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FAMILY BUSINESS CEO SUCCESSION: EXAMINING PERSONAL RETIREMENT EXPECTATIONS

Jamie D. Collins
Sam Houston State University
collins@shsu.edu

William J. Worthington
Baylor University
Bill_Worthington@Baylor.edu

John E. Schoen
Schoen Family Foundation
johnschoen@gmail.com

ABSTRACT

Retirement well-being expectations of incumbent family owned business CEOs are a critical precursor to successful succession events. The significant antecedents to retirement well-being expectation are family relationships, wealth management and transfer, leadership succession and development, and continuity and viability of the firm. Using data from a survey of 256 family firm CEOs we demonstrate those relationships and show a very strong connection between retirement well-being expectation and firm performance. Study results support our premise that antecedents to retirement well-being expectation are indirectly tied to the overall health and performance of the family firm.
Keywords: family business, retirement, well-being, succession

INTRODUCTION

Popularly quoted research suggests that only 30 percent of family owned businesses survive the transition from founder to second generation leadership (Grassi Jr & Giarmarco, 2008) and an even smaller number survive into the third generation (Chrisman, Chua, Sharma, & Yoder, 2009; Kets de Vries, 1993). In fact, despite a growing number of studies of cross-generational survival rates (Knowlton, 2010; Parrish, 2009; Sharma & Irving, 2005), researchers have yet to resolve many issues pertaining to transition. Although the many causes of business failure also apply to family businesses, failed succession events can be even more devastating for a family owned business (FOBs). Thus, attention to the process of family business succession is warranted.

Like other scholars, we hold the view that leadership succession is a process, not an event (Longenecker & Schoen, 1975, 1978; Davis & Harveston, 2001; Chittoor & Das, 2007). That process incorporates several distinct phases including initiation, integration, joint reign, then withdraw (Cadieux, 2007) (for a detailed review of succession literature, see Le Breton-Miller, Miller, & Steier, 2004). Further, many agree that a slow succession process is considered wise (Brenes, Madrigal & Molina-Navarro, 2006).

Within the succession literature, predecessor-related factors previously investigated include the incumbents' anxiety regarding mortality, his/her ability to trust the successor, openness to new ideas, quality of relationship with successor prior to, during, and post succession (Chittoor & Das, 2007). Given the relationship barriers naturally in place during such events, the satisfaction of the retiree is of prominent importance (Klein & Kellermanns, 2008). In this study we seek insights into retiree satisfaction and well-being expectations prior to retirement. Next we review the family business literature with respect to succession broadly and retiree well-being specifically. We then develop our related hypotheses. We test those hypotheses using a sample of family owned businesses in India. Finally, we discuss our findings and their implications before offering concluding remarks and suggestions for future research.

LITERATURE REVIEW

Personal Retirement Expectations

Few business owners like to think about the time when they won't be at the helm of their companies. This frequently leads them to postpone the succession planning process. Many family firm owners are unwilling to plan for eventual leadership changes, making such transitions less likely to be successful (Cabrera-Suarez, De-Saa-Perez, & Barcia-Almeida, 2001; Miller, Steier & Le Breton-Miller, 2003; Putney & Sinkin, 2009). Incumbent concerns can lead to succession stagnation or even sabotage of the process (Sharma & Irving, 2005; Ward, 1987). To better understand this particular piece of the succession process, we investigate concerns of the potential retiree. Although several variables impact the succession process, we seek insights into concerns that incumbents have regarding their own well-being (herein we refer to the incumbent, predecessor, or retiree interchangeably).

Although some family business research has focused on the founders in lieu of successor consideration (Cater & Justis, 2009), a considerable body of literature pertains to successors. In their review of succession literature LeBreton-Miller et al. (2004) demonstrated that the majority of empirical research concentrates on successor motivations as opposed to incumbent motivations; with 40% of the literature on successor, 25% on the incumbent. While we feel that neither consideration has been neglected, and that both are important, our focus centers on incumbents considering succession.

Incumbent considerations of and subsequent hesitations to retire due to discomfort dealing with their own mortality are well established. For example, Cadieux used semi-structured interviews of 10 Canadian firms to develop a qualitative typology of predecessor roles governing the joint management phase of succession (Cadieux, 2007) showcasing that incumbents are suffering from role shift as their new roles replace old ones. Other incumbent qualities investigated as antecedents to successful succession include motivation and willingness to let go; quality of relationship with successor (measured as respect, understanding, trust, cooperation), and incumbent needs (capacity to trust and share vs. tendency to control or be aggressive) (Le Breton-Miller et al., 2004).

While other research efforts have investigated the requirements for appropriate successor choice as well as the training required to ensure their success, our research focuses on the potential retiree. The vast majority of the decision-making power lies within the control of the incumbent considering retirement, not the successor. Thus, we focus where the decision-making power resides. Our orientation is from the view of the incumbent considering exit from the firm and specifically their perception of what a successful succession event would entail. His/her concerns and desires are notably different than the incoming leadership and those differences are of important consideration. For harmony to be in place, the predecessor must be satisfied as well as the successor and other members of the family and firm.

CEO personal retirement expectations have been found in prior studies to directly influence the succession planning in family firms (Gagne, Worsch & De Pontet, 2011). We pull heavily from Potts and colleagues (Potts, Schoen, Loeb & Hulme, 2001a, 2001b), primarily their work with financial planners who cater to family business owners. In their work, several elements of retirement well-being were explored. The primary dependent variable for financial planners is an effective retirement, thus the authors were seeking insights into individual retirement plan effectiveness.

Our research differs as our ultimate focus is on family business performance and survival. We surmise that botched succession events are a leading cause of family firm mortality. Literature confirms that several elements are important for successful succession and each of those elements deserves a detailed exploration. One of those elements is incumbent satisfaction with the overall succession process (Davis & Harveston, 2001) and their expectation of well-being post-succession (Gagne, et al., 2011). If an incumbent does not expect an acceptable quality of life post retirement, they might hinder the succession process or fail to give their full effort. Either way, an incumbent lacking expected well-being may jeopardize the succession event.

We propose that successful family owned businesses can overcome resistance to succession. They know that family and business are not mutually exclusive and therefore spend the time, resources and attention necessary to ensure the internal family issues are in good keeping just as they ensure the business is functioning smoothly. We explore antecedents to family firm CEO personal retirement well-being expectations. We also argue that personal retirement expectations are significant antecedent to firm performance.

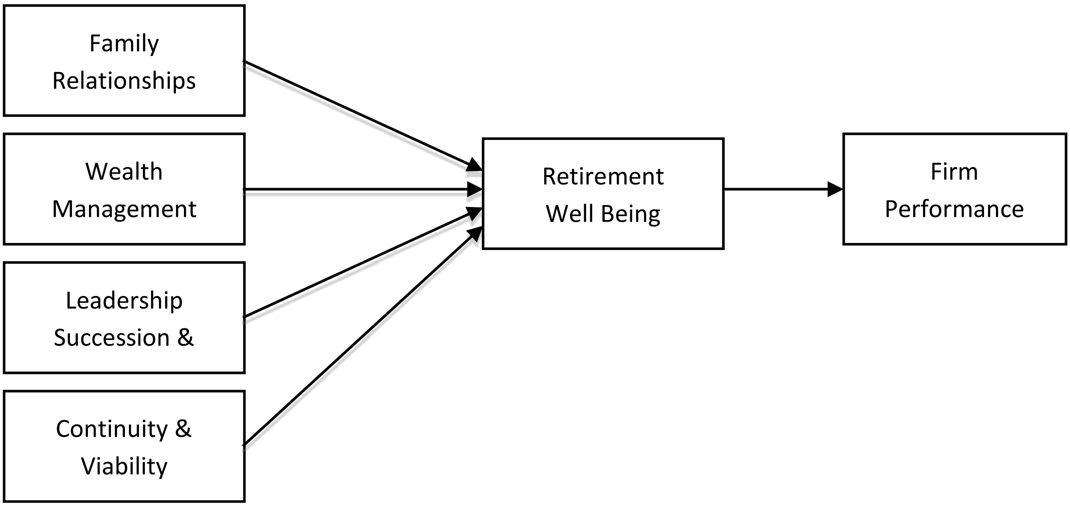
Family business CEOs approaching retirement are more likely to let go and to facilitate rather than impede the succession process when they expect personal well-being following their retirement. Further, we predict that for retirees to expect well-being, several relational and environmental issues must be resolved. High levels of retiree well-being will be associated with good family relationships starting with their spouse and extending to their immediate family before extending to other family members then eventually towards other communities. Additionally, retirees require an orderly transition of their wealth in a manner that enables them to enjoy their retirement years then smoothly transition their remaining assets to their posterity. They have spent a great deal of time and effort building a business that has become synonymous with their individual identity and they wish to find, train and mentor a worthy successor. The combination of these factors provides the basis for our model and proposed hypotheses as proposed below. Figure 1 contains the conceptual model.

Family Relationships

Given the complexities of family business in combining the strategic necessities of business with the relational complexities of family (Wrosch, Scheier, Miller, Schulz & Carver, 2003, Wrosch, Amir, & Miller, 2011), it makes sense that retirees would seek familial harmony in their later years. In particular, it stands to reason that CEOs of family owned businesses recognize that business issues and family harmony are inter-related. Relationships with the successor, other family members, and key non-family players within the firm all influence key choices made by the incumbent CEO (Chrisman et al., 1998; Lester & Cannella, 2006; Sirmon & Hitt, 2003). In order for incumbent CEOs to feel good about leaving the position that likely defines their legacy, they want to know that their family relationships are healthy and in tact. Previous research has demonstrated that relationships with their spouse, children, grandchildren, siblings, and other family members are of key importance to family business owners (Potts et al., 2001). Since family harmony is a key component to successful leadership succession (Chrisman et al., 1998), all parties need to be considered. Transitions are smooth when relationships are trust-based and affable (Morris, Williams, Allen & Avila, 1997). Moreover, trust-based relationships produce low levels of inter-personal conflict, greater personal satisfaction with the relationships, as well as greater intimacy between individuals (McFadyen & Cannella, 2004; Perrone, Zaheer & McEvily, 2003; Rust & Chung, 2006). Each of these contributes to a heightened sense of personal well-being. Thus, incumbent CEO expectations of achieving retirement well-being are proposed to be positively influenced by their inter-personal relationships. Therefore, it is hypothesized that

H1: *Family business CEOs with healthy family relationships are more likely to expect higher levels of retirement well-being.*

Figure 1 – Theoretical Model



prior to the completion of the succession process. They also are likely to desire to be proactive regarding the conditions under which they will transfer substantial wealth to their heirs. Addressing their long-term financial needs and having a plan in place for ultimately disseminating their wealth is expected to increase incumbent CEOs' anticipated level of well-being upon retirement. Therefore, it is hypothesized that

H2: *Family business CEOs who have secured higher levels of wealth management and transfer of their personal finances are more likely to expect higher levels of retirement well-being.*

Wealth Management & Transfer

Given the average number of years that CEOs spend working in their field (27 years in our sample) and the quantity of time spent at the helm (19 years in our sample), it is reasonable to believe that family firm CEOs want to secure their financial positions prior to departure. CEOs are especially concerned about their ability to maintain their lifestyle with their spouse during their active retirement period and long-term care provisions if that active period is cut short. They are also likely to be concerned about issues of inheritance involving the equitable and/or equal distribution of assets to heirs in a manner that does not reduce the incentive or motivation of those heirs.

Significant financial risk is involved in transitioning leadership responsibilities to a new family business leader. Incumbents therefore seek to secure their financial status

Leadership Succession and Development

In addition to solid family relationships and strong measures in place to ensure the appropriate amounts and vehicles for wealth transfer, incumbents must believe that their firm is in good hands. Given the legacy of their commitment to industry, firm, and position, CEOs want to know that they have turned the reigns over to effective successors. Since CEOs of family owned businesses tend to have greater influence over matters of succession than do CEOs of non-family firms, their reputational legacy will be based, on part, on how the firm did after their departure.

Successor-incumbent relationship dyads have been considered in previous works (Longenecker & Schoen, 1975, 1978; Howorth, Westhead, & Wright, 2004). Sharma, Chrisman and Chua (2003) demonstrate that successors and incumbents view succession success differently in their investigation of the alignment of successors and incumbents in Canadian FOBs. For example, the approach to business risk may differ significantly between founder and manager-builder (incumbent and successor) (Cater & Justis, 2009). Therefore successors' motivations to enter the family firm and their attributes with respect to leading the family firm (DeNoble, Ehrlich & Singh, 2007) are of key importance to succession events. Venter and colleagues demonstrate that trust and cooperation between parties were the significant antecedents to post-succession profits and to the perception of succession success (Venter, Boshoff, & Maas, 2005). Likewise, the continued involvement of predecessors beyond a reasonable time decreases successor discretion (Mitchell, Hart, Valcea, & Townsend, 2009), reduces successor satisfaction with the process (Sharma, Chrisman & Chua, 2003), and increases the conflict within family firms (Davis & Harveston, 2001; De Massis, Chua & Chrisman, 2008).

Family businesses are abnormally dependent upon the owner manager single decision maker within the firm (Feltham, Feltham & Barnett, 2005); thus, the primary role of an incumbent during the succession process is to be a mentor to the successor (Cadieux, 2007), but then move on. Incumbent CEOs feel strong bonds towards their organization. As such, they may want to continue functioning as an active member of the leadership team of the firm, or at least act as a mentor to ensure the successor has the appropriate education to maximize the chances for a smooth transition. S/he may also want to maintain active relationships with customers, suppliers, and employees in an ongoing effort to ensure continuity and successful coordination with and acceptance of the new CEO. If these elements are in place, we predict that CEOs are more likely to let go. Therefore, it is hypothesized that:

H3: *Family business CEOs with established leadership succession and development programs in place are more likely to expect higher levels of retirement well-being.*

Continuity and Viability

Although the incumbent's roles during the succession event include sole operator, king, supervisor, and consultant (Handler, 1992), ultimately the incumbent must face the loss of control that comes with succession along with loss of identity within the community (Potts et al., 2001a, 2001b). Research demonstrates that incumbents may be wise in their reluctance to enact a succession event as many family firms experience post-succession stagnation. CEOs want to see their operations continue long after their departure. Transfer of controlling interest in the firm is critical for successful succession events, so the phase out period is critical but unlikely to occur without the retiree feeling good about her/his future. The capital needs of the firm are important to the incumbent but that must be balanced with his/her retirement needs and those of their spouse. Successor CEOs are expected to increase the size, scope and market value of the firm post succession as validation that the incumbent was diligent in his/her preparation of that successor. Therefore, it is hypothesized that

H4: *Family business CEOs who have secured the continuity and viability of the family business are more likely to expect higher levels of retirement well-being.*

Retirement Well-Being Expectation and Firm Performance

Although numerous antecedents exist for performance (Barnett, Eddleston & Kellermanns, 2009; Chittoor, & Das, 2007; Milton, 2008), our focus is on what influence various constructs have on retirement well-being expectation and, in turn, the role retirement well-being expectation has in shaping firm performance. Within the setting of family business, and specifically our focus on retirees, we argue that retirement well-being expectation provides tangible benefits for the firms. There are legitimate strategic reasons to ensure the well-being of retiring CEOs (Gagne, et al., 2011). Given that CEOs who lack feelings of well-being might seek to delay retirement, it may be in the best interest of all concerned to ensure retirees are well prepared to let go. Retirees with high levels of well-being are more likely to look forward to the succession event, and are therefore more likely to assist in its successful conclusion. Therefore, it is hypothesized that:

H5: *Retirement well-being expectation is positively associated with firm performance in the setting of family owned businesses.*

H6: *Retirement well-being expectation mediates the relationship between A)Family relationships; B) Wealth management and transfer; C) Leadership succession and development; and D) Continuity and viability and firm performance.*

METHODS

Sample

To ascertain the status of family businesses in India, we contracted an India based research firm to assist our efforts. A small team of interviewers were trained in our survey instrument fundamentals. Due to the fact that English is one of India's official languages, is typically the language of choice for business, is taught to all schoolchildren, and the language in which business contracts are written in India, the survey was written in English. Pretests of the survey involved a total of nine senior executives from Indian firms. Moreover, we had our survey evaluated for face validity by three business school faculty members in India and four graduate students in India. In the U.S., feedback was gathered from a total of five business professors (including two from India). Input regarding the instrument was also solicited from 3 Indian graduate students studying in the US. To overcome any residual issues of language, the interviewers were all native to India. Semi-structured interviews were used to convey the intention of the survey and to clearly understand the responses. The sample population was simplified to CEOs of family owned and operated firms within India. Participants had to have direct executive authority for their respective firms to be included in the research study. These participants represented a cross-section of industries and represented numerous geographic regions – the interviews were conducted primarily in major cities of several different states within India. We originally contacted 700 entrepreneurs requesting their participation in this project. These CEOs were identified by our research partner in India who used government tax rolls and employment databases of businesses registered with their respective state governments. After two rounds of telephone contact and subsequent face-to-face interviews with each willing participant, our response rate for this survey was 36.6%.The survey was a combination of convenience sample plus snowball, meaning that CEOs interviewed were then asked to recommend any other family owned business CEOs they may know that we could contact for interviews. The resultant sample size of useable surveys was 256.

Construct Validation

Exploratory factor analysis (EFA) and confirmatory factor analysis (CFA) construct validation procedures were conducted using SPSS 16.0 (Klein, Astrachan, & Smyrnios, 2005) with Varimax rotation and Kaiser normalization. EFA searches the family of measures to report their correlation behavior into form factors. Though only theory can differentiate causality from correlation, form factors demonstrate discretion between measure groupings. Measures that move more tightly together are more likely to be 'birds of a construct feather'. When eigenvalues of 1.0+ were chosen within the analysis, SPSS reported up to nine possible factors. A scree plot visually suggested the accurate number was between 4 and 7 measures.

To explore further, convergent and divergent validity was assessed. Groupings of measure holdings were reported on a rotated component matrix where individual loadings below .4 were excluded. The rotation converged in fifteen iterations, identifying nine components. Most construct measures remained true to their intended, with minor cross-loading; thus, discriminate validity was demonstrated. However, some measures loaded on isolated components. Of the 37 original measures, 11 loaded on isolated constructs (though never more than two per) and were removed from the analysis. The 26 remaining measures loaded onto five unique constructs (representing our focal independent and dependant variables) that were used in the study. Appendix A includes a complete list of the retained measures and their individual loadings for each construct used in the analysis. Harman's one-factor test for common-method bias was performed (Bruneel, Yli-Renko, & Clarysse, 2010) which yielded nine factors with eigenvalues greater than 1. The first factor accounted for only 22.98% of the variance, thus common-method bias is not an issue in our data.

Once factor constructs are isolated and their corresponding measures are identified, specific tests for internal reliability are rendered. The more the measures move in synch, the higher their reliability as measured by Chronbach's alpha (0.7 was considered the hurdle). The one dependent variable construct and four independent variable constructs are explained below.

Dependent: The dependent variable *Retirement Well-Being Expectation* is comprised of five items drawn from Potts et al (Potts, et al., 2001a,b) who pulled measures scattered across the FOB literature to address the construct. Measures were designed from previous literature to develop an overall sense of retirement well-being in multiple categories enveloping self image, legacy concerns, and retirement activities leading to fruitful experiences after leadership succession. A 7-point Likert scale was used for each item. (Alpha=.752).

Independent: *Family Relationships* is an index variable measured as the average of five measures dealing with family relationships, each determined with a 7-point Likert scale (Alpha=.887). *Wealth Management* is the average of four items dealing with financial condition of the CEO and spouse, each on a 7-point Likert scale (Alpha=.719). *Successor Development* is the average of eight items each on a 7-point Likert scale (Alpha=.826). *Continuity* is the mean of four items of firm continuity and viability, each measured with a 7-point Likert scale (Alpha=.756). Descriptive statistics and bi-variate correlations for the construct variables are presented in Table 1.

Controls: *Firm size* which we measured as the number of full-time employees. Given the distribution of firm sizes and the resultant kurtosis impact, we followed the empirical norm of transforming the size variable via natural log. *FirmAge* is often considered a control variable due to history effects inherent within firms of maturity. Older firms may be more settled in their ways and have less anxiety about their future and are therefore considered a potential confounder of variable relationships worthy of control. Firm age was calculated by subtracting the year of origin from the current year. Given the differences identified in literature between those who start firms and those who acquire them (Davis & Haverston, 2001), we control for *generation*al influence by asking the responder what generation of family ownership they represent.

Performance. We measured performance using perceptual performance measures commonly seen in the literature. On a five point Likert scale ranging from 1 – lowest 20% to 5 – highest 20%, we asked respondents how they rate their firm with respect to other firms in their industry in five performance areas: total assets, profits, sales growth, overall performance, and competitive position. We averaged the five responses.

RESULTS

Descriptive Statistics

The tables in Appendix B contain results of our statistical analyses. Descriptive statistics and correlations are presented in Table 1. Responders to our survey were overwhelmingly male (91.3%). They ranged in age from 24 to 82 years old, with an average of 49.3. Appendix C presents graphs regarding the demographics of the respondents and their firms. Respondents have been in their industry a long time (average of 18.6 years) and have served in their current leadership capacity for 15 of those years. A large portion of our sample represent the first (46.8%) or second (42.8%) generation but ranged to fifth. 64.6% of respondents considered themselves founders, 32.9% as successors. Number of full time employees averaged 86 but ranged to 540. Average number of family members working in the business full time averaged 4.2 but ranged to 27; part time averaged 3 but ranged to 52. Number of generations working at the same time averaged 2.6 but ranged to 7 (actually one respondent claimed 25 and another 40; we discarded both responses). Negative press regarding the nature and attitude of family business succession abounds and our sample displays evidence supporting that uncertainty. While only 12.5% of our sample said they do not want to see continued family involvement, only 43.9% said yes, and 43.5% said they were unsure.

The firms represented in our sample pull from a wide range of industries, but the most represented include retail (19%), professional services (14.2%), wholesale distribution (12.4%), and non-professional services (12.4%). Average age of our firms is 25 years, but ranged from 1.5 to 200 years. Most of our firms are privately held, only 9.2% trade on a publically listed stock exchange.

Hypothesis Testing

Results for the regression analysis are detailed in Table 2. To test the hypotheses, ordinary least square regression was employed (Olson, Zuiker, Danes, Stafford, Heck, & Duncan, 2003). Models 1 and 3 demonstrate the impact of the control variables on their respective DVs. No issues of multicolinearity were observed when testing for variance inflation (VIF levels were all below 2).

Model 2 includes the impact of the focal independent variables towards the retirement well-being expectation variable. Hypothesis 1 predicts that family relationships will be positively associated with retirement well-being expectation. Model 2 demonstrates that although the variable is highly significant, the relationship is in the opposite direction predicted. Thus, hypothesis 1 is not supported. Model 2 also demonstrates the relationships between wealth management and transfer, leadership succession and development, and continuity and viability towards retirement well-being respectively. All three are significant, thus hypotheses 2, 3 and 4 are all supported.

Model 3 demonstrates the relationship between the control variables and the dependent variable of firm performance. Model 5 demonstrates the relationship between retirement well-being and performance when controlling for the antecedents to well-being expectation. The coefficient is significant, thus hypothesis 5 is supported; demonstrating a positive relationship between retirement well-being expectation and performance.

Hypotheses 6A through 6D claim that retirement well-being mediates any relationship between family relationships, wealth management and transfer, leadership succession and development, and continuity and viability respectively towards firm performance. For each hypothesis, three confirmations are required. First, a relationship between the focal variables and the dependent variable (firm performance) must be significant. Second, a relationship must exist between the mediating variable (retirement well-being expectation) and the dependent. Third, the relationships between the focal variables and the dependent variable must be reduced (Baron & Kenny, 1986) when the mediator is controlled.

Model 4 demonstrates significant relationships between the family relationships, wealth management and transfer, and continuity and well-being variables towards firm performance; thus satisfying the first requirement for hypotheses 6A, 6B, and 6D. The coefficient for leadership succession and development is not significant; thus, hypothesis 6C is not supported.

Model 5 demonstrates that the mediating variable (retirement well-being expectation) is significant on firm performance, thus meeting the second requirement. Finally, model 5 demonstrates the relationship between the focal variables while controlling for the mediator. For the hypothesis to be supported, the coefficient for the focal variable must be reduced when comparing model 5 with model 4. For hypothesis 6A, the coefficient for family relationships in model 4 was -.095, in model 5 the coefficient became non-significant; demonstrating mediation. Thus, hypothesis 6A is fully supported. For hypothesis 6B, the coefficient for wealth management and transfer in model 4 is .116; in model 5 the coefficient is not significant; demonstrating perfect mediation. Thus, hypothesis 6B is fully supported. For hypothesis 6D, the coefficient for continuity and viability in model 4 is .189, in model 5 the coefficient reduces in magnitude to .146; thus, hypothesis 6D is supported.

DISCUSSION AND CONCLUSION

One of the most interesting finding in this study was that Indian family firm CEOs had a negative expectation of post-retirement well-being when they had high levels of expected family relationship involvement. This suggests that CEOs of family firms in India may continue to carry the burden of being family patriarch after they have left the family firm. This role is demanding in terms of resources (time and money). Wealth management and transfer, leadership succession and development, and continuity and viability are each positively related to retirement well-being expectation. When family firm CEOs believe they have adequate wealth management plans established they are also likely to have high expectations of well-being after retirement. When these same CEOs have confidence that they will have an ability to shape the development of the chosen successor for their leadership position they are also likely to report high levels of retirement well-being expectations. Moreover, when family firm CEOs have confidence in the continuity of their firm after they retire, their retirement well-being expectations are higher.

Results also demonstrate support of a positive relationship between retirement well-being expectation and firm performance. Family firms in which CEOs report high levels of expected well-being after retirement have higher levels of overall performance. CEOs who have a positive outlook regarding their upcoming retirement likely have a more positive outlook in general, more willing to pursue opportunities, embrace input from others in the organization, and increasingly empower their employees to make relevant decisions for the organization. Each of these characteristics can improve the quality of decision making in a firm and positively impact firm performance.

The significance of the retirement well-being expectation antecedents is consistent with prior research (Potts, et. al, 2001a, 2001b) with US family owned businesses, with one exception. Given that our data collection consists of Indian CEOs, the differential relationship between family relationships and retirement well-being are noteworthy and consistent with past research. Although both groups of CEOs rank relationship with family as their primary value requirement for successful retirement, deeper investigations uncovered differences between the two. Specifically, US CEOs valued relationships with their children and spouse (in that order) but valued issues of lifestyle, long-term care needs, mission completion, and identity higher. In contrast, Indian CEOs valued relationships with their spouse as their primary concern, followed by children, grandchildren, employees, other family members well above lifestyle issues. In other words, US CEOs are clearly more interested in addressing their personal retirement issues before addressing issues of family. Indian CEOs are family centric first and place their own self-interests subordinate to familial concerns.

To further explore the dynamic of Indian family owned business CEOs' predominantly negative relationship to retirement well-being, we performed an interaction post-hoc analysis to explore the relationships in greater depth. To do so, we median split the sample based on the family relationship variable. We then re-ran the regressions of remaining focal independent variables (wealth management and transfer, leadership succession and development, and continuity and viability) on the retirement well-being expectation variable to see if differences arose between the low/high groupings. Table 3 offers the resulting differences between the below median sample versus the above median sample.

Several interesting results can be seen in the post-hoc analysis in Table 3. In particular, results suggest respondents from above-median family relationship firms have lower concerns regarding leadership succession. We posit that leaders of this type of firm have a greater generalized positive view that leadership succession will be successful for their firm, owing to the positive expectations regarding their familial relationship post retirement. Moreover, results from the post-hoc analysis suggest that respondents from below-median family-relationship firms are not particularly concerned at all about continuity of the firm. We posit that this may be due to the potential for individuals without satisfactory family relationships to psychologically disconnect from personal interactions with family members as well as simultaneously ceasing to have concerns for the continuity of the family firm.

The influence of wealth management and transfer on retirement well-being is robust between groups, no discernable difference was found between the high vs. low median groups. However, the remaining variables of leadership succession and development and continuity and viability interchanged. Indian family business CEOs who value family relationships below the median value leadership succession and development but are not concerned about issues of continuity and viability which is non-significant. In contrast, Indian family business CEOs who value family relationships above the median value continuity and viability but are not concerned about issues of leadership succession and development.

Understanding the dynamics between incumbent and incoming CEOs is vital for successful family business succession events. When retirees are assured that the various antecedents to well-being are in place, it is more likely they will support and assist the succession events rather than consciously or unconsciously sabotage the process. The succession process can therefore be a positive experience for the individuals involved as well as for the family firm.

Limitations

Given that our survey sample was a combination of convenience plus snowball methodology, issues of generalizability are of ample concern. Although a purely randomized sample of Indian family owned businesses would improve generalizability, practical constraints make this quite challenging. As highlighted by Sharma, Chrisman & Gersick (2012), surveys play an important continuing role in family business research. Prior researchers have successfully employed survey research in family business (Litz, Pearson, Litchfield, 2012). Moreover, this approach has a history in management research in emerging markets such as India (Collins, Uhlenbruck & Rodriguez, 2009). As Naude (2010) notes, survey research is often essential in developing nations.

Future Research

Our primary unit of analysis in this paper is incumbent CEOs. In the future, we seek insights into the interactive effects between incumbent and incoming CEO before, during and immediately post succession. Collecting data across such levels is difficult to manage but will ultimately test the field's understanding of the succession process beyond antidotal case analysis.

Determining causal relationships between retirement well-being and its antecedents to performance is left for future research. Our focus in this research effort was to confirm antecedent relationships and test their correlation with current FOB performance. Future efforts may implement a lag between variables and performance to explore causality.

Contributions to Practice

This study compliments prior work in this area from Potts and colleagues (2001a, 2001b) pertaining to the self-defined interests of US based family business CEOs. Our observations are significant in that advisors to family owned businesses must understand the motivations of clients in order to deliver value to those clients. Recognizing that executives have multiple possible motivations is an important consideration in determining what is required for incumbents to follow through on succession plans. For US based firms, the advisor may focus on the self-interests of the incumbent as the most important element (even if the incumbent would normally not want to admit that his/her own interests are foremost in their mind). For India based firms, advisors may focus on the on-going family relationship dynamic as the primary influencer of post succession plans. Ignoring these strong and clearly significant influences can lead to botched succession plans and unhappy clients. The survey instrument developed for this study can be useful to family business advisors as a tool for identifying specific motivations of their clients as they contemplate retirement.

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Jamie D. Collins received his Ph.D. from Texas A&M University, specializing in Strategic Management and Entrepreneurship; he is currently an Associate Professor at Sam Houston State University. He previously taught management and entrepreneurship at the Hankamer School of Business at Baylor University, University of Dallas, Southwestern University and Texas A&M University. Jamie has published numerous journal articles in a wide range of outlets, both academic and practitioner-focused.

William J. Worthington, PhD is Director of the Institute for Family Business at Baylor University. He also serves on the Board of the North American Regional Council of the Successful Transgenerational Entrepreneurial Practices (STEP) research alliance associated with Babson College in Boston, Massachusetts. Dr. Worthington is a member of the editorial review board for Family Business Review.

John E. Schoen is President of the Schoen Family Foundation. He previously was President and Co-Founder of the New Mexico Family Business Alliance. Mr. Schoen served as Founding Co-Director of Texas A&M University’s Family and Owner-Managed Business Program. He is also a Fellow in the Family Firm Institute. Mr. Schoen is a retired professor, having taught Family Business at Southern Methodist University, Texas A&M University, and Baylor University.

Appendix A: Survey Items
Your Perceptions Regarding Effective Retirement

Picture yourself *at the time you are leaving the CEO position*. Utilizing the following 7-point scale, please indicate the extent to which you agree or disagree that the following statements are necessary for your successful retirement. Answers may range from a "7" which means you "strongly agree" with the statement to a "1" which indicates you "strongly disagree."

Strongly Agree	Agree	Moderately Agree	Neither Agree Nor Disagree	Moderately Disagree	Disagree	Strongly Disagree
7	6	5	4	3	2	1

Retirement Well-Being Expectation (alpha=.752)
[.644] You are comfortable with your self-image and accept your new identity as non-CEO
[.785] You have a sense of accomplishment and completion of personal mission
[.710] You are satisfied with the legacy conveyed to younger generations
[.638] You are satisfied with the vision of the future of the business
[.521] You have a sense of significance and new life after leaving the CEO position
Continuity (alpha=.756)
[.496] The family firm continues as an on-going enterprise after you leave the CEO position
[.801] The successor CEO and leadership team increase the size (revenue) and scope of the family firm
[.799] The successor CEO and leadership team maintain or enhance the market value of the family firm

Family Relationships (alpha=.887)
[.781] You maintain or improve the quality of your relationship with your spouse
[.775] You maintain or improve the quality of your relationship with your siblings
[.877] You maintain or improve the quality of your relationship with your children
[.695] You maintain or improve the quality of your relationship with your grandchildren
[.742] You maintain or improve the quality of your relationship with other family members

Wealth Management (alpha=.719)
[.588] You and your spouse are able to maintain your lifestyle during your active retirement period
[.707] You and your spouse have sufficient income to meet your long-term care requirements
[.681] You and your spouse reconcile your retirement income needs with the capital needs of the firm
[.660]The capital needs of the firm are balanced with the retirement needs of you and your spouse

Successor Development (alpha=.819)
[.603] You continue to function as an active member of the leadership team of the firm
[.572] You act as a mentor for family members who are employed in the business
[.527] You play an informal, consultative role with successor(s)
[.601] You maintain an active role in the financing activities of the firm
[.762] You consider leadership development / education programs important for successor candidates
[.808] You maintain an active relationship with customers and suppliers
[.764] You maintain an active relationship with employees
[.462] You act as a coach/mentor to the successor CEO

Appendix B – Tables

Table 1 Descriptive Statistics and Correlations

	Mean	S.D.	1	2	3	4	5	6	7	8	9
1. Firm Age	26.4	16.1									
2. Firm Size	86.2	88.5	.591								
3. Industry	7.1	3.4	.212	.286							
4. Founder	1.4	.54	.378	.144	-.014						
5. CEO Age	49.3	13.5	.342	.359	.157	-.065					
6. Family Relationships	6.1	.77	.040	.084	.144	-.186	-.040				
7. Wealth Management	5.5	.79	.224	.207	.075	.167	.167	.176			
8. Leadership Succession	5.3	.73	.390	.272	.219	.080	.264	.325	.362		
9. Continuity	5.5	.77	.268	.285	.112	.131	.059	.279	.605	.568	
10. Retirement Well Being Expectation	5.0	.94	.364	.311	.144	.162	.240	.006	.492	.575	.535

n=256

Table 2 Hypothesis Testing Model Results

Variable	Model 1	Model 2	Model 3	Model 4	Model 5
Firm Age	.009†	Ns	Ns	Ns	Ns
Firm Size	.279**	.129†	.222***	.161**	.141†
Industry	Ns	Ns	-.033**	-.032**	-.034**
Generation	.276***	Ns	ns	Ns	Ns
Family Relationships		-.272***		-.095†	Ns
Wealth Management and Transfer		.251***		.116†	Ns
Leadership Succession / Development		.443***		Ns	Ns
Continuity and Viability		.288***		.189**	.146*
Retirement Well Being Expectation					.151**
F	13.926***	24.126***	8.325***	8.826***	9.076***
Adjusted R^2	.195	.464	.120	.226	.254
Dependent Variable	Retirement Well Being Expectation		Firm Performance		

Values are unstandardized regression coefficients

†p<.1 * p<.05 **p<.01 ***p<.001

Table 3 Post Hoc Analysis
Median Split of Family Relationships

Variable	Below	Above
Firm Age	n.s.	n.s.
Firm Size	.214†	n.s.
Industry	n.s.	.038†
Generation	n.s.	.283**
Wealth Management and Transfer	.252†	.231†
Leadership Succession / Development	.278†	n.s.
Continuity and Viability	n.s.	.516**
F	5.46***	19.11***
Adjusted R^2	.240	.527
Dependent Variable	Retirement Well-Being	

Values are unstandardized regression coefficients
†p<.1 * p<.05 **p<.01 ***p<.001

Appendix C

Demographics of Survey