The family CEO's effect on succession planning : founder status, difficulties with letting go and gender differences

Reference:
Umans Ine, Lybaert Nadine, Steijvers Tensie, Voordeckers Wim.- The family CEO's effect on succession planning : founder status, difficulties with letting go and gender differences
Gender in Management - ISSN 1754-2413 - Bingley, Emerald group publishing ltd, 36:5(2021), p. 659-673
Full text (Publisher's DOI): https://doi.org/10.1108/GM-01-2020-0007
To cite this reference: https://hdl.handle.net/10067/1791660151162165141

The family CEO's effect on succession planning: Founder status, difficulties with letting go, and gender differences

Abstract

Purpose. The purpose is to investigate several antecedents of succession planning in family firms: founder status, the family CEO's inability to let go, and the family CEO's gender.

Design/Methodology/Approach. We conduct moderated mediation analysis on a sample of 259 family firms.

Findings. The results show that family firms led by founders show lower succession planning levels than family firms led by descendant family CEOs. This effect is mediated by the family CEO's inability to let go. Furthermore, the influence of the emotion of being unable to let go on succession planning is dependent on the family CEO's gender. This influence is smaller when the family CEO is female than when the family CEO is male.

Originality/Value. Our study introduces the family CEO's inability to let go as a mediator in the founder-succession planning relationship. Our results add empirical evidence to the debate about gender influences in family firms. By showing that emotions have a different outcome concerning succession planning depending on the family CEO's gender, this study enriches gender research. The study also contributes to the family business field by introducing relational theory as a valuable theoretical framework to include gender in succession research.

Keywords Family firms; Leadership succession; Succession planning; Founders; Inability to let go; Gender differences

Article Classification. Research paper

1. Introduction

Numerous first-generation family firms do not survive into second-generation family firms, often caused by a lack of profound succession planning (Ghee et al., 2015). *Succession planning* (hereafter: SP) is defined as the degree to which the family firm is involved in selecting and training the successor, deciding on the incumbent's post-succession role and the post-succession strategy, and communicating succession decisions to family members (Sharma et al., 2003, p. 14). SP is essential for the family firm to successfully transfer leadership to the next generation of family members (Le Breton-Miller et al., 2004). This goal of pursuing cross-generational sustainability is one of the key objectives of family firms (Zellweger et al., 2012). Given the importance of family firms in the economy and the absence of profound SP as an imperative factor responsible for family firms' unsustainability (Ghee et al., 2015), it is important to explore the factors that interfere with leadership SP.

Prior studies found that first-generation family firms, being founder-led family firms, are less likely to formulate specific succession plans than subsequent-generation family firms (Sonfield and Lussier, 2004). Indeed, *founders* are known to make themselves indispensable to the family firm by not delegating authority or being involved in most decisions at all organizational levels (Lansberg, 1988). Therefore, it is likely that they also assume a pivotal role in the SP process (Gilding et al., 2015) so that SP will not be initiated or repeatedly postponed (Sharma et al., 2003).

Although many explanations and theories have been suggested for this phenomenon (Brun De Pontet et al., 2007), the why question of founders' postponing behavior remains unanswered and empirical evidence is absent. Prior studies suggest that founders could have uncertain feelings about a potential successor's managerial abilities, fear a decline in the business' performance, or view the succession as a psychological loss of role and image. Indeed, the unwillingness to plan the inevitable succession can result from fearing a loss of the central role in the family.

For the founder, the family business is a medium for personal gratification and achievement (Peay and Dyer Jr., 1989). Accordingly, it is said that founders "do not retire" (Stavrou, 1999). It is quite typical for founders to have substantial difficulties with letting go of a life's work (Gagnè et al., 2011). They often resist yielding control of their business to the next generation (Sonfield and Lussier, 2004). It can, therefore, be argued that founders have more difficulties releasing the family firm than descendant family CEOs (Gilding et al., 2015). So, associated with the founders' inability to leave what they have created is their inability to plan for their succession (Stavrou, 1999). Hence, we argue that the family CEO's inability to let go mediates the founder-SP relationship.

While prior studies theoretically argued that this *inability to let go of the family firm* is one of the main reasons for the absence of SP in family firms (Collins et al., 2016), empirical evidence is not conclusive. Some studies identify the CEO's difficulties with letting go of the leadership position as a problem to the SP process (e.g. Sharma et al., 2000). Others do not find empirical evidence for a direct relationship between the family CEO's inability to let go and SP (e.g. Umans et al., 2020). These inconsistent results might be explained by unobserved moderating factors influencing the relationship between the family CEO's inability to let go and SP. One important moderator that has been ignored in this research domain is the family CEO's gender. The acknowledged effect that emotions have on family firms' decision-making processes (Shepherd, 2016) is likely to be different for men and women since they vary in their thoughts and behavior (Salganicoff, 1990). One could argue that the influence of the family CEO's inability to let go on the SP process in family firms is contingent upon *the family CEO's gender*.

In family business research, it is only recently that gender issues have gained more attention (Ferrari, 2019, Kubíček and Machek, 2019). Since differences between female and male CEOs can vest themselves in how the business is organized, the family CEO's gender may have implications for the business within the context of leadership succession (Kubíček and Machek, 2019). Applying *relational theory*, we argue that these differences affect the relationship between the family CEO's emotions and the SP process.

Relational theory states that men differ from women in the practices and skills used across various organizational processes. According to this theory, women use a more relational working approach (Buttner, 2001). Female CEOs, therefore, have a greater focus on social goals and stronger relationships with their employees. They adopt a behavioral leadership style more oriented towards participation in which good communication skills and a cooperative network of relationships are essential (Koffi et al., 2014). This relational attitude suggests that women are often less competitive, more open to sharing, and less distrustful (Vera and Dean, 2005). These characteristics translate into open communication, confidence in the potential successor and the SP process itself, and an honest relationship with the likely successor. This more relational approach of female CEOs makes them more supportive and caring of the SP process (Koffi et al., 2014). Furthermore, female CEOs are said to suppress their negative emotions, such as their inability to let go when making decisions (Glomb and Hulin, 1997). Hence, we argue that for female CEOs, the impact of their emotional traits on organizational decisions is smaller than for male CEOs. Applying this rationale to the succession context, we argue that the negative influence of the family CEO's inability to let go on SP is lower for female-led family firms than for male-led family firms.

Our findings make four main contributions. *First*, we contribute to the broader family firm literature by examining why some family firms show lower SP levels. Since SP is a crucial factor in ensuring the cross-generational sustainability of family firms, a lack of SP can be detrimental for the future of family firms and consequently for the economy (Gagné et al., 2020). Therefore, it is of utmost importance to delve into the factors determining SP in family firms. *Second*, prior studies already alluded that next-generation family CEOs are more likely to recognize the importance of and deal with SP than founding family CEOs (Sonfield and Lussier, 2004). Still, the why of this relationship remains unexplored. This study is designed to fill this gap by introducing the family CEO's inability to let go of the family firm as a mediator in the founder-SP relationship. Our findings indicate that founder-led family firms show a lower level of SP because these founders have more difficulties with letting go than descendant family CEOs. *Third*, our findings provide a unique contribution to both the management and gender literature by empirically investigating how the proposed relationship between the family CEO's inability to let go and SP varies based on the CEO's gender. Additionally, by showing that emotions have a different outcome concerning the SP process depending on the family CEO's gender, this study adds empirical evidence to the debate about gender influences in family firms (Campopiano et al., 2017, Nelson and Constantinidis, 2017, Kubíček and Machek, 2019). Particularly, it shows that for male family CEOs, the negative influence of being a founder on SP through the family CEO's inability to let go is stronger than for female CEOs. *Fourth*, since the topic of gender is consistently undertheorized within the family business field (Byrne et al., 2019), this study contributes by introducing relational theory as a valuable theoretical framework to include gender in succession research.

2. Literature review and hypotheses development

A critical challenge family firms face is succession, which is the transfer of leadership from one generation to the next (Sharma et al., 2003). In the next 20 to 30 years, a peak of leadership transfers to next-generation family members is expected (Nelson and Constantinidis, 2017). Successions are known to be complicated processes with a low success rate (Gagné et al., 2020). This low success rate of cross-generational sustainability is mainly due to the absence of adequate SP (Le Breton-Miller et al., 2004). SP facilitates the transfer of leadership from one family member to another and thereby secures the family business's future sustainability. By providing transparency to the succession process, SP reduces any ambiguity that may incite conflicts within the family (Brun De Pontet et al., 2007). Given its importance, considerable attention has been devoted to understanding the factors influencing the SP process.

Concerning the retiring CEO, Marshall et al. (2006) find that increased owner age is positively associated with formal succession plans. Gilding et al. (2015) build a typology of motives in SP with family business continuity and family harmony as the primary motives. About the role of the successor, Sharma et al. (2003) show that a trusted successor's propensity to take over the family business is an influential driver of SP activities. On the firm level, Umans et al. (2020) indicate that corporate and family governance positively affect SP but that CEOs may influence the governance outcomes concerning SP. Schepker et al. (2018) also explain that CEOs may influence the SP process in response to rational disagreements with the board. At the country level, Lussier and Sonfield (2012) indicate that there are significant differences in family business SP between several countries.

Regarding the sustainability of family firms across generations, evidence exists that first-generation family firms are less likely to formulate specific succession plans than subsequent-generation family firms (Sonfield and Lussier, 2004). This resistance to SP from first-generation family firms can be traced back to the family firm's founder.

2.1. Founders and succession planning

Conventional wisdom tells us that no one cares about a firm as much as its founder. Founders have been characterized as having a sense of indispensability to their firms (Kubíček and Machek, 2019). They create an organization that is highly dependent upon themselves due to their desire and need for absolute control. This control creates feelings of status and prestige (Peay and Dyer Jr., 1989).

The family firm founder is often the leader of both the family and the business, which creates a unique position for the founder to shape family goals, business goals, and the vital interaction between those goals (Gilding et al., 2015). Founders are also involved in most decisions at all organizational levels (Lansberg, 1988).

The very sense of self of founders that compels their success inhibits their ability to transfer power. Accordingly, it is said that founders "do not retire" and do not focus on the planning of the succession process (Stavrou, 1999, Solomon et al., 2011). One persistent finding of family business studies is that founder-owners typically shy away from formal planning. Contrarily, family firms led by a next-generation family member, i.e., a non-founder, already experienced succession trials. Therefore, these next-generation family CEOs are more likely to recognize the importance of planning the succession process (Gilding et al., 2015, Sharma et al., 2003). It is therefore rational to assume that family firms led by descendant family CEOs will be more concerned with SP than their founder-led counterparts, which leads to:

Hypothesis 1. The level of succession planning in founder-led family firms will be lower than in family firms led by a non-founder.

2.2. The family CEO's inability to let go

Several theoretical arguments have been developed to explain why founders would be less likely to plan for their succession process than descendant family CEOs (Brun De Pontet et al., 2007). The most compelling aspect is founders' experience of succession as a psychological loss of their role and image (Filser et al., 2013). Therefore, it is pretty typical for founders to have substantial difficulties with letting go of one life's work (Gagnè et al., 2011).

Our everyday experiences leave little doubt that emotions influence our decisions. This rationale applies to organizations as well because emotions can affect organizational processes, decisions, and outcomes (Shepherd, 2016). A prevailing emotion in the family firm succession context is the family CEO's inability to let go of the firm (Filser et al., 2013). Many family CEOs and, especially founders, experience this emotion because they devoted most of their time to the family firm (Lefebvre and Lefebvre, 2016). Because of this long-term commitment, these family CEOs are firmly attached and psychologically tied to the firm, which increases the emotional value associated with the family firm (Solomon et al., 2011).

Emotions are defined as feelings that are the outcome of a stimulus event that results in a behavioural output (Angie et al., 2011, Shepherd, 2016). Within the succession context, the family CEO's inability to let go results from the initiation or planning of the succession process, i.e., the stimulus event. This emotion evolves and may play a role in distracting the family firm from attaining a successful outcome of the succession process, i.e., the behavioural output (Shepherd, 2016). The inability to let go is classified as a negative emotion (Lefebvre and Lefebvre, 2016) related to feelings of fear and sadness (Angie et al., 2011). The family CEO may fear retirement, the loss of status in the family and the firm, and the loss of one's identity. Additionally, they are confronted with growing old and the idea of mortality, which stimulates feelings of sadness (Gagnè et al., 2011).

Family CEOs' identification with the family firm and further their inability to let go of the firm drives their resistance to SP (Filser et al., 2013). They are reluctant to prepare for the transfer of leadership. Therefore, this inability to let go is assumed to be the most significant psychological and emotional obstacle to effective SP (Lefebvre and Lefebvre, 2016). Accordingly, associated with the founders' inability to leave what they have created from scratch is their inability to plan for their succession (Stavrou, 1999). This leads to:

Hypothesis 2. The family CEO's inability to let go acts as a mediator between the family CEO's founder status and the succession planning level such that founders are more likely to experience difficulties with letting go of the family firm than non-founders, which negatively affects the succession planning level.

2.3. Gender

Several studies theoretically argue that the family CEO's inability to let go negatively affects family firms' SP process (Filser et al., 2013, Collins et al., 2016). However, as outlined in the introduction, empirical evidence is inconclusive. These inconclusive results might be explained by unobserved moderating factors such as the family CEO's gender since alternative mechanisms work in male-led versus female-led organizations (Elsaid and Ursel, 2011, Zhang and Qu, 2016).

Despite the increasing presence and importance of women in family businesses (Nelson and Constantinidis, 2017, Kubíček and Machek, 2019), the research on this topic is still fragmented and mostly conceptual, especially on women involved in the business as a family CEO (Campopiano et al., 2017, Ferrari, 2019). Since female CEOs are likely to provide different solutions to management, and broader business problems (Koffi et al., 2014), gender differences can also influence SP in family firms.

The theory of gender takes two different approaches in organization studies: gender essentialism and social construction theory. Gender essentialism theory states that differences in men's and women's behavior are attributed to fixed, inherent, and immutable differences. These differences are assumed to derive from underlying biological or psychological sources (Meroño-Cerdán and López-Nicolás, 2017). The second theory, social construction theory, is gaining more prominence in recent years since the idea of gender essentialism seems outdated (Byrne et al., 2019). Social construction theory rejects the assumption of fixed, inherent biological or psychological differences. It states that gender differences are attributed to the social shaping or construction of gender and the gender roles that are internalized in a society (Meroño-Cerdán and López-Nicolás, 2017).

Social construction theory states that men and women behave according to the stereotypes associated with their social roles. These stereotypes imply that female CEOs are more communal, act more congenially and friendly, and are more concerned with others (Eagly et al., 2000). Female CEOs care for others' career development by mentoring and providing developmental feedback. They focus more on consensus-building and sharing power and information (Wang et al., 2013). Their leadership style is more participative, interactive, and democratic (Zhang and Qu, 2016). Differently, male CEOs are expected to display more agentic characteristics. They are perceived as more self-confident and competitive (Eagly et al., 2000). Male CEOs underscore their authority by making decisions independently and guarding critical information. They assert strong authority and control over their subordinates and demand unquestioned obedience (Wang et al., 2013).

These stereotypes can also be viewed in the light of interacting with others. When female CEOs exert their more relational, interactive leadership style *in their relationship with others*, they differ from male CEOs in their practices used across various organizational processes. This relational approach is grounded in relational theory, emphasizing differences between men and women and their relationships with others (Buttner, 2001). Relational theory originates from women's inner sense of connection to others (Salganicoff, 1990). It includes empowering others by teaching and sharing information and states that women possess relational practice skills, including openness to being influenced by others' emotional reality and empathy (Buttner, 2001). These skills make female managers pursue effective outcomes by connecting with their subordinates (Fletcher et al., 2000).

Despite their inability to let go, we posit that female CEOs are more caring and supportive of the SP process due to their relational skills. According to relational theory, CEOs who comprehend others' needs and are oriented towards others strive for goals and exercise activities that contribute to the organization's continued success. Women's relational qualities, such as sharing power and authority and assisting others, enhance organizational and managerial effectiveness (Buttner, 2001). In the SP context, female CEOs are more eager to release their 'power' position and engage in SP, which is essential for successfully transitioning to another leadership form. Those who are more socially oriented, i.e., female family CEOs, will confront the succession issue and manage it more effectively (Peay and Dyer Jr., 1989, Koffi et al., 2014). Also, characteristics associated with women such as their relational, interpersonal skills, and sensitivity are priceless in organizations facing a crisis in which difficult decisions have to be taken, such as SP decisions (Meroño-Cerdán and López-Nicolás, 2017). Furthermore, cultural norms and the historic subordinate role of women in organizations support the traditional belief that women are better able to restrain their negative emotions (Glomb and Hulin, 1997). Altogether, we believe that female CEOs can more easily disentangle themselves from the emotion of being unable to let go. Therefore, the influence of that emotion on organizational processes will be lower in female-led firms. This leads to:

Hypothesis 3. The family CEO's gender moderates the negative effect of the family CEO's inability to let go on the succession planning level such that the relationship is less negative for female-led family firms than for male-led family firms.

The research model is provided in Figure 1.

- Insert Figure 1 here -

3. Methodology

3.1. Context

The study's population contains all non-listed small and medium-sized family firms located in the Flemish region of Belgium. About 77% of Belgian firms are family firms, accounting for 45% of total employment and one-third of gross-domestic-product. One-fourth of them expect a transfer of leadership or ownership within the next five years (FBN Belgium, 2020). Furthermore, as of January 1, 2012, Flemish CEOs of a family firm can transfer the firm to the next generation against a tax rate of 0% in case of donation and a tax rate of 3% in case of inheritance (under certain conditions). These favorable tax arrangements might stimulate succession between family members. The expectation that many family firms will transfer leadership shortly and the favorable tax arrangements make the Belgian context an ideal setting to study SP and its antecedents.

3.2. Sampling procedure

Our final sample contains 259 Belgian non-listed family firms. Data of these firms result from a postal survey conducted in 2015. Supported by the agency *Flanders Innovation and Entrepreneurship*, paper surveys were mailed to a selection of firms for which data were available in the *Verrijkte KruispuntBank Ondernemingen*. This database is an extension of the federal, authentic source for enterprise data called *KruispuntBank Ondernemingen*. From the 13,498 micro, small, and medium-sized firms for which data were available, we mailed the survey to a sample of 4,100 CEOs. The population of 13,498 firms was stratified by size, and we applied random sampling within each stratum afterward. We only selected CEOs aged 50 or more since, at the critical age of 50, CEOs start to think about their future, making SP relevant to consider (Marshall et al., 2006). In the end, 590 completed questionnaires were collected (i.e., a 14.4% response rate). To identify all family firms in the sample, we classify a firm as a family firm when a single-family owns at least 50% of the shares and the firm is family-managed or when they identify themselves as a family firm and the firm is family-managed (cf. Umans et al., 2020). Considering only family firms that provided all relevant data for this study, the final sample contains 259 family firms.

The sample firms are roughly equally distributed among the sectors 'manufacturing', 'construction', 'wholesale and retail', and 'services'. The average sample firm has a turnover of between two and 10 million euros and an asset total of five million euros. The average sample family CEO owns more than half of the shares and manages the firm for 30 years.

3.3. Measurements

Dependent variable. SP is defined as the degree to which the family firm is engaged in selecting and training the successor, deciding on the incumbent's post-succession role and the post-succession strategy, and communicating succession decisions to family members. We use the scale proposed by Sharma et al. (2003, p. 14), which consists of 12 items. Each respondent indicated on a five-point Likert scale to what extent they are engaged in that specific SP item (1 = not at all, 5 = completely).

When exploring all 12 items with exploratory factor analysis, one factor is extracted, explaining 79.2% of the variance. The factor loadings range from 0.49 to 0.89, indicating that all items are closely associated with the factor (Hair et al., 2010). We, therefore, combine the responses on the 12 items into one value by taking the equally-weighted arithmetic average of the 12 items. This leads to the SP level's value varying from 1 (low level of SP) to 5 (high level of SP).

Independent variable. We define family CEOs as founders when they are first-generation family members running the family firm. This is a dichotomous variable with a value of 1 for founders and 0 for non-founders (i.e., second- or higher-generation family members).

Mediating variable. The family CEO's inability to let go is measured as the equally-weighted arithmetic average of two items, resulting in a value from 1 (low inability to let go) to 5 (high inability to let go). These two items are created by rephrasing the five-point Likert scale proposed by Sharma et al. (2000, p. 244) to the present tense (1 = not accurate, 5 = completely accurate).

Moderating variable. Gender is a dichotomous variable with a value of 1 for female family CEOs and 0 for male family CEOs.

Control variables. We add two control variables that may influence family firms' SP level. First, we control for CEO age by measuring age as an absolute number. Although all respondents are older than 50, SP's perceived need will be higher when the CEO grows older (Marshall et al., 2006). Second, since prior studies show that firm size is positively related to adopting a succession plan (Harveston et al., 1997), we control for firm size measured as the natural logarithm of the number of employees.

3.4. Data analysis technique

To test the moderated mediation model displayed in Figure 1, we use conditional process analysis. 'Conditional process analysis is an analytical strategy that integrates mediation and moderation analysis with the goal of examining and testing hypotheses about how mechanisms vary as a function of context or individual differences' (Hayes and Rockwood, 2020, p. 1). Since our analytical goal is to describe and understand the conditional nature of the mechanisms by which founder status transmits its effect on the SP level, conditional process analysis can be used to test our hypotheses. The analysis results are the quantification of how differences in founder status map onto differences in SP indirectly through the family CEO's inability to let go depending on the family CEO's gender.

To perform the conditional process analysis, we used the PROCESS macro in SPSS (Hayes, 2013). We use bias-corrected bootstrapping to test for statistically significant mediation effects with a bootstrap sample size of 10,000. In that way, power problems that result from non-normal sampling distributions of an indirect effect are avoided. This PROCESS macro can also explore the significance of conditional indirect effects at different values of the moderator variable (Hayes, 2013), which we use to test hypothesis 3.

4. Results

4.1. Descriptive statistics and validation of scales

Table I summarizes the descriptive statistics and pairwise correlations. The mean values of SP and inability to let go are 2.41 and 3.11. Of the firms, 54% are founder-led, and 13% are run by a female CEO, which is in line with prior studies that integrate gender into succession research (e.g., Harveston et al., 1997). The average family firm employs 27 employees and has a 61-year-old CEO. The correlations displayed in Table I are in line with expectations. Based on these values and the computed variance inflation factors (which are lower than the threshold of 10) (Hair et al., 2010), we can conclude that multicollinearity is not present.

- Insert Table I here -

Factor analyses show that the average variance extracted is 79.22% for SP and 78.35% for inability to let go. These are both above the threshold of 50% (Hair et al., 2010), confirming our measures' discriminant validity. To assess the measurement model validity, we perform confirmatory factor analysis. The goodness-of-fit indices (CFI = 0.97, TLI = 0.96, RMSEA = 0.09, and SRMR = 0.04) confirm the validity of our constructs (Brown, 2006). The Cronbach's alphas of SP and inability to let go are 0.98 and 0.72. These are both above the threshold of 0.70 (Hair et al., 2010), confirming our measures' internal consistency and reliability.

4.2. Regression results

To test hypotheses 1 and 2, we use the PROCESS macro of Hayes (2013) estimating model 4. This mediation model consists of two regression equations:

(1) $\textit{Inability to let go} = \beta_0 + \beta_1 * \textit{Founder} + \beta_2 * \textit{Firm size} + \beta_3 * \textit{Age CEO} + \varepsilon$
(2) $\textit{SP level} = \beta_4 + \beta_5 * \textit{Founder} + \beta_6 * \textit{Inability to let go} + \beta_7 * \textit{Firm size} + \beta_8 * \textit{Age CEO} + \varepsilon$

The first equation links the independent variable *Founder* and the mediating variable *Inability to let go,* while the second equation represents the estimation of the *SP level* by both *Founder* and *Inability to let go,* thereby enabling the impact of the family CEO's inability to let go on the SP level to be tested while controlling for founder status. The total effect of *Founder* on the *SP level* is the sum of the direct (β_5) and indirect effects ($\beta_1 * \beta_6$).

Tables II and III show the results of the mediation model. Model 2 shows a direct negative, statistically significant effect of *Founder* on the *SP level* (effect = 0.423, $p < 0.01$), confirming hypothesis 1. Model 1 indicates that *Founder* has a positive, statistically significant effect on *Inability to let go* (effect = 0.384, $p < 0.01$), suggesting that it is more difficult for founders to let go of the family firm than for descendant family CEOs. The indirect effect of *Founder* on the *SP level* through *Inability to let go* (effect = -0.061, $p < 0.10$) is confirmed by the bootstrap results in Table III. Table III summarizes the total, direct, and indirect effects of *Founder* on the *SP level*. Based on the statistically significant indirect effect, hypothesis 2 is confirmed, stating that *Inability to let go* mediates the relationship between *Founder* and the *SP level*.

- Insert Tables II and III here -

To test the moderated mediation model, we use the PROCESS macro of Hayes (2013) estimating model 14. This model tests the following regression equation:

(3) $\textit{SP level} = \beta_9 + \beta_{10} * \textit{Founder} + \beta_{11} * \textit{Inability to let go} + \beta_{12} * \textit{Gender} + \beta_{13} * (\textit{Inability to let go} * \textit{Gender}) + \beta_{14} * \textit{Firm size} + \beta_{15} * \textit{Age CEO} + \varepsilon$

Model 3 (cf. Table II) shows a statistically significant interaction between *Inability to let go* and *Gender* (coefficient = 0.502, $p < 0.05$), confirming hypothesis 3. Hence, when the family CEO is female, the negative effect of the family CEO's inability to let go on the SP level decreases relative to when the family CEO is male. Models 2 and 3 indicate that the control variables, firm size and CEO age, positively affect SP.

Further, Table IV displays the conditional indirect effect of *Founder* on the *SP level* through *Inability to let go* at both values of the moderator. This effect is calculated as $\beta_1 * (\beta_{11} + \beta_{13} * M)$, where M is the moderator value (1 = female CEO, 0 = male CEO). Table IV shows that the confidence interval does not contain zero for male family CEOs. This means that the conditional indirect effect is statistically significant for male CEOs (effect = -0.082, $p < 0.05$). This effect is negative, while for female CEOs, the effect is positive though not statistically significant. The moderated mediation index shows that the difference between both conditional indirect effects is statistically significant ($p < 0.05$). This finding implies that the SP level differs between founders and descendant family CEOs through their inability to let go. The nature and strength of this effect depend on the family CEO's gender.

- Insert Table IV here -

We perform a robustness check with board involvement in the succession process and the use of family governance practices as control variables. The measurements of these variables correspond to Umans et al. (2020, p. 196). Additionally, we perform a robustness check with firm size defined as turnover instead of the number of employees' natural logarithm. Both analyses confirm that the results are robust. Also, we can assure that common method variance, i.e., the variance attributable to the measurement technique, is not present since finding significant interaction effects cannot result from that variance (Siemsen et al., 2010).

5. Discussion

Family firms' capacity to fuel economic development and growth has always been of interest in academia and practice. Many family firms pursue sustaining the family firm across generations (Zellweger et al., 2012). However, there are still many family firms that do not survive across generations, often caused by a lack of profound SP (Ghee et al., 2015). To understand how and when various factors influence SP, it is crucial to delve into the antecedents that determine SP in family firms. By investigating the family CEO's founder status as a potential antecedent, by explaining how this direct relationship works (i.e., through the family CEO's inability to let go), and by investigating when this mediation relationship is stronger (i.e., considering the family CEO's gender), our findings contribute to the important research area of succession (planning) in family firms.

5.1. Theoretical implications

Our first finding illustrates that founder-led family firms show lower SP levels than those led by descendant family CEOs. This is in line with prior studies (e.g., Sonfield and Lussier, 2004, Solomon et al., 2011) suggesting that family firm founders basically do not retire and shy away from formal planning. Differently, next-generation family CEOs already experienced succession trials and will therefore be more concerned with and engaged in the SP process.

Our study elaborates on this finding by investigating *why* founders engage less in SP than non-founders. Particularly, it shows that the family CEO's inability to let go acts as a mediator in the founder-SP relationship. Founders have more difficulties with letting go, which negatively affects the SP level. This finding supports that associated with the family firm founders' inability to leave what they have created from scratch is their inability to plan for their succession, underlining the existing theoretical arguments surrounding this mediating relationship (cf. Filser et al, 2013). It also contributes to succession and emotions literature by enhancing our understanding of emotions and their influence in the SP process, which is still an underexplored research field. Our study shows that the family CEO's inability to let go can be a significant obstacle for a well-developed SP process, pointing to the potential unfavourable influences of emotions on organization processes (cf. Shepherd, 2016).

Third, we contribute to gender research by illustrating that emotions have a different outcome regarding the SP process dependent on the family CEO's gender. Particularly, we state that the negative influence of the CEO's inability to let go on the SP process is stronger for male CEOs than for female CEOs. This implies that female CEOs have an easier time disconnecting their negative emotions from decision-making processes. This finding is consistent with men's and women's social roles (Eagly et al., 2000), which are incorporated in organizations' norms and practices (Zhang and Qu, 2016). Female CEOs are expected to conceal negative emotions such as fear and sadness in the workplace (Glomb and Hulin, 1997). This study augments existing literature by providing evidence that women can easier disconnect their negative emotions of fear and sadness connected to their inability to let go during the succession process. Thereby, our findings add evidence to the debate about gender influences in family firms (cf. Campopiano et al., 2017).

There is still a lack of theoretical grounding regarding gender and family business succession research (Byrne et al., 2019). Our study suggests that relational theory provides a valuable theoretical framework to gender research in the succession context. Particularly, it indicates that female CEOs' relational leadership approach benefits them in decoupling emotions from the SP process. Furthermore, we suggest that relational theory is a useful framework for examining how female CEOs approach their relationship with potential successors during the succession process.

5.2. Practical implications

To stimulate cross-generational sustainability, policymakers can focus mainly on founder-led family firms since these firms are less likely to plan their succession properly and in time. Family CEOs themselves, particularly founders, have to realize that the family firm is bigger than one individual. They have to admit that it is crucial to renounce their position and take steps in the SP process. Additionally, family CEOs should consider the effects of their psychological ties to the family firm when a succession approaches (Filser et al., 2013). They have to understand that their psychological connections might obstruct the SP process, potentially leading to ineffective succession. They have to comprehend that it might take a while for them to let go.

Family business advisors can assist family CEOs by creating awareness around the dangers of not releasing the firm during the succession process. They can inform on the existence of such emotional obstacles and how to deal with them. For advisors, it is also essential to recognize that succession approaches that work well in male-led firms not necessarily work well in female-led firms (Salganicoff, 1990). They have to adapt their approaches to the specific case of the family firm. Furthermore, advisors should be aware of their potential (sub)conscious biases relating to gender, such as attributing individual attitudes to a person based on that person's gender.

Family CEOs should be self-aware of their leadership style and willing to learn from the leadership style of the other gender. Since female CEOs are characterized by more interpersonal and relational skills (Buttner, 2001) and can easier disentangle from the emotion of being unable to let go vis-à-vis male CEOs, we encourage all family CEOs to recognize that these soft skills are important in the SP process.

5.3. Limitations and future research

Notwithstanding its theoretical and practical contributions, this study has several limitations. First, in line with earlier studies on gender (Wang et al., 2013), we measure gender as a dummy. Gender is a socially constructed concept originated from the expectations and patterns of society. We thus assume that men and women behave according to their imposed social roles (Eagly et al., 2000). We are, however, aware that female CEOs and male CEOs are not homogeneous groups. Accordingly, within these groups, CEOs may differ in their abilities to decouple their emotion of being unable to let go and reduce that emotion's impact on the SP process. Therefore, it would be valuable for future research to measure the leadership style of family CEOs directly. Second, although the Flemish context is quite similar to other environments in which succession could be studied, SP practices' amount and nature can be dissimilar in different countries due to government actions, among other things (Lussier and Sonfield, 2012). It would therefore be interesting to examine whether our findings are generalizable to other regions or countries. Third, our findings rely on the response of only family CEOs, which was necessary to gain insight into their emotions. However, future research may include the views of other individuals involved in the succession process to get various perspectives through case studies and interviews. Future research could also address the role of gender in the board of directors' decisions concerning the succession process (cf. Elsaid and Ursel, 2011). Differences in assistance may occur depending on the gender of the directors. Furthermore, based on the results that founder family CEOs have more difficulties with letting go than descendant family CEOs, it would be valuable to examine how this effect can be reduced. One could investigate whether the extent to which family CEOs have a clear picture of the activities after their retirement, such as practising new hobbies, advising other family firms, or sitting on a board of directors of another company, could moderate the effect between founder status and inability to let go.

References

Angie, A. D., Connelly, S., Waples, E. P. & Klygite, V. (2011), "The influence of discrete emotions on judgement and decision-making: A meta-analytic review", *Cognition and emotion,* 25**,** 1393-1422.

Brown, T. A. (2006). *Confirmatory factor analysis for applied research,* New York, Guilford Press.

Brun De Pontet, S., Wrosch, C. & Gagne, M. (2007), "An exploration of the generational differences in levels of control held among family businesses approaching succession", *Family Business Review,* 20**,** 337-354.

Buttner, E. H. (2001), "Examining female entrepreneurs' management styles: An analysis using a relational frame", *Journal of Business Ethics,* 29**,** 253-269.

Byrne, J., Fattoum, S. & Thébaud, S. (2019), "A suitable boy? Gendered roles and hierarchies in family business succession", *European Management Review,* 16**,** 579-596.

Campopiano, G., De Massis, A., Rinaldi, F. R. & Sciascia, S. (2017), "Women's involvement in family firms: Progress and challenges for future research", *Journal of Family Business Strategy,* 8**,** 200-212.

Collins, J. D., Worthington, W. J. & Schoen, J. E. (2016), "Family business CEO succession: Examining personal retirement expectations", *Journal of Small Business Strategy,* 26**,** 51-70.

Eagly, A. H., Wood, W. & Diekman, A. B. (2000). "Social role theory of sex differences and similarities: A current appraisal". In Eckes, T. & Trautner, H. M. (eds.), *The developmental social psychology of gender*, Lawrence Erlbarum, Mahwah, NJ.

Elsaid, E. & Ursel, N. (2011), "CEO succession, gender and risk taking", *Gender in Management: An International Journal,* 26**,** 499-512.

Fbn Belgium. 2020. *Belgische familiebedrijven in cijfers.* [Online].

Ferrari, F. (2019), "In the mother's shadow: Exploring power dynamics in family business succession", *Gender in Management: An International Journal,* 34**,** 121-139.

Filser, M., Kraus, S. & Märk, S. (2013), "Psychological aspects of succession in family business management", *Management Research Review,* 36**,** 256-277.

Fletcher, J. K., Jordan, J. V. & Miller, J. B. (2000), "Women and the workplace: Applications of a psychodynamic theory", *The American Journal of Psychoanalysis,* 60**,** 243-261.

Gagné, M., Marwick, C., Brun De Pontet, S. & Wrosch, C. (2020), "Family Business Succession: What's Motivation Got to Do With It?", *Family Business Review,* 0**,** 0894486519894759.

Gagnè, M., Wrosch, C. & Brun De Pontet, S. (2011), "Retiring from the family business: The role of goal adjustment capacities", *Family Business Review,* 24**,** 292-304.

Ghee, W. Y., Ibrahim, M. D. & Abdul-Halim, H. (2015), "Family business succession planning: Unleashing the key factors of business performance", *Asian Academy of Management Journal,* 20**,** 103-126.

Gilding, M., Gregory, S. & Cosson, B. (2015), "Motives and outcomes in family business succession planning", *Entrepreneurship Theory and Practice,* 39**,** 299-312.

Glomb, T. M. & Hulin, C. L. (1997), "Anger and gender effects in observed supervisor-subordinate dyadic interactions", *Organizational Behavior and Human Decision Processes,* 72**,** 281-307.

Hair, J. F., Black, W. C., Babin, B. J. & Anderson, R. E. (2010). *Multivariate Data Analysis,* Upper Saddle River, NJ, Prentice Hall.

Harveston, P., Davis, P. & Lyden, J. (1997), "Succession planning in family business: The impact of owner gender", *Family Business Review,* 10**,** 373-396.

Hayes, A. F. (2013). *Introduction to mediation, moderation, and conditional process analysis: A regression-based approach,* New York, The Guilford Press.

Hayes, A. F. & Rockwood, N. J. (2020), "Conditional Process Analysis: Concepts, Computation, and Advances in the Modeling of the Contingencies of Mechanisms", *American Behavioral Scientist,* 64**,** 19-54.

Koffi, V., Guihur, I., Morris, T. & Fillion, G. (2014), "Family business succession: How men and women predecessors can bring credibility to their successors?", *Entrepreneurial Executive,* 19**,** 67-85.

Kubíček, A. & Machek, O. (2019), "Gender-related factors in family business succession: a systematic literature review", *Review of Managerial Science,* 13**,** 963-1002.

Lansberg, I. (1988), "The succession conspiracy", *Family Business Review,* 1**,** 119-143.

Le Breton-Miller, I., Miller, D. & Steier, L. P. (2004), "Toward an integrative model of effective FOB succession", *Entrepreneurship Theory & Practice,* 28**,** 305-328.

Lefebvre, M. R. & Lefebvre, V. (2016), "Anticipating intergenerational management transfer of family firms: A typology of next generation's future leadership", *Futures,* 75**,** 66-82.

Lussier, R. N. & Sonfield, M. C. (2012), "Family businesses' succession planning: A seven-country comparison", *Journal of Small Business & Enterprise Development,* 19**,** 7-19.

Marshall, J. P., Sorenson, R., Brigham, K., Wieling, E., Reifman, A. & Wampler, R. S. (2006), "The paradox for the family firm CEO: Owner age relationship to succession-related processes and plans", *Journal of Business Venturing,* 21**,** 348-368.

Meroño-Cerdán, Á. L. & López-Nicolás, C. (2017), "Women in management: Are family firms somehow special?", *Journal of Management and Organization,* 23**,** 224-240.

Nelson, T. & Constantinidis, C. (2017), "Sex and gender in family business succession research: A review and forward agenda from a social construction perspective", *Family Business Review,* 30**,** 1-23.

Peay, R. T. & Dyer Jr., G. W. (1989), "Power orientations of entrepreneurs and succession planning", *Journal of Small Business Management,* 27**,** 47-52.

Salganicoff, M. (1990), "Women in family businesses: Challenges and opportunities", *Family Business Review,* 3**,** 125 - 137.

Sharma, P., Chrisman, J. J. & Chua, J. H. (2003), "Succession planning as planned behavior: Some empirical results", *Family Business Review,* 16**,** 1-15.

Sharma, P., Chua, J. H. & Chrisman, J. J. (2000), "Perceptions about the extent of succession planning in Canadian family firms", *Canadian Journal of Administrative Sciences,* 17**,** 233-244.

Shepherd, D. A. (2016), "An emotions perspective for advancing the fields of family business and entrepreneurship: Stocks, flows, reactions, and responses", *Family Business Review,* 29**,** 1-8.

Siemsen, E., Roth, A. & Oliveira, P. (2010), "Common method bias in regression models with linear, quadratic, and interaction effects", *Organizational Research Methods,* 13**,** 456-476.

Solomon, A., Breunlin, D., Panattoni, K., Gustafson, M., Ransburg, D., Ryan, C., Hammerman, T. & Terrien, J. (2011), ""Don't lock me out": Life-story interviews of family business owners facing succession", *Family Process,* 50**,** 149-166.

Sonfield, M. C. & Lussier, R. N. (2004), "First-, second-, and third-generation family firms: A comparison", *Family Business Review,* 17**,** 189-202.

Stavrou, E. T. (1999), "Succession in family businesses: Exploring the effects of demographic factors on offspring intentions to join and take over the business", *Journal of Small Business Management,* 37**,** 43-61.

Umans, I., Lybaert, N., Steijvers, T. & Voordeckers, W. (2020), "Succession planning in family firms: family governance practices, board of directors, and emotions", *Small Business Economics,* 54**,** 189-207.

Vera, C. F. & Dean, M. A. (2005), "An examination of the challenges daughters face in family business succession", *Family Business Review,* 18**,** 321-345.

Wang, A.-C., Chiang, J. T.-J., Tsai, C.-Y., Lin, T.-T. & Cheng, B.-S. (2013), "Gender makes the difference: The moderating role of leader gender on the relationship between leadership styles and subordiante performance", *Organizational Behavior and Human Decision Processes,* 122**,** 101-113.

Zellweger, T. M., Kellermanns, F. W., Chrisman, J. J. & Chua, J. H. (2012), "Family control and family firm valuation by family CEOs: the importance of intentions for transgenerational control", *Organization Science,* 23**,** 851-868.

Zhang, Y. & Qu, H. (2016), "The impact of CEO succession with gender change on firm performance and successor early departure: Evidence from China's publicly listed companies in 1997–2010", *Academy of Management Journal,* 59**,** 1845-1868.

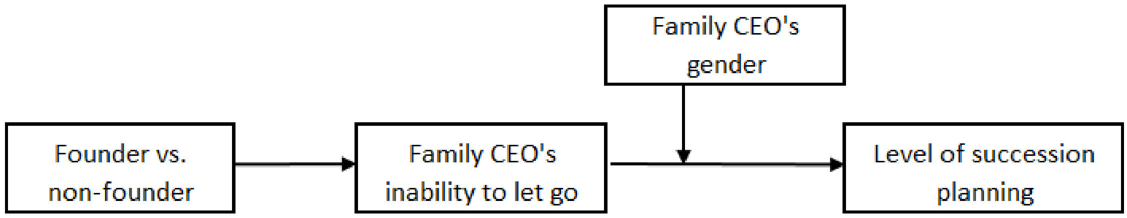

Figure 1. Research model

Table I. Descriptive statistics and correlations (N = 259)

	Variables	Min.	Max.	Mean	SD	1	2	3	4	5
1	SP	1	5	2.41	1.40	1				
2	Founder	0	1	0.54	0.50	-0.178**	1			
3	Inability to let go	1	5	3.11	1.15	-0.198**	0.174**	1		
4	Gender	0	1	0.13	0.34	-0.069	0.011	0.121†	1	
5	Firm size	2	250	27.34	41.08	0.277**	-0.130*	-0.113†	-0.033	1
6	CEO age	50	74	60.62	4.44	0.291**	0.097	-0.031	-0.062	-0.086

† $p < .10$. * $p < 0.05$. ** $p < 0.01$

Table II. Regression results

	Model 1		Model 2		Model 3	
Dependent variable	**Inability to let go**		**SP level**		**SP level**	
	Coefficient	SE	Coefficient	SE	Coefficient	SE
Founder	0.384**	0.143	-0.423**	0.159	-0.423**	0.158
Inability to let go			-0.159*	0.069	-0.213**	0.073
Gender					-1.813*	0.770
Inability to let go * Gender					0.502*	0.215
Firm size	-0.094	0.060	0.312**	0.066	0.302**	0.066
CEO age	-0.014	0.016	0.102**	0.018	0.102**	0.017
N = 259	*$R^2 = 0.042$*		*$R^2 = 0.222$*		*$R^2 = 0.239$*	
*† $p < .10$. * $p < 0.05$. ** $p < 0.01$*	*$F = 3.682$ ($p < 0.05$)*		*$F = 22.056$ ($p < 0.01$)*		*$F = 13.223$ ($p < 0.01$)*	

Table III. Summary of effects of the variable founder on the SP level

	Effect	**SE**
Total effect	-0.484**	0.158
Direct effect	-0.423**	0.159
Indirect effect	-0.061†	0.036

N = 259
*† $p < .10$. * $p < 0.05$. ** $p < 0.01$*

Table IV. Conditional indirect effects of the variable founder on the SP level through the family CEO's inability to let go at both values of the moderator: the family CEO's gender

Gender	**Effect**	**BootSE**	**BootLLCI**	**BootULCI**
0 (Male)	-0.082	0.043	-0.180	-0.013
1 (Female)	0.111	0.076	-0.016	0.281
Index of moderated mediation	0.193	0.099	0.028	0.412

N = 259
LL = lower limit, UL = upper limit, CI = confidence interval (95% CI)
Bootstrap sample size = 10,000