social psychology, but also to verify them in the field and to give valuable extensions in the context of family firm succession.

Paper 1 examined different influence factors on the successor's legitimate power with particular regard to the predecessor as a legitimizing agent and source of authority, to the successor's competence and expertise, and to the new leader's group-conforming behavior. Therefore, different quantitative and qualitative methods were adopted, the results of which were all incorporated into one theoretical model.

This so-called data triangulation (Denzin, 1989) improved the quality of the results gained, as different methods were used that yielded one single picture in the end. Where contradictory findings were obtained, the researcher reviewed and verified the antagonisms.

Results show that, as a result of the predecessor's legitimate and position power, his/her influence on the successor's position in the firm is essential and his/her support indispensable. This can turn out to be a problem in joint-reign phases, where both leaders are active in the business. Consequently, a harmonious relationship characterized by communication and exchange is absolutely necessary to reduce conflict and tension. Sharing knowledge and transferring responsibilities and duties can be seen as the first step of the predecessor on the path to retirement. Sooner or later, predecessors should be able to withdraw from the business and, at the most, be available as a consultant staying out of the successor's business. Despite the predecessors' wide influence, the successors can contribute to their own position by being capable performers. Expertise and competence turned out to influence their legitimacy positively. The legitimizing process itself also played a role: early communication of succession plans and official announcement of the successor as the firm's future leader might help the employees to adapt to the new situation.

Although the developed framework is very comprehensive and comprises many factors, it meets Le Breton Miller et al.'s (2004) critique insofar as "central dimensions of the succession context and process, and […] the long term, dynamic and iterative nature of succession" are not neglected (p. 306). Indeed, this dissertation herewith provides a more comprehensive approach. To speak with Kurt Lewin's (1945) often-quoted endorsement of theory that views theory as having a key role in guiding effective practice: "There is nothing so practical as a good theory" (Lewin, 1956; cited from Sharma, 2004, p. 2). Thus, the developed model will hopefully give helpful, practical hints for all those affected by and involved in a succession.

As the ability to remain innovative is viewed as one of the most critical factors in sustaining a business, ***paper 2*** investigates how innovation and innovativeness are managed by family firms while a succession takes place. First, the successor turned out to be the person mainly initiating change and pursuing innovations. Second, based on the innovation typology developed by the OECD (OECD, 2005), it was analyzed what kind of innovations the considered family firms mainly implement during succession, ranging through product, process, organizational, marketing innovation, and other innovation activities (OECD, 2005). The main results were that the firms studied primarily considered product, organizational, and marketing innovations, whereas process innovations played a minor part. The neglect of process innovations might be caused by the nature of the sector and the constitution of the sample. Craft firms have often improved their processes over decades and even advertise their traditional production processes in order to dissociate themselves from industrial competitors, as for example in bakeries. Here, potential for improvement might be rather difficult to identify. Furthermore, the implemented innovations were incremental rather than radical. Conspicuously often, the firms focused on innovation activities that aimed at the acquisition of new machinery, plant, and equipment. Drawing links to ***paper 1***, the entry decision of the successor was often a crucial reason why new and capital-intense investments were made. Thus, it is not surprising that major changes arose after the successor stepped into the business. Regarding commitment and resistance to change that the successors sometimes faced from employees and predecessors, ***paper 2*** provides interesting results on how best to handle this behavior: successors could increase commitment if they (1) were highly competent, (2) were loyal to the group by behaving in conformity with the group norms initially, and (3) involved employees and predecessors in the idea-generating and decision-making process. As many family firms put in great efforts to be innovative, ***paper 2*** argues that a succession does not impede the innovativeness of family firms, as often assumed in the literature, but rather that the entry of the successor is a great chance for further development of the business. Still, as process innovations and research and development activities appeared to be neglected, family firms should consider these types of innovation more carefully in the future as especially the last type serves as a base for radical innovations. Besides, process innovations aim at the reduction of unit costs and increase in quality, which in turn are important to ensure the future viability of the business.

Paper 3 deals with the application of visuals in organizational research. Particularly from the experiences in the succession study of ***papers 1 and 2***, where video elicitation interviews were used, a practical guide containing general steps for conducting video elicitation interviews was developed. First (1), it has to be decided which visual stimulus is the most appropriate in terms of the research question and context. For instance, visuals can be moving or still images, they can be generated by the researcher, stem from archival material, or can be produced conjointly with the respondents. Video triggers are especially suitable for research contexts that involve highly complex settings and interpersonal relationships that would be difficult to depict in still photographs. In the next step (2), a stimulus has to be found and an appropriate one selected. Step (3) recommends a pre-test in order to validate whether the stimulus elicits and triggers the desirable information or leads the respondent in a wrong direction. Next (4), the interview itself takes place and the video trigger is presented. It is important that the researcher should pose a rather open question that allows the interviewee to respond to any aspect of the movie he/she finds important. Step (5) deals with data analysis and applicable coding procedures. Here, it is necessary to be sensitive to possible difficulties during the coding process regarding the separation of objective assessments of the stimulus and the respondent’s personal experiences that were elicited by the trigger.

Also, further recommendations and pitfalls are given in order to alert researchers who want to apply video elicitation interviews to possible drawbacks. By contrasting both applied video triggers in the succession study, we observed various different effects from the respondents that were abstracted in the following. Researchers should keep different things in mind when selecting a trigger. For instance, we detected two different types of video stimuli dependent on their purpose—anchor and arrow type. Whereas the anchor video depicts a very broad situation that enables respondents to refer to it during the whole interview situation, the arrow type presents a very specific situation that elicits very particular information from the interviewees. Also, a certain degree of conflict should be given in the videos, which is not resolved, as otherwise it does not provide topics of conversation with the respondents, who should develop a solution on their own. It is furthermore important that the respondents can identify with the presented situation and its actors. If they have not experienced such a situation on their own, an assessment might be difficult for them to give and segueing to their personal experiences is hampered.

One strength of this dissertation is that it follows a mixed-method approach, which can be defined as a combination of "qualitative and quantitative research approaches (…) for the broad purposes of breadth and depth of understanding and corroboration" (Johnson et al., 2007, p. 123). Teddlie and Tashakkori (2011) call mixed-method research the "third methodological movement" (p. 285) and assume that quantitative and qualitative research approaches do not exclude but rather "can be fruitfully used in conjunction with each other" (p. 285) because one method can outweigh the weaknesses of the other. Methodological eclecticism is one of eight contemporary characteristics of mixed-method research that Teddlie and Tashakkori (2011) mention. They describe a "researcher employing methodological eclecticism (…) as a connoisseur of methods who knowledgeably (and often intuitively) selects the best techniques available to answer research questions that frequently evolve during the course of investigation" (Teddlie & Tashakkori, 2011, p. 286). It also contributes to the concept of data and methodological triangulation that Denzin (1989) proposes as a quality criterion for qualitative research.

This study follows methodological logic based on the assumption that the three different methods in the study complement each other: (1) First, single *focused interviews* in combination with short *video sequences* as a trigger have each been conducted with two employees, the predecessor as well as the successor. In addition to that, (2) *photographs* have been taken of the CEOs' offices as a visual, qualitative method. (3) Third, as a quantitative method, employees were *surveyed* with the IPI as a *standardized instrument*. Data triangulation was fulfilled by considering three different perspectives—the predecessors', successors', and employees' ones. Investigator triangulation was considered in ***paper 2*** by involving two researchers in the coding procedure and by calculating the interrater reliability. Findings from methods (1), (2), and (3) were presented in ***paper 1***. In ***paper 2***, the pure verbal interview data from method (1) were used. Whereas in ***paper 1***, a theoretical framework was abductively postulated, ***paper 2*** provides the formulation of several hypotheses and follows a deductive approach based on findings from method (1). ***Paper 3*** is predicated on empirical and methodological reflections of method (1) and provides a standardized scheme that facilitates the application of this type of interview.

At the end of the study, it can be summarized that succession remains one of the most critical topics in the life cycle of family firms. Owing to the entanglement of family issues and roles with the transition of management and leadership, interests are often contrary, which can result in the failure of succession in the worst case. As many family firms in Germany and also those from the crafts sector are expected to be handed over in the next few years, the overarching aim is to ensure a successful succession in order to avoid economic damage. For this purpose, the present dissertation gives several insights across all three papers.

After meeting the first challenge of finding a capable successor, family firms have to focus on the legitimization of the future leader of the business. It can be assumed that the future success of the firm mainly depends on the successor's integration. The theory developed in ***paper 1*** gives helpful insights into how the successor's establishment should proceed in practice. It was revealed that the successor's competence plays an important role. An apprenticeship in the specific crafts field and the completion of the mastership examination appeared to be mandatory—experiencing a solid education at university and gaining work experience outside the family firm influenced the perception of the successor's competence in a positive way as well. That the predecessor has an enormous influence on the successor's legitimate power due to his role as legitimizing agent was also shown. This emphasizes that, without the predecessor's willingness to hand over the business, his readiness to step aside, and without placing trust in the successor, the latter will face difficulties in taking root. It was revealed that many factors lie beyond the successor's control and that next generation members have a rough ride, being architects of their own fortune in the firm.

As if overcoming problems that arise during this phase was not enough, ***paper 2*** revealed important findings regarding innovative behavior while a family firm succession takes place. As remaining innovative is one of the key success factors in staying competitive, this plays a particular role in family firms in order to ensure sustainability over generations. Here, the successor was identified as the main initiator and guarantor of innovations, which is in a way contradictory to the employees' expectations to behave in a group-conforming and non-deviant manner in the beginning, that is to preserve and keep existing structures. Besides the analysis of innovation types that the family firms concentrated on, the paper provides helpful strategies as to how successors can act to cope with resistance to change of recalcitrant individuals in the family firm.

Considering the findings in this dissertation, further research should especially focus on empirically proving further influence variables from the "*Theoretical Framework of Successor's Acceptance*". Thus, confirming the theory within a larger sample with quantitative methods is necessary to generalize the findings. Elements of such a follow-up study could be the influence of characteristics of the relationship between the predecessor and the successor, such as their mutual trust and conflict behavior, the legitimizing process itself such as, for instance, the point in time of the announcement, the successor's former career path before entering the business, or the capability of adapting to new roles on the part of those involved in the succession process. Varying the characteristics of variables might also be important, such as for example the influence of a less accepted predecessor as a source of authority on the successor's legitimacy has not been evaluated in the case studies. Proving the model in different industries, where the successor's competence might play a minor role, is also necessary. So it remains questionable whether the successor's expertise plays the same crucial part in other sectors compared with the crafts sector or whether this finding is due to the legal entry requirements that craftspeople have to fulfill when starting or managing a business. Furthermore, it should be elaborated whether the model can be applied independently from the mode of succession as only two family-external cases were observed. Here, an interesting question would be whether the source of authority has the same strong impact in a family-external succession, because it can be assumed that the relationship between predecessor and successor is not as strong and close as in family-internal successions. Testing the theoretical model in businesses where the successor has difficulties becoming a legitimated leader should also follow, as only two firms took part in the case studies where problems arose. This would reveal whether the influence factors from the model are valid in a reverse setting.

The proposed hypotheses regarding innovativeness during family firm succession could be part of an empirical study and need to be proven with a large number of participating firms as well. Also, there is a need to verify the formulated hypotheses, in particular to test the observed innovation types with family firms in general—without the succession and craft context. Developing a hierarchy of innovation types—on which ones do firms concentrate first before they address other ones—might be one outcome of such a study. Besides, it would be interesting to discover whether the observed resistant attitudes and the compliant behavior are related to certain innovation types—in other words: is a specific innovation type more likely to evoke a particularly desirable or unwanted behavior?

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