

Wolfgang ZINIEL – Peter VOITHOFER

FAMILY BUSINESS SUCCESSIONS IN AUSTRIA – SATISFACTION AND THE INCUMBENT-SUCCESSOR RELATIONSHIP

The transfer of businesses contributes to the dynamics and the development of the economy in Austria. Successful transfers generate numerous positive impacts. Securing both employment and investment, creating new jobs and stimulating growth are some of these effects. Failed transfers can contribute to negative effects, including the loss of jobs and an economic slowdown.

Over recent years the number of business handovers in Austria has been rising. The forecasts show that this number will remain high over the next few years. Between 2015 and 2024 more than 42,000 economically sound SMEs will face the challenge of finding an appropriate successor. This means that 26 % of all Austrian SMEs (excluding one-person businesses) and 29 % of all employees in these companies will be affected.

The aim of this paper is to provide a multi-faceted discussion of the relevance of affective components in family business transfers. A “good” relationship between the successor and the departing owner fosters the success of a transfer. This relationship involves, among others, the willingness to share relevant information, openness and respect. The satisfaction (with the completed business transfer) is closely interrelated with the relationship between the successor and the departing owner. Consequently, we can assume that affective and emotional components can indeed shape the success of business transfers. Based on that, new future research opportunities are outlined.¹

Keywords: business transfer, family firm, Austria, SME, successor, incumbent

The year 2006 marks an important date concerning family business succession. The history of the family company K. K. Kongō Gumi ended, after a lifecycle that had endured for 1428 years. The Takamatsu Construction Group took over the company from Masakazu Kongō. He was the 40th and the last Kongō in the lead of the family business (Daspit et al., 2016). These numbers are certainly not representative of the actual situation in Austria or elsewhere, yet it is a fact that on average family companies are older and provide more stability than other companies in Austria (Doerflinger et al., 2013).

There is a great need for research into the structure and characteristics of family companies in Austria as 9 out of 10 companies are run as family businesses². 71 % of the labour force in Austria and 68 % of the employees work in family companies. There are more than 260,000 family companies, more than 1.8 million labour force and nearly 1.6 million employees. 61 % of revenues are generated in family businesses or, in other words, family companies generate revenues of nearly

€ 383,000 million per year.³ Nearly 60 % of the business transfers in the next 10 years are expected to happen in the context of family companies.

These numbers make clear that failed business successions could have significant impacts on the Austrian economy. Failed successions are not always the result of weak business decision making. According to Hennerkes (2005, p. 58) *conflict is the greatest destroyer of value in family enterprises*.

Satisfaction with a transfer can be analysed on two levels, the satisfaction with the process and on a personal level (i.e. the relationship to the incumbent and the activity in his/her role as successor). The perspectives of the successor, of the incumbent and of the employees have to be considered. All constructs are likely to be interrelated. The aim of this analysis is to reveal these correlations.

It seems that subject-related literature has not devoted enough attention to these aspects so far. The issue of emotional factors in incumbent–successor relation-

ships and the complex social ties (as well as the different perceptions) within the family have to be considered through research. Frey et al. (2005) underline that open communication and a clear picture of the future direction can ease conflicts and raise prospects of success. There are only a few investigations hitherto that specifically work on these aspects.

In addition, researchers emphasise that multi-dimensionality is one of the guiding principles when studying business successions. Others explicitly demand a stronger post-succession perspective when approaching the topic (Nordqvist et al., 2013).

This paper aims at fulfilling all these requirements by focusing on affective and psychological determinants and their relevance for successful business successions.

Business Successions in Austria

The number of succession transfers in Austria is on the rise. 6.700 companies were taken over by successors in 2014. Considering a 10-year period, this amounts to a rise of 22 % (2004 to 2014). This trend is very likely to continue.

A high rate of transfers can be expected in the medium term, granted that entrepreneurs, who are older than 50 are potential departing owners: 53 % of them are planning to transfer their companies within the following 10 to 15 years. Speaking of SMEs in Austria, successful transfers have the potential to secure the employment of 424,000 people (including employers). This equals 29 % of all employees in SMEs in Austria. In the period between 2015 and 2024, all the SMEs affected could generate cumulated revenues of around € 520 bn. Assuming that revenues grow linearly, this corresponds to 15 % of all revenues generated in this period (for more details see Ziniel et al., 2014).

The future potential for business transfers in the context of family companies seems to be high. The Austrian Institute of SME Research has revealed a figure of 25,000 companies (family companies without sole proprietors) that are to be transferred between 2015 and 2024. This amounts to 59 % of all potential transfers in that period of time in Austria (ibid.).

The potential transfers of family companies are very unevenly distributed among the different sectors of business for structural reasons. The craft and trade sector is in the lead with 37% of all transfers, followed by the retail sector (26 %). The tourism and leisure industry will be responsible for 23 % of the transfers. 6 % of them will occur in the information and consulting branch, 2 % in industry. This distribution can partly be explained by the proportion of family companies and the transfer intensity in the branches. The traditionally

high number of family companies in the leisure industry goes hand in hand with a high intensity of transfers. The information and consulting industry exhibits only low levels of family businesses and thus a low intensity of transfers (ibid.).

Economic Transferability

The economic transferability of companies in Austria has improved. Studies (Mandl et al., 2008; Ziniel et al., 2014) consider companies as economically sound enough to be transferred when they have met two criteria over a period of three years: their equity ratio has to exceed 20 % (equity in the books of the total capital) and their profitability needs to surpass 5 % (of the turnover).

Earlier studies reveal that 9 % of the companies in Austria do not meet these criteria (see for instance Mandl et al., 2008). However, current data indicate improvements: only 6 % remain below the thresholds. In this context we should point out the heterogeneity of the economy. In the tourism and leisure industry 13 % cannot be considered as economically fit to be transferred (Ziniel et al., 2014).

The years that precede a transfer are often characterised by a lack of innovation. The departing entrepreneur cannot be sure that his/her innovations will be reflected in the future revenues and in a potential business valuation. Innovation but also investment backlogs often lead to a lower enterprise value, declining competitiveness and to problems when it comes to finding suitable successors. The data at hand show that more than one third of the entrepreneurs did not implement innovations in the three years prior to the transfer (ibid.).

At a Glance: Family Businesses in Austria

A large-scale study carried out by Doerflinger et al. (2013) could serve as a recent benchmark survey of family companies in Austria. The survey involved a random sample of 2,500 entrepreneurs. The numbers and insights in this chapter come from this publication.

The economic situation of family businesses in Austria is stable: 53 % of them have declared rising revenues and the number of persons employed remains unaltered in 50 % of the companies. A substantial number of entrepreneurs show high levels of satisfaction concerning their economic development. This is particularly true for larger family companies and for those in the production and business related services sector. By contrast, the economic performance is perceived as stagnant to weak in the retail and the tourism sector, as well as in small family companies with ten employees or less.

Family businesses in Austria are usually characterised by their formative personalities. 61 % are headed by one person who is the proprietor at the same time. In approximately one fourth of the companies there is more than one proprietor. 16 % of the companies are led by more than one person.

On average, Austrian family companies are 29 years old. The majority of the family companies (90 %) are led by only one generation: 50 % of the companies still by the first family generation, 20 % by the second generation, and 12 % by the third. A mere 8 % of the family companies are owned and managed by the fourth or later even later generation of the family. Family companies become older than other companies and thus provide a stable basis for the business in Austria (Doerflinger et al., 2013). Persistence is a decisive characteristic of family companies.

Today, a considerable part of management in the family business is female. When more than one person leads a family business, usually one of the people is female. In half of the cases one man and one woman share management. Thus access to executive positions seems to be easier than in other companies. The older and the bigger the family company, the more family members are engaged.

According to Doerflinger et al. (2013) family companies often favour stability over advancement. Merely one third of them have plans to grow. Only one section of the entrepreneurs reveals the spirit to open new business segments and to broaden competitiveness. It is not surprising that economic dynamics within the companies are inversely related to the age of the company.

When it comes to business sectors, the tourism sector is in the lead containing 93 % family companies, followed by the retail sector (92 %) and the construction sector (91 %) as well as “business related” services. The production sector is characterised by the lowest number of family companies. It has to be noted that the number of one-person businesses varies a lot among these sectors. While the tourism sector contains 19 % only, the business related services sector is in the lead, containing 59 % of one-person businesses.

Family companies in Austria are characterised by long-term relationships concerning their workforce. 6 out of 10 employees stay for more than 5 years in the company, more than 25 % longer than 10 years. The staff turnover is low. Within the last five years 36 % of the companies have not seen any fluctuation in staff turnover.

The Concept of Succession

Thinking in terms of family businesses, succession means the transfer of the leadership from one family

member to another (American Family Business Survey, 1997). Such a process may sustain or even achieve competitive advantage over non-family firms (Cabrera-Suárez et al., 2001). This is the case when *idiosyncratic knowledge of family character* (Bjuggren – Sund, 2001) is preserved or when *familiness* is present (Habbershon et al., 2003). In this context the concept implies all *resources and capabilities related to family involvement and interactions*” (Chrisman et al., 2003, p. 468.).

However, also several disadvantages become visible when successions in family firms are compared to successions in non-family firms. The most critical sources of conflict arise from relationships within the firm/family and from emotional and psychological aspects (see Davis and Harveston, 2001 and Frey et al., 2005 as well as the discussion later in this contribution).

In this paper we define business successions as ownership transactions within the owner family, typically from one generation to the succeeding one. Family firms are broadly seen as firms that are owned by two or more family members in a household (spousal couple) or in a biologically linked family (fathers, mothers and children), who live in the same or another household (Wennberg et al., 2010).

The transfers of ownership and management in family companies often go hand in hand (Block et al., 2011). Consequently, the paper will focus on successions where both ownership and management are transferred.

Satisfaction and the Succession Process

Literature links numerous variables to the success of a business succession process. Sharma et al. (2003) tested a model that shows that the incumbent’s propensity to step aside, the successor’s readiness to take over, the mutual acceptance of the individual roles and the extent of succession planning have significant influence on the level of satisfaction with the succession process (in the view of the incumbent and/or the successor). The family’s agreement to continue the business reveals no significant effect.

A model presented by Venter et al. (2005) focuses on successor-related factors and their impact on the continued profitability of the business and the satisfaction with the succession. Their structural model shows that the harmony within the family has a significant (positive) effect on the relationship between owner-manager and the successor. This relationship then exerts a significant and positive effect on the continued profitability of the business and the satisfaction with the succession. The same effect is measured for the successor’s willingness to take over. For a review and in-depth discussion of success factors see Filser et al. (2013), Nordquist et al. (2013), Sharma (2004) and Venter et al. (2005).

Success

Dyer (1986), Lansberg (1999) and Miller et al. (2003) stress the issue of emotional factors in incumbent-successor relationships as well as the complex social ties within the family. These authors draw a clear connection between these factors and the success of business transfers.

Succession processes are among or even the most critical subjects that family businesses are confronted with. Successful successions are most often crucial prerequisites of a business's survival from generation to generation (Harveston et al., 1997; Ibrahim et al., 2001).

The success of a succession process could be determined by the subsequent positive performance of the company. Apart from that, successful successions are also defined by the ultimate viability of the business and the satisfaction of all focal stakeholders with the succession process (Cabrera-Suárez et al., 2001; Dyer, 1986; Handler, 1990; Morris et al., 1997; Sharma et al., 2001).

Multi-dimensionality

Researchers underline that multi-dimensionality is one of the guiding principles when studying business successions. This multi-level perspective allows us to understand how the succession process and the related decisions in family context are interwoven. This includes all relationships and interdependencies between individuals, the family and the firms involved. Furthermore researchers explicitly ask for a stronger post-succession perspective when studying the topic (Nordqvist et al., 2013).

Psychological Factors

The relationship between founders and successors changes over the course of a family /internal succession process. According to Fattoum and Fayolle (2009) the relationship can be described in terms of a three-phase model: In the first phase an intense relationship accompanies the start of the succession process. In this first phase it is hard to find a way to patiently handle the interaction processes occurring. In the next phase harmonized actions accompany the establishment of a partnership that is often amicable, and based upon involvement and trust. The third and last phase is characterised by the retirement of the predecessor. Again, the atmosphere can get tense, as the predecessor has to (fully) hand over responsibility.

Intergenerational conflicts can harm and even destroy relationships between the successors and the incumbents in family companies. Davis and Harveston (2001) demonstrate that a high level of interaction between the family members reinforces the degree of conflict among all generations and people involved.

The more a family works together, the higher the potential for conflicts within the generations.

Various aspects could harm the succession process. Frey et al. (2005) find that emotional and psychological aspects are decisive success factors. Different perceptions of the predecessor and successor regarding the future strategy are often the key area of conflict. An open communication and a clear notion of the future direction can ease conflicts. An independent and competent consultant can help reduce conflicts during the succession process. The consultant may mediate and provide support (Frey et al., 2005). The authors underline that so far only a few investigations have specifically looked at these aspects. It is revealed that psychological aspects can lead to a major area of conflict either before or after the succession and can thus represent a main reason for succession process failure.

However, mutual respect and understanding are key factors for a positive succession process. Handler (1990) formulates the hypothesis that the more mutual respect and understanding with the predecessor in the succession that a next-generation family member achieves, the more likely it is that the individual will have a positive succession experience.

Positive succession is always a subjective phenomenon that is differently perceived by each family member. The success of company successions is highly dependent on the personal relationship between the parents and the child taking over the company. Mutual respect plays a central role for effective transfers. Furthermore, a lack of intergenerational understanding is mentioned as the main reason for dissatisfaction, hence making respect and understanding the critical factors for the succession process. Frustration can be attributed to a lack of communication and understanding on the part of the predecessor whereas clear and open communication that includes proper notions of the future direction and feedback enables a positive succession process (Venter et al., 2003).

An increased amount of trust in the ability of the successor has proved to have a positive effect on the overall satisfaction with the succession process. Family harmony and satisfaction with the succession process are positively correlated so that well-functioning family relationships and harmonious atmospheres increase the probability of successful successions. This implicates an honest exchange of opinions and open communication patterns (Venter et al., 2003).

The psychological aspects range from the interpersonal relationship between the predecessor and successor, the imaginary line between family and business, to the knowledge-creating and decision-making hierarchy in families. Numerous studies demonstrate that the failure rate in the succession process is very high. Only

one-third of family businesses make it into the second generation. Only about 10–15 % make it into the third (Beckhard – Dyer, 1983; Bierly – Chakrabarti, 1996; Solomon et al., 2011; Ward, 1987).

Miller et al. (2003) examined failed successions. Three different succession patterns were identified: conservative, wavering, and rebellious. It is suggested that the processes ‘*are very much plagued by problems of passage*’ and characterised by ‘*an inappropriate relationship between past and future*’ (Miller et al., 2003, p. 528.).

Research Model and Working Hypothesis

Business transfers usually focus on objective and subjective performance goals that are interrelated (Morris et al., 1997). The subjective component comprises the satisfaction with the success of a transfer. The objective component includes the effectiveness of the succession and the impact on the firm’s performance.

Subject-related literature has not fully covered the relevance to success of the relationship between the incumbent and the successor. In an exploratory research approach the correlation between satisfaction and the relationship between the incumbent and successor is measured. Based on the relevant literature and the exploratory pre-study with experts, the working hypotheses are set up as follows:

- The relationship between a successor and an incumbent is significantly correlated with the *successor’s* satisfaction with the business succession.
- The relationship between a successor and an incumbent is significantly correlated with the *incumbent’s* satisfaction with the business succession.
- The relationship between a successor and an incumbent is significantly correlated with the *employee’s* satisfaction with the business succession.
- All *three* relationship items are significantly correlated with each other.

Data and Analysis

Data

The data were collected during the research project *Business Transfers in Austria – Current Situation and Future Developments*. A large-scale online survey among Austrian entrepreneurs in December 2013 addressed the perspectives of three different groups: potential departing owners, successors and incumbents. The selection basis was a list of companies containing these target group companies in Austria. This random sample technique yielded a sample size of more than 1600 questionnaires. The paper addresses the two latter groups, i.e. the perspective of the successors and that

of the incumbents. After data cleaning procedures and data quality checks 79 completed questionnaires by successors and 69 by incumbents could be analysed. For further details see Ziniel et al. (2014).

Measurement

All the items were developed based on a qualitative pilot study among experts in the field of business succession in Austria. A 4-point rating scale is employed that ranges from „fully applies” (1), „largely applies” (2), to „partially applies” (3), and to „does not apply at all” (4).

Three satisfaction items are used in the questionnaire. The first one focuses on the satisfaction with the succession process as perceived by the successor / incumbent. This self-image is measured via the single-item measure “Overall, I am satisfied with the succession process.” The external image is measured via the item “According to my mind, the successor / incumbent is satisfied with the succession process”. Finally, in order to measure the employee satisfaction the respondents are confronted with the following statement: “According to my mind, the employees were satisfied with the succession process”. It has to be mentioned that all three items are answered by one and the same person, i.e. the successor or the incumbent evaluates the satisfaction of the three perspectives involved.

- The relationship to the successor / incumbent is measured via the following items:
- “The relationship to the successor / incumbent was / is cooperative.”
- “There was a confrontation during the succession process.” (neg.)
- “The succession process was a period of free expression of opinion and an open exchange of views.”
- “The successor and the incumbent willingly shared information.”

Principal Component Analysis (PCA) gives evidence that the relationship construct is unidimensional in the successor as well as in the incumbent sample. The eigenvalue criterion suggests a one-factor solution in both cases. The total variance explained by the one-factor model amounts to 74.9 % for the incumbents’ sample and 60.4 % for the successors’ sample. KMO scores exceed 0.7. Subsequently the regressed factor scores predict the location of each respondent on the construct. The alpha values for the construct are at 0.752 in the successors’ sample and at 0.877 in the incumbents’ sample. Consequently, the reliability coefficients are higher than the conventionally accepted baseline value of 0.70.

Univariate Results

Successors

On average, successors in the sample are 37 years old (min=22 and max=65) when taking over their company with 47 % being female and 53 % male. They employ an average of five people. The mean founding year of the company taken over is 1969, with the oldest company founded in 1711 and the youngest founded in 2013. The annual revenues of the companies observed tend to be evenly distributed, ranging from €50,000 to more than €2bn.

The majority of the successors experience positive economic development. Nearly 60 % increased their revenues; one quarter increased both revenues and employment. These results indicate that the overall situation of the companies in the first three years after the succession is satisfactory. Economic stability and growth characterise most of the companies. Only a minority of them lost revenues or employees.

Incumbents

The average age of the incumbents when transferring their company is 54 years (min=28 and max=80). Before transferring they had an average of four employees. Most of the annual revenues of the companies transferred are evenly distributed ranging from €50,000 to less than €1bn. 65 % of the incumbents are male, 35 % female.

Incumbents most often transfer their business for reasons of age. Two thirds take this step when they reach the legal pensionable age. 11 % hand over their company because of health reasons. Only a small number of them switch to other (independent) work or change to employment at another company. Recently, age-related transfers have been rising. On average, the departing owners remain in the company for three years, either in an informal or formal position.

Within the three years that precede the transfer nearly three out of ten companies face heavy pressure from decreasing revenues and constant employment. 17 % of the companies are able to increase revenues at a constant employment rate, 15 % increase both revenues and the number of employees.

Descriptive Statistics

In a first step the descriptive statistics are displayed and discussed. The second analytical step analyses the correlations and the respective significance levels in the research model.

Perceived relationship refers to the standardized factor scores. Successors perceive the relationship between incumbents and successors on average as better than the incumbents do (0 and 0.13). Apart from that

the scores of the successors show a smaller range (3.45 vs. 3.66) and thus seem more homogenous.

Concerning the satisfaction with the succession both sides evaluate congruently. The satisfaction of the incumbent is slightly higher when rated by the successors; the same is true for the satisfaction of the employees. This more positive perception by the successors might be due to the fact that they are now in the control of the company. (Table 1)

Table 1.

Descriptive Statistics

	Successor's Perspective		Incumbent's Perspective	
	mean	sd	mean	sd
Perceived relationship	0	1	-0.13	1
	min -0.80, max 2.65		min -0.73, max 2.93	
Satisfaction successor	1.57	0.79	1.56	0.91
Satisfaction incumbent	1.43	0.70	1.48	0.80
Satisfaction employees	1.49	0.91	1.75	1.06

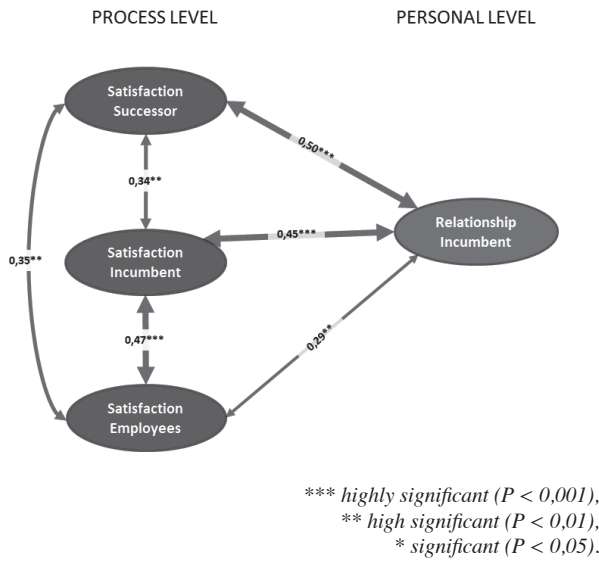
Relationship and Satisfaction from the Successor's Perspective

All the results originate from a correlation approach (Pearson correlation coefficients) and therefore the relationships are undirected and may not be interpreted as causal. Nevertheless, useful insights into the concept of satisfaction with business transfers are provided.

Figure 1 reflects the perspective of the successors. Firstly, it becomes evident that the satisfaction of one stakeholder is closely interlinked with that of the others. All the correlation coefficients measured are above 0.34 and show high or highest significance levels.

Secondly, there is a strong connection between the process level and the personality level. The correlation between the satisfaction of the successor and the relationship to the incumbent measures 0.50 and is highly significant. The same is true for the satisfaction of the incumbent ($r=0.45$). The employees' satisfaction is also significantly correlated with the relationship to the incumbent ($r=0.29$). All the relationships studied support the working hypothesis set up in the previous section.

Figure 1
Structural relationships concerning satisfaction from the successor's perspective



Relationship and Satisfaction from the Incumbent's Perspective

The perspective of the incumbents shows a similar yet even clearer picture. Again, the satisfaction of each stakeholder is closely interrelated with the satisfaction of the others. The correlation between the satisfaction of the incumbent and that of the successor is highly significant with $r=0.75$. The employees' satisfaction correlates highly with the satisfaction of the incumbent ($r=0.55^{***}$) and that of the successor ($r=0.50^{***}$).

Again, the satisfaction measures are considerably connected to the relationship construct. The correlation

between the incumbent's satisfaction and the relationship to the successor is highly significant ($r=0.65$) as well as the satisfaction of the successor ($r=0.54$) and the satisfaction of the employees ($r=0.55$).

The results also support the working hypothesis of a strong link between the business process perspective and a psychological level. (Figure 2)

Discussion and Conclusions

Family business researchers suggest that the perceptions of successors and incumbents could differ significantly (Poza et al., 1997). Therefore we collected data on both sides: on the side of successors who took over their company within the last five years and on the side of departing owners (incumbents) who transferred their company during the last five years. Incumbents especially are often underrepresented in subject-specific research (Venter et al., 2005).

Family succession is always a subjective phenomenon that is differently perceived by each family member. As outlined by Sharma et al. (2003) there is an urgent need to align the different perceptions of incumbents and successors. By doing so, the likelihood of satisfactory succession processes can be raised. The different positions and the satisfaction issue are explicit elements of this research. The article deepens the knowledge about the successor as well as the incumbent, but also includes the perspective of the employees.

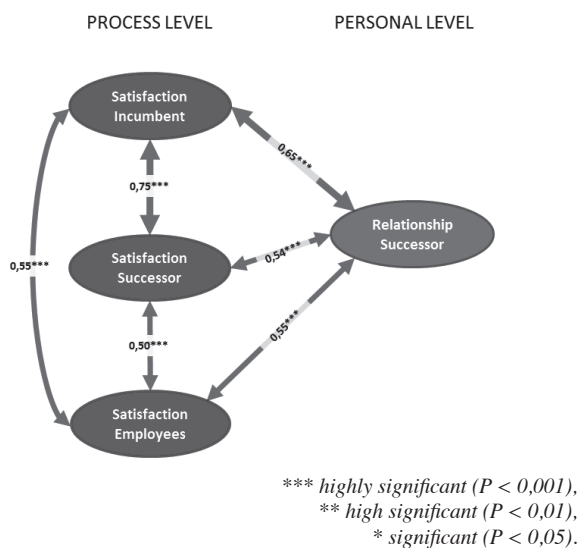
The satisfaction measures show a high significant correlation to the relationship between successors and incumbents in both perspectives. This suggests that a "good" relationship between the successor and the departing owner fosters the success of a transfer. Consequently, we can assume that affective and emotional components can indeed shape the success of business transfers.

The relationship between the successor and the incumbent is significantly interrelated with the relationship of all three satisfaction measures. Therefore it may be assumed that the interpersonal level exercises a major impact on the success of transfers. All results support the hypothesis of a significant link between the business process perspective and a psychological level. In this context we have to remember that the attitude of one influences the other's satisfaction with the succession process (Sharma et al., 2003).

This relationship involves among others the willingness to share relevant information, openness and respect. The satisfaction (with the completed business transfer) is closely interrelated with the relationship between the successor and the departing owner.

For the practice this research highlights the relevance to success of the relationship between the incumbent and the successor. They should openly share

Figure 2
Structural relationships concerning satisfaction from the incumbent's perspective



relevant information. The two sides have to treat each other with sufficient openness and respect. The free expression of opinion, the sharing of relevant information and the open exchange of views are needed to avoid confrontation and to increase the probability of successful succession processes.

Apart from its contributions this piece of research has some limitations. All satisfaction items were measured from the perspective of one person. This means for instance that one successor evaluated the satisfaction of her/himself, the satisfaction of his/her incumbent and the satisfaction of the employees. Here it would have been better if all three perspectives of one and the same firm succession had been included.

Due to the research and the methodological design the direction of the interrelationship remains unclear. Based on Pearson correlations we cannot answer whether satisfaction shapes the relationship or the other way round: Does a good relationship between the successor and the incumbent shape the satisfaction of the others parties involved?

Finally, the causal interrelationship of more constructs in the family succession process needs to be studied simultaneously: the influence of the incumbent's propensity to step aside, the successor's readiness to take over, the mutual acceptance of the individual roles, the extent of succession planning, the satisfaction of the stakeholders and the economic success factors of successions.

In future research regression approaches, structural equation models or graphical chain models might help to test these causal and influential relationships. By doing so, a broader understanding of what is important for successful family transfers could be developed.

Notes

¹ ACKNOWLEDGEMENTS

The authors would like to express their thanks to two anonymous reviewers for their valuable comments on the previous version of this article. We are also grateful to the Austrian experts on company successions who supported us with appreciated qualitative practical insights into the topic.

² This refers to the common European definition of a family business. For details see: http://ec.europa.eu/growth/smes/promoting-entrepreneurship/we-work-for/family-business/index_en.htm. In contrast to that, *Doerflinger et al.* (2013) employ a *narrow definition* of a family business, including only companies with one or more employees, excluding single person enterprises. The paper at hand will indicate when this narrower definition is used. Otherwise the common European definition is employed.

³ All the numbers refer to the *business economy* in Austria excluding public service.

References

American Family Business Survey (1997): The Arthur Andersen / Mass Mutual American family busi-

ness survey. <http://www.arthurandersen.com/CFB.97surv.asp>.

Beckhard, R. – Dyer, W. G. (1983): Managing change in the family firm – issues and strategies. *Sloan Management Review*, Vol. 24 No. 3, p. 59-66.

Bierly, P. – Chakrabarti, A. (1996): Generic knowledge industries in the US pharmaceutical industry. *Strategic Management Journal*, Vol. 17 No. 1, pp. 123-36.

Bjuggren, P. – Sund, L. (2001): Strategic decision making in intergenerational succession of small- and medium-size family-owned businesses. *Family Business Review*, 14, p. 11–23.

Block, J. – Jaskiewicz, P. – Miller, D. (2011): Ownership versus management effects on performance in family and founder companies: A Bayesian reconciliation. *Journal of Family Business Strategy*, 2(4), p. 232-245.

Cabrera-Suárez, K. – De Saá-Pérez, P. – García-Almeida, D. (2001): The succession process from a resource- and knowledge-based view of the family firm. *Family Business Review*, Vol. 14 No. 1, p. 37-48.

Chrisman, J. J. – Chua, J. H. – Steier, L. P. (2003): An introduction to theories of family business. *Journal of Business Venturing*, Vol. 18 No. 4, p. 441-8.

Daspit, J. J. – Holt, D. T. – Chrisman, J. J. – Long, R. G. (2016): Examining family firm succession from a social exchange perspective: A multiphase, multi-stakeholder review. *Family Business Review*, 29, p. 44-64.

Davis, P. S. – Harveston, P. D. (2001): The phenomenon of substantive conflict in the family firm: a cross-generational study. *Journal of Small Business Management*, Vol. 39 No. 1, p. 14-30.

Doerflinger, C. – Doerflinger, A. – Gavac, K. – Vogl, B. (2013): Familienunternehmen in Österreich / Family Businesses in Austria, Status quo 2013. Vienna: Austrian Institute for SME Research

Dyer, W. G. (1986): *Cultural Change in Family Firms: Anticipating and Managing Business and Family Transitions*. San Francisco: Jossey-Bass

Fattoum, S. – Fayolle, A. (2009): Generational Succession: Examples from Tunisian Family Firms. *Journal of enterprising culture*, 17 (2), p. 127–45.

Frey, U. – Halter, F. – Zellweger, T. (2005): *Nachfolger gesucht!: Empirische Erkenntnisse und Handlungsempfehlungen für die Schweiz / Successor wanted!: recommendations for action and empirical insight for Switzerland*. St Gallen: KMU-HSG

Habbershon, T. G. – Williams, M. L. – MacMillan, I. C. (2003): A unified systems perspective of family firm performance. *Journal of Business Venturing*, Vol. 18, p. 451-465.

Handler, W. C. (1990): Succession in family firms: a mutual role adjustment between entrepreneur and

- next generation family members. *Entrepreneurship: Theory and Practice*, Vol. 15 No. 1, p. 37-51.
- Harveston, P. D. – Davis, P. S. – Lyden, J. A.* (1997): Succession planning in family business: the impact of owner gender. *Family Business Review* 10, p. 373–396.
- Hennerkes, B. H.* (2005): *Die Familie und ihr Unternehmen / The family and their business*. Frankfurt: Campus
- Ibrahim, A. B. – Soufani, K. – Lam, J.* (2001): A study of succession in a family firm. *Family Business Review*, Vol. 14 No. 3, p. 245-58.
- Lansberg, I.* (1999): *Succeeding Generations: Realizing the Dream of Families in Business*. Boston, MA: Harvard Business School Press
- Mandl, I. – Doerflinger, C. – Gavac, K.* (2008): *Unternehmensübergaben und -nachfolgen in Kleinen und Mittleren Unternehmen KMU der gewerblichen Wirtschaft Österreichs / Business transfers and successions in SMEs of the business economy in Austria*. Vienna: Austrian Institute for SME Research
- Filser, M. – Kraus, S. – Märk, S.* (2013): Psychological aspects of succession in family business management. *Management Research Review*, Vol. 36 Iss: 3, p. 256 – 277.
- Miller, D. – Steier, L. – Le Breton-Miller, I.* (2003): Lost in time: intergenerational succession, change, and failure in family business. *Journal of Business Venturing*, Vol. 18 No. 4, p. 513-31.
- Morris, M. H. – Williams, R. O. – Allen, J. A. – Avila, R. A.* (1997): Correlates of success in family business transitions. *Journal of Business Venturing*, 12, p. 385–401.
- Nordqvist, M. – Wennberg, K. – Bau, M. – Hellerstedt, K.* (2013): An entrepreneurial process perspective on succession in family firms. *Small Business Economics*, 40(4), p. 1087-1122.
- Poza, E. J. – Alfred, T. – Maheshwari, A.* (1997): Stakeholders perceptions of culture and management practices in family and family firms – a preliminary report. *Family Business Review* 10, p. 135–155.
- Sharma, P.* (2004): *An Overview of the Field of Family Business Studies: Current Status and Directions for the Future*. *Family Business Review* March 2004 vol. 17 no. 1, p. 1-36
- Sharma, P. – Chrisman, J. J. – Chua, J. H.* (2003): Predictors of satisfaction with the succession process in family firms. *Journal of Business Venturing*, 18, 5, p. 667-687.
- Sharma, P. – Chrisman, J. J. – Pablo, A. L.* (2001): Determinants of initial satisfaction with the succession process in family firms: a conceptual model. *Entrepreneurship: Theory & Practice*, Vol. 25 No. 3, p. 17-35.
- Solomon, A. – Breunlin, D. – Panattoni, K. – Gustafson, M. – Ransberg, D. – Ryan, C. – Hammerman, T. – Terrien, J.* (2011): Don't Lock Me Out: life-story interviews of family business owners facing succession. *Family Process*, Vol. 50 No. 2, p. 149-66.
- Venter, E. – Boshoff, C. – Maas, G.* (2003): The influence of relational factors on successful succession in family businesses: a comparative study of owner-managers and successors. *South African Journal of Business Management*, Vol. 34 No. 4, p. 1-13.
- Venter, E. – Boshoff, C. – Maas, G.* (2005): The influence of successor-related factors on the succession process in small and medium-sized family businesses. *Family Business Review*, Vol. 18 No. 4, p. 283-303.
- Ward, J. L.* (1987): *Keeping the Family Business Healthy: How to Plan for Continuing Growth, Profitability, and Family Leadership*. San Francisco: Jossey-Bass
- Wennberg, K. – Wiklund, J. – DeTienne, D. – Cardon, M.* (2010): Reconceptualizing entrepreneurial exit: Divergent exit routes and their drivers. *Journal of Business Venturing*, 25(4), p. 361–375.
- Ziniel, W. – Gavac, K. – Seidl, T. – Bachinger, K.* (2014): *Unternehmensübergaben und nachfolgen in Österreich, Status quo 2014: Aktuelle Situation und zukünftige Entwicklungen / Business transfers and successions in Austria: current situation and future developments*. Vienna: Austrian Institute for SME Research

Article arrived: June 2016.

Accepted: Sept. 2016.