

# Communicational topics in governance processes of Family Business Succession\*

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## Abstract

**Purpose of the paper:** *The work aims to discover most recalled meta-topics that are considered crucial in a successful family trans-generational passage. In particular, we have stressed the perspective of young generations during the transition.*

**Methodology:** *We did a content analysis on qualitative data gathered through interviews. We have studied the succession histories of four family firms, which were reconstructed thanks to a multi-angle comparison which couples the younger and older generation's comments.*

**Results:** *The common patterns that emerged suggest four main components on which heirs focus their attention during a succession, namely: interest in the business, governing the consensus, management of family identity, and personal power. Each topic is a milestone on a young leader's path to head of the family firm and a focal point on which focus the attention.*

**Limits:** *Our sample is limited and contains only male-to-male successions. Hence, our results should be carefully handled in making generalizations.*

**Practical implications:** *Keeping in mind which should be areas of interest to gain legitimacy and reassure family members and business stakeholders, offers a solid base to consciously plan a succession process, for young leaders and consultant of family firms.*

**Originality of the study:** *In relevant literature the communication perspective is underdeveloped although it is mostly important in the succession process. We have contributed to this branch of studies by offering a set of communication meta-topics that are important to gain legitimacy inside the family business.*

**Key words:** *family business succession; communicational topics; incumbent-successor relation*

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\* The work has been carried out thanks to a close collaboration of the three authors. However for the writing attribution: paragraph 1 can be assigned to Ciappei, paragraphs 2.1, 3 and 4 to Pellegrini; paragraphs 2.2 and 2.3 to Pellegrini and Cannoni, and Paragraph 5 to all the authors. The interviews were all conducted by Cannoni.

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## 1. Introduction

Succession is a crucial issue in family business matters. Approximately 70% of family firms do not follow first generation, and only about 15% survive into the third generation (Birley, 1986; Handler, 1990). For this reason, in pertinent literature the topic has received prominent attention (De Massis *et al.*, 2008). In this great body of works, remarkable importance has been assigned to the communicational process in both the offspring-incumbent relation and with regards to stakeholders (Barach *et al.*, 1988; Lansberg, 1988; Dyer, 1989; Handler, 1990; Morris *et al.*, 1997; Miller *et al.*, 2003).

Considering for example Le Breton-Miller *et al.*'s model (2004) for an effective generational transition, we can show how communication affects these variable: 1) by improving the reciprocal understanding among involved family members (Mazzola *et al.*, 2008); 2) by stimulating cooperation (Milton, 2008); 3) by reducing resistance to the succession of familial or non-familial stakeholders (Lansberg, 1988; Dyck *et al.*, 2002), who receive more information about the future possible outcomes; 4) by increasing the effectiveness of the succession (Handler, 1992) and forcing actors to explicate their objectives, commitment, and future plans first to themselves and then to each other (Kellermanns and Eddleston, 2004; Mazzola *et al.*, 2008).

Despite this recognized importance, we have found that few steps have been moved toward the discovery of communicational topics, and in general, few contributions that deal with it at all may be found in literature (Lundberg, 1994; Le Breton-Miller *et al.*, 2004). In our study, we have collected histories of succession and we analyzed the contents of communication during transition in family firms. Particular we paid major attention on the incoming generation.

Since our results present common trends of these patterns, we have framed them into a strategic approach, which tries to stimulate a proactive behavior in whoever is engaged in a succession process. Our work wants to stimulate a pragmatic vision emphasizing the commitment personal will of family members that are vital element to "direct" the succession process. Thus in our approach, attention is devoted to the intentionality of the subject that is the next generations leader. As other authors pointed out successor's will, acumen, deliberated behaviors, and planned aspiration, are determinants of his/her successes in the transition process (*e.g.* Sharma *et al.*, 2001; Mitchell *et al.*, 2009).

However, we are arguing neither that "one-best-way" which family members should prefer over others exists, nor that the commutation, especially with family members, can be completely dominated by a conscious and planned approach. Our study simply traces common communicational topics in four case studies of well-established family firms which have successfully been through a succession in order to offer managerial insights. The paper is articulated as follows: the next section frames the theoretical background of the family business succession (paragraph 2). Paragraph three explains the method and the protocol adopted in the research, while paragraph four shows the results and allocates them into schemes derived from the

literature. The last section (paragraph 5) briefly discusses implications and limitations.

## 2. Family business succession: a proactive approach

### 2.1 The arena of the family business succession

The intergenerational exchange in family firms involves multiple actors and each of them possesses distinct points of view and different powers to influence the process. Even with a simple partition (for example used by Barnes and Hershon, 1976)<sup>1</sup>, four groups of “interested people” have been individuated and more precisely: family members engaged directly in the firm (*family-in/business-in*); family members or relatives of family managers and owners without role in the business (*family-in/business-out*), non-family employees (*family-out/business-in*) and other figures/stakeholders related to the business like consultants, investors, bankers, suppliers etc. (*family-out/business-out*). For each class, succession can be traumatic; it may end with a re-shaping of power (either on a family or business level) and a high or intermediate level of uncertainty about the future outcomes. Additionally, family businesses have to manage the emotional load that this issue brings along with it (Lansberg, 1988).

Inside the first group, the principal tension is related to the fact that new generations are coming in and old generations, progressively, must step aside. Especially in the case of founder or the first generation, the business represents “*himself, or the monument he will leave behind*” (Handler, 1994, p. 139) and this emphatic attachment is often a source of conflicts with the next generation which instead pushes to innovate and go further (Greiner, 1972; Handler 1992; Lansberg and Astrachan, 1994). Yet, succession reminds entrepreneurs that they have to cope with the inexorable destiny of human life (Churchill and Hatten, 1987; Handler, 1992; 1994). In the case of relatives that are not involved in the business, succession is a potential threat to inheritance and bitter feelings can develop in case of exclusion from business involvement (Morris *et al.*, 1997; Howorth and Assaraf-Ali, 2001). These two first categories are highly involved during the entire transition process: from the decision for an intra-family succession (De Massis *et al.*, 2008), to the selection (or rejection) of successor(s), to the subsequent complete passing of the baton (Mazzola *et al.*, 2008; Cater and Justis, 2009).

The latter two groups usually play a major role after the formal appointment of a successor(s). Despite that, a careful attention must be paid also to these stakeholders who are also able to undermine the likelihood of a successful succession. The workers may fear and resist the intergenerational transaction, because of the loss of

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<sup>1</sup> This model uses the belongingness to the family or to the business as axes, forming a matrix of four quadrants.

the personal and familial touch that the founder had established (Dyer, 1989; Sharma *et al.*, 2000; Kellermanns and Eddleston, 2004; Steier and Miller, 2010). Similarly, partners of the business (consultants, investors, supplier etc.) may interrupt or loosen their business connections, reducing the strategic support available to the family firm, if new generation is inadequate or perceived as such (Lansberg 1988; Barach *et al.*, 1988; Cabrera-Suárez *et al.*, 2001).

This description well underlines the complicated situation and balances that a family succession has to face to be successful.

## 2.2 Communication in a realist philosophical interpretation

With a realistic approach, communication may be seen as power. In particular, individuals possess this kind of “power” simply by knowing how to interact with other agents in their environment.

On one hand, this power may be exerted by agents even without the full agreement of the surrounding others. For example, a messages’ exchange provokes changes in the informational sphere of the involved subjects at least, and very probably even emotional conditioning (Carli *et al.*, 2008). Then, the effect of a particular fact or novelty in *different* people can cause *different* reactions, but the informational and emotional interference is undeniable. The communication’s power is related to its ability to render an expression of sense comprehensible, and in doing so, to modify the external environment of the agent. The environment to which we are referring to is not a phenomenological appearance, but rather the inner world of other human beings, something latent under the surface of acting. For these reasons, we will hereafter refer to this power of communication as *potential* (Emerson, 1962). On the other hand, instead, is that of the coercive meaning of power, which operates in addition to the previous mentioned effects, in order to stimulate a behavioral modification in the others’ action sphere. This power stimulates and leads to the execution of an action, in a same or similar way as that stated by the communicator (Mackenzie and Wicker, 2001). Communication is the first step toward implementation and without communication the other agents would be not able to understand the will of the subject. The aim of this communicational power is the modification of the real world with the intent of producing proper and induced reactions or actions. Summarizing, we think that *influential* is a most suitable adjective for this type of communication power (similar to the measures of Bonacich, 1987).

The semantic separation of the two meanings is blurry, surely presents areas of overlapping, and is not safe from critics, especially in trying to codify real situations of interaction. We acknowledge, for example, the fact that communication is only a *sine qua non* condition in order to obtain an implementation but is not sufficient per se. Communication must go along with leadership, authority and charm, in order to assure an induced action or behavior (Zerfass, 2007). Despite all these flaws, our separation in potential and influential communicational power can help explain complex interactions in family business. As a matter of fact, the communication of a

family member can involve the use of emotional communication (potential power) or a more authoritative and charming sort of communication (influential power). Both, at the right time, are important especially regarding the particular role that the speaker holds (Lundberg, 1994), that can be multiple in the family business (blood-related, owner, manager etc.). Other agents, family or non-family members, are used to expecting a particular type of communication in relation to the perceived speaker's role and failing this match is deleterious for the conversation. To make an intelligible example, a father that encourages frank business conversation with a son/daughter should avoid any behavior that recalls his role of a father. On the contrary, he should stimulate a representation of himself as owner or CEO of the company (Lundberg, 1994). Underlying these differences is vital to our work which depicts the communicational patterns and topics of an offspring leader.

### 2.3 Open questions

At the end of this theoretical exposition, we want to stress our approach to the matter, tagged as "philosophical realistic" and "strategic".

This mixture of actors, interests, and powers, indeed justifies an approach that sees the governance of the process as the governance of a political arena (Pfeffer, 1992). This idea brings us to inquire upon the possible governmental policies of this arena, that we have intended here as the planned or tentatively intentional actions of the successor, in order to handle the situation in a pro-active way (Mitchell *et al.*, 2009). We have focused our attention on the specific "tool" of the communication at the disposition of these subjects. In order to better explain our theoretical view about the proactive way with which one undertakes life's challenges, we use Aristotle's philosophy of the contraries (Aristotle, *Metaphysics*, IX). We believe in a potential intentionality of the subjects involved in the process, that resulted in an at least intentional will to dominate the strong emotional dilemmas faced during the human life (in our case related to a family succession). Far from us generating a representation of deterministic intentions, in a rigid equation "what is desired and planned" equals "what is obtained". We prefer to follow a mild/moderate vision on the topic offered by the comparison of potency which consist of "what can happen" to the deeds and "what happens/happened". In this approach, the maxim that governs the reality is "what usually happens" (*id quod plerumque accidit*), as a result of the intention of the subject that should or could be concretized into deeds, but without clear determination. Ajzen (1991) has translated these philosophical thoughts into the "theory of planned behavior", based on the intention of the subject to pursue a behavior. The will of the subject can increase the likelihood to execute a determinate task but there is no certainty. Hence, this realistic and strategic approach encourages a vision with human centrality. This view perfectly espouses the new generation's problem in a family business.

After having suggested an approach, our research question lies in a simply assumption: *Do particular communicational patterns of the incoming leaders exist in the family business succession?*

This is our big challenge, which we have attempted to face through the case studies methodology.

### 3. Research Method

The research question that we have assessed doesn't find a strong support in literature, and is "*too abstract to be tested in a logical, deductive manner*" (Suddaby, 2006, p. 636). We are not trying to test any theory, rather we are attempting to attain a deeper understanding of a rather developmental field (Lundberg, 1994), where the *why*- and *how*-questions are still completely to be addressed. This is the perfect context in which a qualitative study should take place (Yin, 2003).

#### 3.1 Sampling

We used hard restrictive criteria in selecting our firms to make our sample as meaningful as possible. In collaboration with the local office of Confindustria (Industrial union of Italian employers), we received a list of firms which are characterized by a multigenerational involvement in their management and ownership base. We restricted our sample to a specific area (Florence-Prato metropolitan area), in order to avoid any possible variance in communication and behaviors due to cultural difference. A different importance assigned to the "big four" components of a business culture (Hofstede, 1994), could have invalidated all our evidences. Additionally, one of our researchers has lived and worked in the district. Sharing the same culture and being embedded in the same environment for such long time confers an ethnographic lens to our triangulation (Walcott, 1999).

In particular we looked for family business with the following characteristics:

- self-assignment as family business;
- prevalence of family members in the ownership structure, and involvement of the family in business life (on the board and/or in management);
- declared willingness of the current generation in charge to pass the business on to next generation. All these features allowed us to clearly state the family nature of these firms both in structure and in behaviors (Chua *et al.*, 1999);
- firms which have successfully been through at least one generational exchange. In other words there is at least one 2<sup>nd</sup> (or later) generation member involved in firm's key roles, and an old generation that is completely retired or maintains only marginal role. Our definition of "success" comes from the evaluation of family members about it (Morris *et al.*, 1997) and whether or not the offspring have brought innovation and development to the firm. Obviously, we are not interested into generational transitions where the business has involved;
- firms with more than 15 employees (which is the threshold to be considered "small" firm in the respect to the Italian employment legislation) and with more an average annual revenue of at least 3 million euro. These parameters should preserve our analysis from dealing with too small companies with unclear communication patterns;
- willingness to cooperate.

Unfortunately, using the abovementioned parameters has drastically restricted our sample number to four firms with some similar peculiarities. With respect to the limited number of cases, our sample size (four) is still indicated as the lowest reasonable bound in serious qualitative studies (Eisenhardt, 1989). However, in our sample only male-to-male transitions are present and this can limit our generalization. Mixed transitions (male-to-female or female-to-male) or same feminine gender transitions can be strongly based on decisively different rules, due to its different human interactions (Handler, 1994). Also, the transfer of power, in all cases, was enacted between blood-related members (no *in-law* members were involved). The firms' descriptions are reported in table 1.

Tab. 1: Sample description<sup>2</sup>

Firm	Year of birth	N. of emp.	Sales	Generation(s) involvement	Interviewees (business, family and ownership position)
<i>Alpha</i> Production and quality control of textiles	Early '50s	20	3 mil	2 <sup>nd</sup> – 3 <sup>rd</sup> generation	1: CEO, 3 <sup>rd</sup> generation, grandson of the founder, 50% ownership. 2: President of the board, 2 <sup>nd</sup> generation, uncle of the CEO (son of the founder), 50% ownership.
<i>Beta</i> Production and distribution of clothing and accessories for men	Early '80s	21	4 mil	1 <sup>st</sup> – 2 <sup>nd</sup> generation	1: CEO, 2 <sup>nd</sup> generation, son of the founder, 97% ownership. 2: No managerial role, father of the CEO (Founder), 3% ownership.
<i>Gamma-Ita</i> Production and distribution of women's knitted clothes	Early '80s	22	10 mil	2 <sup>nd</sup> – 3 <sup>rd</sup> generation	1: CEO, 3 <sup>rd</sup> generation, (grandson of the founder), 70% ownership 2: Board member, 2 <sup>nd</sup> generation member, Father of the CEO (son of the founder), 30% ownership.
<i>Delta-Ita</i> Production and distribution wool and wool blends women's products	Mid '60s	23	30 mil	1 <sup>st</sup> – 2 <sup>nd</sup> – 3 <sup>rd</sup> generation	1: CEO, 2 <sup>nd</sup> generation, elder son of the founder, 25% ownership. 2: CEO, 2 <sup>nd</sup> generation, younger son of the founder, 25% ownership. 3: No managerial role, Father of the CEOs (Founder), 50% ownership.

Source: Personal data sample

<sup>2</sup> The names of the companies are anonymous. In the next part to report the statements of our interviewees, we used the company's (fictional) name and a number related to the order shown in the "interviewees" section. For example, Alpha: 2 means that the phrase belongs to the second interviewees of company Alpha, (in this case: the 2<sup>nd</sup> generation member, president of the board).

### 3.2 Protocol

Interviews represented our main source of data and lasted around four hours (in one case four and a half hours). Since our intention is to study the communication flows of incoming generations, we first collected the (current) leader(s)'s stories about their path to becoming the head of the family business. Then we gathered an additional (and opposite) perspective from the old generation (former leader(s) of the family business), and matched aspects and impressions.

This research approach should preserve our result from any self-biased description, since incumbent generations especially tend to perceive relations and situations differently compared to their offspring (Handler, 1990; Sharma *et al.*, 2000). In the end, our data collection was also enriched by other two sources of information. 1) Observations and notes directly made by the researchers during their visits to the firm facilities (which lasted from two to four hours). This permitted a better understanding of informal communication in the family business and among family members. 2) Documental data, like board reunions' minutes, changes in the company's charter and other dossiers related to the succession process which were provided by the firms. To this self-disclosure information, our team added further information found in the index of local newspapers, on the internet and at the local chamber of commerce. After transcribing of the taped interviews (around 300 pages), we started a two-step coding process (Miles and Huberman, 1994).

First, a manual cut-and-paste process to organize main emergent issues was implemented (open coding phase). We repeatedly went through these interviews and correlated data until we felt confident on the topic. Then, suggestions and aggregations were shared among the research group and the diverse patterns were compared. In this moment, we adopted the protocol described by Finch (2002), which was applied to the entrepreneurial and management field by Anderson *et al.* (2010).

They suggest that during qualitative coding it is important to move back-and-forth between the theory and the data and repeat the operation as many times as necessary to frame all the topics in the mainstream of the literature. This, on one hand, allows an open mind to study the data, and at the same time, avoids "no-where heading" evidence, which means that our results would have been completely disconnected from powerful and useful concepts and schemes drawn upon by the literature (Suddaby, 2006; Siggelkow, 2007).

We ended this phase obtaining almost 200 purposeful "tags/topics" for each case. Secondly, more aggregative iterations (axial coding phase) were performed, with the support of the "Nvivo" software, in the attempt to stabilize topics among many occurrences. This step facilitated the creation of meta-topics (higher-degree codes), to start the cross case analysis. This last step aims to individuate common "areas or sets" of issues among different cases (Eisenhardt, 1989). The final aggregation resulted in four components or meta-topics presented in the next paragraph.



## 4. Findings

### 4.1 Components of the discourse

Our results show common patterns revealed in communication flows of the heirs. These scenarios are actively co-shaped and co-created by the actors (the interaction between the incumbent generation and successors). Incumbent generations expect some kind of results in order to reckon next generations' worth, as well the offspring perceive this duty as necessary in order to be considered successful and legitimated into the business. We gathered four main meta-topics or components on which communicational flows are based: 1) Interest in the business, 2) Consensus governance, 3) Family business' identity, and 4) Personal power and self-legitimization (some examples of which are reported in table 2).

Table 2: Main meta-topics

Classes of meaning	Examples
<i>Interest in the business (Interest)</i>	Regarding my grandfather (the founder), I always showed how important it was for me to carry on his business (Alpha: 1) I thought of directing both of my sons to business studies and they agreed. For me it was a sigh of their future involvement (Beta:2) Kids who suggest new ideas (for the business) make a father proud (Gamma:2) The humility to learn, even in unpleasant job positions, shows disposition of affection toward the family business (Delta:3)
<i>Consensus' governance (Consensus)</i>	The results obtained in my personal task progressively make me and all the family members involved in the business proud (Alpha:1) Engaging your father in discussion when you have different perspectives is not simple (Beta:1) Balance is important: understanding the reasons of those are in front of and showing mind openness. Of course, the others too must do the same (Gamma:1) Getting along with me is not an easy thing but my children made it! Thanks also to their mother (Delta:3)
<i>Family business' Identity (Identity)</i>	"To innovate and keep innovating" is what we think our tradition is, which is going even faster with my nephew (Alpha:2) Listen to the elder who also have something to tell, because time changes but <i>savoir-faire</i> doesn't (Beta:2) Cooperating between who's coming and who is already in is the taste (attitude) of our family tradition (Gamma:1) I found the values of my father suitable also for me, despite many fights (Delta:1)
<i>Personal Power and self-legitimization (Power)</i>	I made my way along with the results (Alpha: 1) You show how legitimate your position is, when you show results and this makes space for more ideas and innovation (Beta: 1) Suggestions should always be welcomed even from a CEO, when they are import (Gamma:2) Follow the rules but also find your own path (Delta:2)

Source: Personal elaborations of interviews

For the first component the offspring's will to join the business and the value of the business as a life goal are central. All older generation respondents wanted to put their descendents in charge, but they also have clearly affirmed that it could not be done at the business' expenses. Only worthy and interested people should be appointed for the family business without spreading the feeling of nepotism. In order to train these new competent leaders, in many cases, they have directed their heirs toward business-related studies or interests. On the other hand, current leaders had the feeling of being the successors of the business, since childhood, even though the process was not linear. "*To become a CEO blood is not the only thing, you have to prove to yourself and others how much you are worth and your passion for the business*" (Delta: 2). This topic is also well known in the literature in cases where the real interest of the incoming generation is a key factor for transition success (Handler, 1990; 1992; Lansberg and Astrachan, 1994; Le Breton-Miller *et al.*, 2004). Stressing this willingness (or refusal) to join the business openly, on one hand, reassures the old generation (Brockhaus, 2004), and on the other, prevents the "lock-in" effect of unwanted business positions for incoming leaders who have to carefully understand their inner desires (Kellermanns and Eddleston, 2004).

The second topic is a multitude of issues related to the consensus seeking process inside the family firms. For incoming leaders, older generation's consensus is sought for first, as they are recognized as the most influential and authoritative interlocutors (Barach *et al.*, 1988; Lansberg 1988). This does not mean submitting to the previous generation's wishes and decisions, but rather looking for a profitable way to interact, create *win-win* situations and compromise. Consensus governance is a topic that is particularly recalled during episodes of innovation introduced by the younger generation. Current leaders have made great efforts in supporting their causes, due to their different approach compared to incumbent leaders. With similar decision quality, better communication is a powerful instrument to converge other's view on the matter (Kellermanns and Eddleston, 2004; Ensley and Pearson, 2005). Consensus, and its seeking, however is not only related to the old generation; our respondents have often cited their relation with managers, other family members and employees and teams. As regards other family members' consensus, the preeminent figure of the mother has emerged probably because of the composition of our generation passage (Male-to-Male relationship). Her role is one of an outsider and impartial judge and facilitator of interaction (Barnes and Hershon, 1976; Churchill and Hatten, 1987). Instead, talking about employees and managers, our respondents consider sharing information and receiving feedbacks on "delicate" decisions as necessary.

The third topic encompasses a very broad set of specific matters where the common thread is the attachment to the traditions and values of the family firms. The confirmation of the family's identity is one important factor in achieving a successful transition (Milton, 2008). Some examples of these tradition might be: the passion for innovation (Alpha case), preservation of a familiar and warm environment in the business (Beta case), and continuing the family legacy (Gamma case). Both the young and old generations have underlined that values guide family

firms, and that “*without them everything would be ruined [...] only a profit-seeking entity*” (Beta: 2). In relation to the offspring, they must show proof of a good level of assimilation as concerns knowledge, traditions and values, in order to receive a family’s full acceptance (Cabrera-Suárez *et al.*, 2001). Indeed, the tradition and identity of the family firms shape the business model of the company which has guaranteed in the past the competitive advantage. Losing this heritage can greatly harm the family firm’s survival (Lansberg and Astrachan, 1994; Milton, 2008; Zellweger and Sieger, 2012). This passion for the family tradition and values also improve the legitimacy and the credibility of the new leader(s) with the respect to non-family agents like employees, business partners etc. (Barach *et al.*, 1988; Steier, 2001, Miller *et al.*, 2003). Keeping this concern in mind, open communication is obviously of vital importance, being the main “vehicle” to spread and to conserve this familiar patrimony (Handler, 1994; Morris *et al.*, 1997).

Finally, the last component of our traced communicational flows takes the personal power of the new leaders and their self-legitimization as full-fledged “bosses” of the company into consideration. Assimilation of the family firm’s values and tradition is the first step toward leading a business, indeed a complete detachment from the past should be avoided, because it may erase the family advantage (Habbershon and Williams, 1999). However, these elements must be interpreted in the light of contingencies and turbulent environments, blending tradition with propulsive initiatives for future developments (Miller *et al.*, 2003). Tradition cannot represent an obstacle or a source of rigidity for the implementation of new changes and innovations (Cabrera-Suárez *et al.*, 2001; Sharma *et al.*, 2003). Mitchell *et al.* (2009) found the leading aspect in a succession in this personal power (discretion to take strategic decision). Without this freedom to formulate sounded and wise choices, the entrepreneurial orientation of the family firms can decline (Zellweger and Sieger, 2012) and the subject can incur into frustration and depression (Handler, 1992). For heirs, the willingness to communicate strategies clearly and acknowledge results render the new family leader more authoritative, a fact that may demonstrate the new generation’s will to act in the best interests of the firms apart from personal motivations.

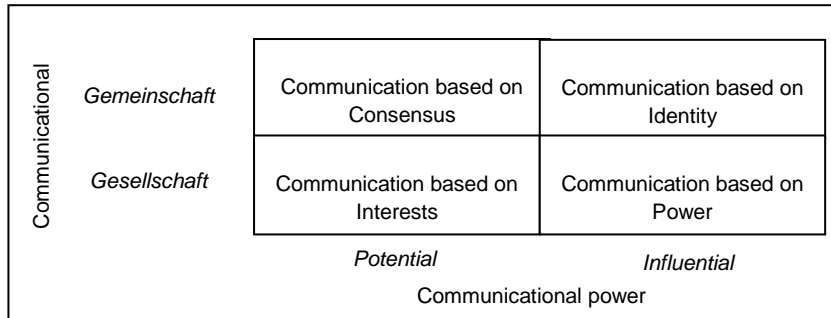
These four meta-topics or components of the discourse seem to follow the model of Ensley and Pearson (2005) on Top Management Team perspective (TMT), asserting some advantages of family firms over non-family ones. The authors have extrapolated four main characteristics through which a family TMT can outperform other kinds of team: Cohesion, Conflict, Potency, and Consensus. With some slight adjustments this characteristics may be applied to our results. “Cohesion” is associable to a clear communication of the family firm’s values and roots (*Identity*); “Conflict”, the healthy opposition of different points of view (Amason, 1996), and “Consensus”, the shared mental models about strategy, are overall associated to our main topic of the *consensus governance*. Finally, “Potency” is the feeling of the team of being effective, that both may be seen in the confidence acquired by the communication of results (*Power*) and the willingness to be part of the action or business (*Interest*). Hence, at least in our case studies, characteristics that allow a

better family team performance are also touched by the offsprings' communicational flows, stimulating a positive convergence.

#### 4.2 Relations among the components

After the descriptive interpretation of these meta-topics, we want to render our results more intelligible by remarking possible interpretation of the existing relations among our components (Figure 1).

Fig. 1: Components' relations



Source: Personal elaboration

The first division is made with the criterion described in our initial background, in relation to the communicational power. The topic of the interest in business matters and the governance of consensus use communicational standards and frameworks that are more related to the emotional sphere, in order to attract or understand feelings of others. In the first case, the interest that the young heirs show for the business is an implicit way to make their relatives proud. All our current leaders agreed on this emotional communication in their early careers, which was also confirmed also by the retired generation “*I felt a kind of devotion for my grandfather. I always talked with him about business matters and there was great empathy*” (Alpha: 1) “*When I was a child, I spent some summer holidays working with him. It was pleasant, I could stay with him a lot*” (Gamma: 1). The governance of conflict in order to find consensus is also a form of communication directed toward the inner sphere. With empathy, and sometimes patience, family members have conveyed strategic decisions of better quality in respect to singular positions (Ensley and Pearson, 2005). “*My father is sometimes a mule, but I have learnt to deal with him and his temperament [...] I know how to tell him news he would not like to receive and we have worked a lot to balance our fights*” (Delta: 1,2). As we stressed before, this communicational power can enact behavioral modifications but this is neither mandatory nor the first goal of communication itself (Emerson, 1962).

For the two other components instead the will to modify the external world is more intense. The identity of a family firm (or also in the case of a normal firm if it

is really strong) can be used like a potent catalyst to implement decisions and actions (Cabrera-Suárez *et al.*, 2001; Zellweger and Sieger, 2012).

The situation is equally and maybe more intuitively for personal power. Here, this power is legitimized by achievements, and because of them, leaders earnestly sustain new actions.

The other axis describes stereotyped contexts in which communication takes place. We have drawn upon the framework of Weber (1947) of *Gemeinschaft*, *Gesellschaft* *i.e.* translated in English “community” (of people) and “corporation” or “company” concept which have been also applied to family business field (*e.g.* Steier and Miller, 2010). Consensus and Identity are concepts embracing community-based interactions with consequent reflexes on the communication standards. Sociological interests and aims are the creation of a close team, a community, and an established aggregation of individuals that share common beliefs and reciprocal understanding. On the contrary, Interest and Power configure a more business-related context moving the communication to more concrete standards. These topics are neither greedy nor selfish instead help the family business to balance non-economic goals and economic ones in order to avoid the penalization of the business in favor of the family (Chrisman *et al.*, 2012).

## 5. Conclusions

In our inquiry we have analyzed the contents of the communication in the transactional period of family firms, through case analysis methodology. We have traced succession stories collecting accounts from the very beginning, even before a real appointment for successor(s), throughout the development of their career, until their achievement of the leader(s)’s status. Our targeted firms have been selected because they successfully undergone a succession, thus representing a good sample from which to extrapolate useful interpretations. These interpretations can both enrich the understanding about this understudied topic (*i.e.* communication) (Lundberg, 1994) and offer valuable insights to managers and family members that are involved in a family business transition. Our approach puts the intentionality of the subjects at the center of process, a perspective in which human intentions may shape external outcomes (Ajzen, 1991; Mitchell *et al.*, 2009). We decided to analyze a particular instrument available to involved people in a succession: communicational flows by assuming the incoming generation’s point of view. After an accurate coding process of our interviews, we extrapolated four main components of the discourse which we described in detail, suggesting some interpretations and their possible classification. With our study we hope to have stimulated more interest on communicational contents in family succession (Barach *et al.*, 1988; Dyck *et al.*, 2002; De Massis *et al.*, 2008). Our results also require for further development that can establish what now are only indications and propositions. We would strongly recommend family firms practitioners to carefully evaluate the communicational picture that new leaders pursue in this delicate situation. A mismatch could be deleterious; for example, using influential communication in the

early stage of the career can active defensive psychological mechanisms in the incumbent generation or in other stakeholders, who may see these claims as symptoms of unjustified eagerness for power (Handler, 1990).

Of course, we also acknowledge the fact that our study has plenty of limitations such as: the number of available cases, the possibly biased memory, and the limited generalization of our results, which can be bound to the cultural context, to Italian lifestyle, or to the kind of succession (since we only have male-to-male succession and only within the blood-related family set). For these reasons, speculating about our results should be done in a very cautious way.

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