

**Succession-Related Role Transitions in Family Firms: The Impact of
Proactive Personality**

ABSTRACT

Understanding the factors that affect intra-family succession has been an important area of research for family business scholars. Although the succession literature emphasizes the importance of incumbent and successor characteristics during the succession process, scant research has explored the *interplay* of successor and incumbent personality traits. Because change is an inherent part of the succession process, this paper considers the congruence effects of incumbent and successor proactive personality, a trait that captures an individual's tendency to bring about meaningful change in his or her environment. This paper presents a matrix that combines principles from organizational behavior and family business literature to explicate the effects of personality congruence on effective role transitions during and following leadership succession. Theorizing in the paper focuses on two contexts: situations in which the incumbent is ready for transitions and those in which incumbents are not ready for transition.

Keywords: Family Firms, Proactive Personality, Intra-Family Succession, Incumbent Personality, Successor Personality, Personality Congruence

Succession-Related Role Transitions in Family Firms: The Impact of Proactive Personality

One of the principal challenges for the continuity of a family firm is the transfer of leadership and ownership across generations. Research indicates that only a small percentage of family firms are able to survive this transition (Ward, 1997, 2004), which explains why many family business scholars focus on understanding factors affecting the succession process. In the context of family firms, succession refers to the transfer of leadership and ownership of the firm to family members or other outside parties (Le Breton-Miller *et al.*, 2004; Sharma *et al.*, 2001). The succession process occurs over long periods of time, is marked by different events, and influenced by characteristics of the individuals involved (Churchill and Hatten, 1987; Handler, 1990; Le Breton-Miller *et al.*, 2004). Several integrative frameworks explain the succession process in family firms (e.g., Le-Breton-Miller *et al.*, 2004; Royer *et al.*, 2008; Sharma *et al.*, 2001); however, one aspect that is not well understood and needs investigation is the manner in which successor and incumbent personality congruence affects the succession process (Daspit *et al.*, 2016; Long and Chrisman, 2014).

Because change is an inherent part of succession, this paper focuses on the proactive personality trait which captures an individual's tendency to bring about meaningful change in their environment (Bateman and Crant, 1993). Previous research in organizational behavior suggests that the personality of incumbents and successors influences role transitions during succession (Ashforth and Saks, 1995). Specifically, those who score high on the proactive personality trait tend to be well suited for changes associated with the succession process such as learning new roles and making decisions independently (Cabrera-Suárez, 2005; Handler, 1994). However, drawing on both the succession and proactive personality literatures, this paper

theorizes that the proactive personality of the incumbent and successor *may* or *may not* lead to effective role transitions during the succession process depending upon the personality congruence of incumbent/successor dyads.

The focus of this paper is leadership succession involving family members, which encompasses the transfer of responsibility for the ongoing management of the firm from members of senior to the junior generations (Blumentritt *et al.*, 2013). The paper introduces a matrix explicating the effects of incumbent and successor personality congruence relative to a key aspect of the intra-family succession process: effective role transition. While incumbent leaders have the ability to facilitate the succession process by nurturing and developing the successor (Cabrera-Suárez, 2005; Cadieux, 2007; Le Breton-Miller *et al.*, 2004), these powerful actors often tend to resist the changes necessary for the transfer of leadership to a successor, and this can cause role transitions during and following changes of leadership to be less effective (Cadieux, 2007; Handler, 1994; Lansberg, 1988; Long and Chrisman, 2014; Sharma *et al.*, 2001, Sonnenfeld and Spence, 1989). Therefore, theorizing in this paper considers the leader's readiness for change which describes the incumbent's cognitive state of readiness to move forward with the succession process and to transfer authority as well as decision making to the successor (Michael-Tsabari and Weiss, 2015)¹. This paper focuses on two contexts: (1) when the incumbent is ready for the role transition, and (2) when the incumbent is not ready for transition.

The matrix introduced is based on theorizing about how incumbent and successor personality congruence, with emphasis on the proactive personality trait, can explain the effectiveness of role transitions both during and following the transfer of intra-family leadership. Given that multiple factors may affect the succession process, it is important to note the

¹ Readiness for succession differs from actual role transition in that readiness assesses a cognitive state of the individual while role transition entails a change in both duties and behavior.

following four assumptions. The first assumption is that there is an intention on the part of the dominant coalition in the family business to transfer managerial control from one family member to another. For this paper, the dominant coalition could consist of a single individual and even coincide with the incumbent, as is often the case in a founder-controlled family business, or many individuals, as might be the case in sibling partnerships or cousin consortiums where the incumbent is only a member of the dominant coalition (Gersick *et al.*, 1997). Second, it assumes that a family successor is willing to take over as the firm leader. Third, incumbents vary in the extent to which they are ready for succession. A dichotomy is used to characterize them as either succession ready or non-succession ready. Finally, it is assumed that leadership succession will take place.

This paper offers several contributions. Although research on succession in family firms is a popular topic for family firm researchers, there is little theorizing about how specific personality traits offer insight in this context, which is surprising given their usefulness in predicting behavioral outcomes (Weiss and Adler, 1984). By employing a trait-based approach to better understand effectiveness in role transitions related to succession, this paper is an initial step in addressing the gap researchers have identified between organizational behavior and family business literature (Gagné *et al.*, 2014). Also, focusing on incumbent and successor personality traits and personality congruence answers the call for research explaining “how” and “why” incumbent and successor characteristics influence intra-family succession (e.g., Daspit *et al.*, 2016; Long and Chrisman, 2014). Because effective role transition is likely to affect firm performance post-succession, this paper has the potential to inform the family firm literature on individual level characteristics that can be important for the long-term sustainability and viability of the family firm. Finally, while studies have examined the proactive personality of business

owners as it relates to firm innovation (Kickul and Gundry, 2002) and environmental scanning (Becherer and Maurer, 1999), the proactivity literature has not yet addressed how the interplay of leader and follower proactive personality affects organizational processes such as succession. This paper is a first step in that direction.

LITERATURE REVIEW

Succession in Family Firms

In family firms, succession refers to the process of transferring management and/or ownership of the firm between family members or between family and non-family members (Le Breton-Miller *et al.*, 2004; Sharma *et al.*, 2001). While there are a variety of approaches used to study succession in family firms, researchers seem to agree that succession should be conceptualized as a process rather than a one-time event. The succession literature summarizes the process in several models that reflect succession takes time, often providing an opportunity for planning on the part of the incumbent and successor (Handler, 1990; Le Breton-Miller *et al.*, 2004). However, incumbent leaders often resist change as a result of their reluctance to transfer control of the family firm to a successor (De Massis *et al.*, 2016; Gagné *et al.*, 2011; Lansberg, 1988; Sharma *et al.*, 2001). Put differently, incumbents have a great deal of power during the succession process in the sense that they may either facilitate the process or jeopardize it by slowing, stalling, or interfering with it (Lansberg, 1988). Models indicate that succession is a dynamic and iterative process requiring role transition even as planning takes place (Cadieux, 2007; Handler, 1990; Le Breton-Miller *et al.*, 2004).

Succession-related Role Transitions. Role transitions can have a lasting impact on both the individual and organization, especially in the context of succession (Nicholson, 1984; Sonnenfeld and Spence, 1989). As such, desirable succession outcomes revolve, in part, around

the effectiveness of role transitions of the incumbent and successor (Cadieux, 2007; Dyck *et al.*, 2002; Handler, 1990). During succession, the process of leadership transfer requires incumbents and successors to engage in change-oriented behaviors and negotiate the changing conditions of their relationships and their roles in relation to the firm. An effective role transition occurs when the incumbent and successor *mutually agree* on and *engage* in responsibilities associated with their new roles. For instance, two critical aspects of succession planning include socializing the successor and preparing that individual for future leadership through training as well as exposure to the family business (Cabrera-Suárez, 2005). These activities require both a willingness to teach on the part of the incumbent and a willingness to learn on the part of the successor.

The incumbent and successor are both likely to experience challenges during this time of transition as one individual steps out of a leadership role and the other into it (Handler, 1990). Work-role transitions are complex due to shifts related to “goals, attitudes, identity, behavioral routines, informal networks and many other large and small changes” (Ashforth & Saks, 1995: 157). In cases of effective intra-family succession, incumbents often fill supervisory and consultant roles during the transition then take on more of an advisory role at some point following the formal appointment of the successor (Cadieux, 2007). As such, a successor who has largely followed the advice of the incumbent will start making decisions of his or her own accord. Put differently, a “joint reign” period is followed by decreasing levels of involvement on the part of the former incumbent (Cadieux, 2007; Handler, 1990).

Role transitions can be viewed as a process (Ibarra & Barbulescu, 2010) and may be accompanied by a “period of discontinuity and flux where individuals and their roles must gravitate towards a new synchronization” (Ashforth & Saks, 1995: 157). Therefore, it is not surprising that many family firm researchers argue that effective transitions during succession

are more likely to occur when incumbents demonstrate a willingness to prepare successors (Cadieux, 2007; Handler, 1990; Morris *et al.*, 1997) and engage in exit strategies that help them transition into advisory roles (Sonnenfeld and Spence, 1989). Further, literature suggests that post-succession acceptance of the successor as the new leader depends on the ability of an incumbent to transition roles following the departure from formal leadership. An incumbent who is not willing to release the reins without interfering after leadership succession has taken place is likely to prove problematic (Lansberg, 1988; Sonnenfeld and Spence, 1989). This is not to suggest that incumbents do or should have a complete separation from the firm. Rather, the work of Cadieux (2007) indicates that incumbents often occupy the important and respected role of “symbol” following succession.

Succession and Proactive Behavior. A review of the literature indicates that many of the incumbent characteristics associated with effective cases of intra-family succession are consistent with change-related behaviors in which individuals with proactive personalities are thought to engage. These behaviors include selecting a successor (Cabrera-Suárez, 2005; Cadieux, 2007), evaluating what the potential successor needs to know and learn (De Massis *et al.*, 2008), as well as nurturing and developing the successor to take the leadership role (Cabrera-Suárez, 2005; Cadieux, 2007; Le Breton-Miller *et al.*, 2004). Similarly, the successor becomes increasingly involved over a period of time transitioning from following to leading (Cadieux, 2007; Handler, 1990).

A great deal of the succession literature alludes to a key point: incumbents can interfere with the succession process even after formal leadership transition has occurred due to their inability to let go (e.g., Handler, 1990; Le Breton-Miller *et al.*, 2004; Sonnenfeld and Spence, 1989). Recent empirical work points to the importance of gaining insight into what predicts an

incumbent's ability to "let go" and transition into retirement. Role transitions following the formal transfer of leadership are critical to the completion of the succession process (Cadieux, 2007). The work of Sonnenfeld and Spence (1989) and Gagné and colleagues (2011) suggests that incumbents who demonstrate the capability to disengage are more likely to be fulfilled in their retirement transition. Their work is a reminder that ever present in the succession literature is the notion that an incumbent's ability to deal with change is fundamental.

Research suggests that role transitions of both incumbents and successors may differ depending on the proactive personality of each party (Parker, 1998). Thus, this paper builds on a stream of research known as proactivity, which acknowledges that individuals play an active role in shaping and influencing their environment bringing about constructive change in the organization (Bateman and Crant, 1993; Crant, 2000; Frese and Fay, 2001; Morrison and Phelps, 1999). In particular, this paper focuses on the proactive personality of both incumbent and successor.

Proactive Personality

Family firm researchers note that individual attributes affect the succession process (e.g., Daspit *et al.*, 2016; Long and Chrisman, 2014). While numerous personality traits are likely to offer potential explanatory power for behavior of both incumbents and successors, the personality characteristic of interest in this article is proactive personality, which captures a disposition towards bringing about constructive organizational change (Bateman and Crant, 1993). Proactive personality is relevant to the succession process for several reasons. This trait encompasses a stable disposition individuals have towards taking initiative and changing their environments in constructive ways (Bateman and Crant, 1993; Seibert *et al.*, 2001). Also, proactive personality often offers improved or similar predictive validity for a variety of

behavioral outcomes when compared to the widely used Big Five personality factors (Fuller and Marler, 2009; Major *et al.*, 2006). Family firm scholars have highlighted numerous changes during succession, emphasizing the notion that incumbents and successors play a role in shaping the process; therefore, proactive personality is clearly relevant to the succession process.

An individual's proactive personality is conceptualized as being on a continuum. Individuals high in proactive personality are referred to as "proactive" while individuals low in proactive personality are referred to as "passive." Proactive individuals are characterized as seeking out opportunities, showing initiative, and persevering to bring about meaningful change (Bateman and Crant, 1993). These individuals value constructive change (Major *et al.*, 2006), tend to be learning oriented (Porath and Bateman, 2006; Major *et al.*, 2006), and feel capable of taking on activities outside of their usual roles (Parker *et al.*, 2006; Parker, 1998). In comparison to their proactive counterparts, passive individuals typically fail to show initiative and are less likely to seize opportunities to change their environment (Bateman and Crant, 1993). Passive individuals are more likely to adapt to and endure current circumstances (Bateman and Crant, 1993). Put differently, passive individuals demonstrate a preference for the status quo and tend to avoid initiating changes in their surroundings.

Researchers offer frameworks in which proactive personality is an antecedent of change-oriented behaviors (Bindl and Parker, 2010; Parker and Collins, 2010; Parker *et al.*, 2006). Individuals who score high in proactive personality are more likely to engage in self-directed, future oriented actions such as networking (Thomas *et al.*, 2010), socialization as newcomers in organizations (Kammeyer-Mueller and Wanberg, 2003), career initiative (Seibert *et al.*, 2001), as well as taking charge, problem prevention, and voice behavior (Parker and Collins, 2010). Proactive employees tend to create difficult goals on their own accord and adopt efficient

strategies for their behaviors, which enhances their likelihood of engaging in these types of behaviors (Frese and Fay, 2001; Morrison and Phelps, 1999; Van Dyne and Le Pine, 1998). Proactive personality is useful in predicting when employees will be more innovative (Chen *et al.*, 2013), have higher job performance (Crant, 1995), experience greater career success (Ng *et al.*, 2005), and have higher levels of continuous improvement in the workplace (Fuller *et al.*, 2006).

While most studies of proactive personality focus on its relationship with employee outcomes, a small number of studies relate this personality trait to the strategic choices of firm leaders. For example, one study of small business owners revealed that proactive firm leaders are more likely to engage in environmental scanning than passive firm leaders (Becherer and Maurer, 1999). Another study of small business owners indicated proactive personality related to strategy development (Kickul and Gundry, 2002). Because proactive personality offers utility as a predictor of a wide variety of outcomes ranging from employee performance and career advancement to the strategic choices of firm leaders, it is likely to be useful in predicting the nature of interactions between family firm leaders and successors both during and following leadership transfer. In addition to considering personality, the succession literature suggests that useful models of succession should consider the incumbent's readiness for succession.

Succession Readiness

When studying succession, many scholars explicitly or implicitly suggest that for succession to work, a family firm's leader needs to be willing (i.e., be inclined) to "let go" and/or be ready (i.e., mentally prepared) for the process (e.g., Cadieux, 2007; de Pontet *et al.*, 2007; Gagné *et al.*, 2011; Lansberg, 1988; Sonnenfeld and Spence, 1989). Indeed, research demonstrates some leaders are more ready and willing than others to relinquish the control

afforded by a leadership position (Cadieux, 2007; de Pontet *et al.*, 2007; Michael-Tsabari and Weiss, 2015; Sonnenfeld and Spence, 1989). Building on these ideas, this paper uses the term “succession ready” to refer to incumbents who are both inclined and mentally prepared to leave their role of firm leader and to transfer authority as well as decision making power to a successor. Conversely, incumbents who neither desire to leave the role of firm leader nor want to allow the successor to make decisions are referred to as “non-succession ready.”

It is important to make the distinction between proactive personality and succession readiness. Regardless of whether or not an incumbent is proactive or passive, he or she may be succession ready. That is, incumbents on both ends of the proactive personality continuum may have the desire for succession and be willing to transfer authority and decision making to a successor. Similarly, it is possible that both passive and proactive individuals may not be succession ready. In fact, the interplay of incumbent and successor personality traits is likely affected by whether or not the incumbent is succession ready. Therefore, the next section introduces a matrix that considers the proactive personality of incumbent and successor dyads to explore how the congruence or incongruence of personality traits influences the effectiveness of role transitions when incumbents are ready for transitions and when they are not.

PROACTIVE PERSONALITY AND THE SUCCESSION PROCESS

Congruence effect of incumbent and successor proactive personality

The succession literature places an emphasis on the “mutual role adjustment” of the incumbent and successor in leadership transitions (Handler, 1990). Incumbents are powerful actors due to their ability to shape the succession process by facilitating, accepting, stalling, delaying, or impeding it (Handler, 1990; Long and Chrisman, 2014; Morris *et al.*, 1997). In this sense, incumbent personality traits are likely to affect the succession process (Sonnenfeld and

Spence, 1989). However, while the incumbent holds the key to various aspects of succession, the successor must also be willing to take on new roles and demonstrate initiative in the process (Long and Chrisman, 2014); therefore, it is important to consider both incumbent and successor characteristics.

Family firm researchers emphasize the importance of a successor developing leadership skills (Cabrera-Suárez, 2005) and being accepted as a legitimate leader in the firm (Barach and Ganitsky, 1995; Salvato and Corbetta, 2013). A successor's ability to effectively carry out duties in a new leadership role is heavily dependent on his or her ability to "acquire the predecessor's key knowledge and skills adequately to maintain and improve the organizational performance of the firm" (Cabrera-Suárez *et al.*, 2001: 37). Nonetheless, when leadership succession occurs it is possible that the former firm leader may or may not accept and respect the successor as the new firm leader, which can jeopardize the acceptance of the successor by different stakeholders (Sonnenfeld and Spence, 1989). As such, the interplay of personality traits of both the incumbent and successor is likely to affect the degree of effectiveness of their role transitions after intra-family succession.

This paper focuses on the proactive personality trait. We suggest that proactive personality congruence occurs when the incumbent leader and successor are either both high or both low in proactive personality. On the other hand, proactive personality incongruence occurs when one party is high in proactive personality while the other is low (i.e., passive). Personality congruence impacts workplace relationships and organizational processes in a variety of ways (Schaubroeck and Lam, 2002). Personality congruence between individuals is thought to enhance communication (Engle and Lord, 1997), lead to more effective interactions (Schaubroeck and Lam, 2002), and improve the quality of leader-member exchanges (Bernerth *et*

al., 2008; Zhang *et al.*, 2012). On the other hand, personality incongruence can lead to difficulty in interpersonal interactions and lower quality exchanges between leaders and followers who are reliant on each other during a time of mutual adjustment (Handler, 1990; Schaubroeck & Lam, 2002). Congruence effects of incumbent and successor proactive personality are likely to shape role transition during and following leadership transitions in family firms. On one hand, personality congruence can reduce conflict as well as role ambiguity (Tsui and O'Reilly, 1989), which can result in role clarity and aids the transition during succession (De Massis *et al.*, 2008). On the other hand, personality incongruence could result in destructive conflict between incumbent and successor, which can decrease communication and other important behaviors necessary for effective role transitions. With this in mind, this paper argues that the proactive personality congruence of an incumbent leader and his or her successor, depending on the incumbent's succession readiness, influences the degree of effectiveness of role transitions.

- Insert Figure 1 about Here -

The matrix in Figure 1 considers the congruence effect of incumbent and successor proactive personality congruence on the degree of effectiveness of role transitions during and following leadership succession. This paper focuses on four dyads: proactive incumbent/proactive successor; proactive incumbent/passive successor; passive incumbent/proactive successor; passive incumbent/passive successor. Within each dyad in the matrix, a distinction is made between incumbents who are succession ready and those who are not.

Proactive incumbent and proactive successor

Succession Ready. Proactive personality is associated with individuals feeling both capable of and responsible for taking on activities outside of their typical roles (Fuller *et al.*,

2006; Parker *et al.*, 2010; Parker *et al.*, 2006; Parker, 1998). These feelings suggest the ability of succession ready incumbents with proactive personalities to broadly define and take on new roles will ease their transition from firm leader. Similarly, proactive successors are likely to feel responsible for and capable of taking on new roles, which will aid both parties in transitioning following succession. In this case, the congruence of the proactive incumbent-successor dyad is likely to result in goal-alignment and shared expectations, which in turn, leads to cooperation during the succession process. Consistent with previous research on congruence of leader and follower proactive personality (Zhang *et al.*, 2012), a proactive successor is likely to experience higher quality exchanges with a proactive incumbent and take full advantages of learning opportunities provided by the leader. Further, proactive incumbents will value, rather than feel threatened by, the initiative of subordinates during the succession process, which will aid the successor in gaining valuable experience without causing conflict.

Proactive leaders, who tend to feel a sense of responsibility for bringing about constructive change, will value the initiative of subordinates (Fuller *et al.*, 2015). As such, proactive incumbents who are succession ready will feel responsible for and see the value in integrating the successor into the firm's internal and external networks. Network integration, such as getting to know customers, will aid in the legitimacy of the successor post-succession. In this sense, the successor's new role as the firm leader will be further cemented by a proactive incumbent who is capable of and willing to disengage as firm leader. Due to their broader role definitions (Parker *et al.*, 2006; Parker, 1998), proactive incumbents who have decided they are ready to step out of a leadership role will use exit strategies that reflect a lower likelihood to re-engage with the family business in the capacity of firm leader and a higher likelihood to serve as advisors or pursue interests outside of the family firm (Gagné *et al.*, 2011; Lansberg, 1988;

Sonnenfeld and Spence, 1989). In sum, the congruence of personality traits in this dyad will result in effective leadership transition during and after the succession process

Proposition 1: Incumbent-successor dyads that are high in proactive personality will be associated with more effective role transitions during and following the formal transfer of leadership when the incumbent is succession ready.

Non-succession ready. Due to their forward-looking nature and personal feelings of responsibility, theory suggests proactive incumbents are well-suited to facilitate and support the succession process. However, when an incumbent is not ready for succession, the proactive incumbent-successor dyad may have more difficulty transitioning into new roles. Researchers have alluded to a potential dark side to the proactive personality trait that is strongly associated with both narcissism and the need for dominance (Bateman and Crant, 1993; Che, 2012; Marler and Fuller, 2016). When the incumbent is not ready to relinquish control the succession process can trigger this darker aspects of the proactive personality trait. Therefore, while personalities are congruent in this case, the similarity will not result in higher quality relationships as suggested by prior research (e.g., Zhang *et al.*, 2012). In particular, it is possible that an individual's efforts to take initiative will threaten a proactive incumbent who is not ready to release the reigns of control. Even though, in these circumstances, proactive incumbents and successors have some degree of goal alignment (e.g., interest in protecting the family business, interest in protecting the legacy of the family), they may have different expectations of how to achieve these goals. For example, while the incumbent believes that the best way to achieve the common goals is by maintaining control over the leadership and management of the business, the successor may believe that the best way to achieve a shared goal is by becoming the leader of the firm. These differences in expectations are likely to result in destructive conflict, which is likely to create a

rift in the relationships between incumbent and successor that will affect their willingness to collaborate and facilitate the succession process. At the same time, if succession occurs, a proactive incumbent who is non-succession ready is less likely to disengage from the business and more likely to undermine the successor as a legitimate leader because they are looking for reasons to rescue the company from real or imagined shortcomings of the successor (Gagné *et al.*, 2011; Lansberg, 1988; Sonnenfeld and Spence, 1989). All of these issues reduce the effectiveness of role transitions during and after the leadership succession process.

Proposition 2: Incumbent-successor dyads that are high in proactive personality will be associated with less effective role transitions during and following the formal transfer of leadership when the incumbent is non-succession ready.

Proactive incumbent and passive successor

Succession ready. Proactive personality incongruence may lead to lower quality relationship exchanges (Zhang *et al.*, 2012). While a passive successor is not likely to challenge the incumbent, role transitions could prove to be difficult when the incumbent and successor behave in ways that do not align with each other's role expectations especially when an incumbent is succession ready. Incumbents will likely be affected by what Campbell (2000) refers to as the "initiative paradox" which occurs when proactive leaders expect their followers to have expanded role definitions and to take initiative as they would themselves. Proactive individuals tend to define their roles broadly, taking on roles beyond their formal job descriptions. Because passive individuals define their roles more narrowly (i.e., they perform their prescribed role), they are less comfortable taking on duties outside of their traditional roles and feel less responsible for and capable of doing so (Fuller *et al.*, 2006; Parker *et al.*, 2006; Parker, 1998). While the succession ready proactive incumbent will work to integrate the

passive successor into existing networks, the successor will be less likely to derive value from those ties. Due to their own desire for control and the passive nature of the successor, the proactive incumbent is likely to have difficulty disengaging from the firm following a leadership transition with a passive successor who is not willing to maximize learning opportunities and take on new roles. Further, proactive incumbents will find it frustrating that they are not able to disengage from the business despite their desire to do so. Therefore, the differences in expectations will result in less effective role transitions during and after the leadership succession process.

Proposition 3: Incongruent incumbent-successor dyads with a proactive incumbent and a passive successor will be associated with less effective role transitions during and following the formal transfer of leadership when the incumbent is succession ready.

Non-succession ready. Similar to the last dyad, lack of personality congruence will likely result in goal misalignment (Kotlar and De Massis, 2013). In this situation, the proactive incumbent and the passive successor have different expectations of each other, which are likely to result in negative evaluations by the incumbent on the successor's ability to take over the leadership role. Thus, a passive successor is not positioned to have an effective role transition when a proactive incumbent is not "succession ready." In this dyad, incumbents are not likely to provide learning opportunities thought to be important for successor-preparedness (Cabrera-Suárez, 2005, Cadieux, 2007; Le Breton-Miller *et al.* 2004). Similarly, passive successors are not likely to seek out learning opportunities that would aid them in gaining the required experience. Finally, the proactive incumbent who is non-succession ready will likely have great difficulty in disengaging from the business for several reasons (Gagné *et al.*, 2011; Lansberg, 1988; Sonnenfeld and Spence, 1989). In this dyad, the successor is likely to "need" the proactive

incumbent to remain involved, which will lower the effectiveness of role transitions in these situations. However, unlike the succession ready proactive incumbents in the previous dyad, proactive incumbents who are non-succession ready will experience less frustration because the feeling of being needed by the successor will aid in meeting their desire for control.

Proposition 4: Incongruent incumbent-successor dyads with a proactive incumbent and a passive successor will be associated with less effective role transitions during and following the formal transfer of leadership when the incumbent is non-succession ready.

Passive incumbent and proactive successor

Succession ready. Although theory suggests that personality incongruence is less likely to result in positive workplace outcomes, the case of a passive incumbent who is succession ready and a proactive successor may be an exception. The parties in this dyad have the shared goal of succession. Theory suggests passive individuals are resistant to change due to their preference for the status quo (Bateman and Crant, 1993). However, a passive incumbent who is ready to step out of a leadership role is likely to be accepting of changes that accompany the succession process making for an effective transition as the proactive successor accepts the reigns of leadership. The proactive successor may receive less preparation because the passive incumbent does not feel responsible and confident engaging in change related behavior to prepare a potential successor (Fuller *et al.*, 2006; Parker, 1998; Parker *et al.*, 2006). However, the lack of preparation by the incumbent can be supplanted by the efforts of a proactive successor. The networking ability of proactive individuals suggests that the proactive successor will be able to secure relationships during the succession process that facilitate their acceptance, power, and legitimacy following the transfer of leadership. As a result of their desire to learn, proactive successors may turn to nonfamily professionals for support (Salvato and Corbetta, 2013). At the

same time, the passive incumbent will likely disengage from firm activities following the formal transfer of leadership, which will be beneficial to the proactive successor. Therefore, although personality incongruence is often associated with lower quality relational exchange, in this case it can lead to goal alignment between the incumbent and successor results in high quality exchanges since the expectations of both parties are met. These actions, in turn, will result in effective role transitions during and after leadership succession occurs.

Proposition 5: Incongruent incumbent-successor dyads with a passive incumbent and a proactive successor will be associated with more effective role transitions during and following the formal transfer of leadership when the incumbent is succession ready.

Non-succession ready. Previous theory suggests that passive incumbents will be resistant to change due to their preference for the status quo (Bateman and Crant, 1993). An incumbent with a tendency to maintain the status quo is likely to deny the proactive successor opportunities for mentoring, training, information, and experience needed to take over the leadership of the family (Cabrera-Suárez, 2005). While the proactive successor is likely to identify learning opportunities and take initiative, these behaviors will be perceived as threatening by the passive incumbent who is not yet ready to relinquish control and has a strong preference for the status quo (Campbell, 2000). Further, the succession literature suggests any incumbent who is not ready for succession will re-engage with firm activities which can threaten the acceptance of the proactive successor as powerful and legitimate following the formal transfer of leadership (Gagné *et al.*, 2011; Lansberg, 1988; Sonnenfeld and Spence, 1989). The quality of exchanges in this case of incongruence is likely to be low, suggesting that the proactive successor will be hindered by the passive incumbent during and following succession (Zhang *et al.*, 2012); and will not allow the successor to transition into a new leadership role.

Proposition 6: Incongruent incumbent-successor dyads with a passive incumbent and a proactive successor will be associated with less effective role transitions during and following the formal transfer of leadership when the incumbent is non-succession ready.

Passive incumbent and passive successor

Succession ready. Passive incumbent and successor dyads both demonstrate a tendency to maintain the status quo. Previous proactivity research suggests that passive successors will find taking on new roles during the succession process challenging (Fuller *et al.*, 2006; Parker, 1998; Parker *et al.*, 2006). However, while the role transition may prove to be difficult for the passive successor, goal alignment of this dyad will aid in making the transition effective when the incumbent is succession ready. In the succession ready case, the incumbent may view the transition of roles as consistent with the status quo given in family firms there is an implicit expectation that to keep the firm alive a family member of the next generation should take over. Thus, the incumbent in this case may be more willing than usual to engage in behavior to facilitate change. In a similar way, a passive successor would likely be comfortable with the status quo and not envision and push for extreme changes. This type of consistency in practice will make it easier for the succession-ready passive incumbent to transition into a new role and disengage from a previous role in the firm.

Proposition 7: Congruent incumbent-successor dyads with a passive incumbent and a passive successor will be associated with more effective role transitions during and following the formal transfer of leadership when the incumbent is succession ready.

Non-succession ready. This case of congruence will be characterized by the passive incumbent and passive successor having different goals and role expectations. Passive incumbents who are non-succession ready will likely resist changes because they will see the

transition in leadership as being inconsistent with the status quo. In this case, incumbents will work to maintain what they believe is the status quo (i.e., lack of change in the organization). These actions will, in turn, deprive the passive successor from opportunities for mentoring, training, information, and experience needed to develop leadership skills and knowledge necessary for their effective transition into a leadership role (Cabrera-Suárez, 2005). Proactivity research suggests that passive incumbents who are not ready to relinquish control will be problematic in the sense that they will have difficult transitioning into new fulfilling roles following succession as they are less likely to feel responsibility for and capable of doing so. As a result, the passive incumbent is less likely to disengage from firm activities and more likely to re-engage with the firm (Gagné *et al.*, 2011; Lansberg, 1988).

Proposition 8: Congruent incumbent-successor dyads with a passive incumbent and a passive successor will be associated with less effective role transitions during and following the formal transfer of leadership when the incumbent is non-succession ready.

DISCUSSION

This paper responds to recent calls for understanding the micro foundations of the succession process in family firms (De Massis *et al.*, 2012; Daspit *et al.*, 2016). It offers a theoretical approach grounded in proactivity by drawing from the organizational behavior and family firm literatures. Incumbents and successors are powerful actors capable of strategically facilitating and shaping the succession process (e.g., Handler, 1990; Long and Chrisman, 2014; Morris *et al.*, 1997). Taking into account that incumbents may or may not be succession ready is important to understanding the congruence effects of incumbent and successor personality traits as they relate to the effectiveness of succession-related role transitions.

Several contributions are offered to the family firm literature by this paper. Proactive personality congruence lends insight into the effectiveness of role transitions for incumbents and successors. Considering the congruence effect of leader and successor proactive personality explains why some incumbent-successor dyads anticipate and manage the succession process better than others (Dyck *et al.*, 2002). Also, the theorizing in this paper suggests counter intuitive effects of personality congruence on role transitions in cases of non-succession ready incumbents. For instance, some proactive incumbents not only recognize the impending need for succession, but also play an active role in shaping the succession process while others stifle it by denying successor's critical learning opportunities and exposure to the family firm (Cadieux, 2007; Cabrera-Suárez, 2005; Le Breton-Miller *et al.*, 2004). While this theorizing represents a departure from the congruence as well as proactivity literature, in concert, these theories serve to better inform what is known about the succession process.

Further, this theorizing addresses a neglected area in the succession literature which is the transition following the shift in leadership from the incumbent to the successor. Although an official change in firm leadership occurs, the incumbent may still have the ability to influence firm activities. Therefore, an incumbent's willingness to disengage from the firm will influence the succession process. Despite their ability to successfully navigate change, proactive incumbents' willingness to do so hinges on their readiness for succession, which aligns with the notions of "can do" and "reason to" in the proactivity literature (e.g., Parker *et al.*, 2010). In other words, incumbent disposition (i.e., their mental readiness to engage in succession) and willingness (i.e., inclination to engage in succession) both account for why they may re-engage with firm activities following the formal transfer of leadership. Therefore, this paper complements the work of Sonnenfeld and Spence (1989) who argue that family business CEOs

have four different exit strategies (i.e., monarch, general, ambassador, and governor) that represent the goals that incumbents have to facilitate and disengage from a firm after leadership succession. In particular, this paper suggests that these four exits strategies may also reflect the personality congruence between incumbent and successor, and the incumbent's "readiness" to engage in the succession process.

Limitations, Ideas for Future Research, and Practical Implications

While this paper offers a variety of contributions to the extant literature, it has several limitations. First, due to the conceptual nature of this paper, empirical work is needed to provide support for the proposed relationships. Given that there are existing measures of proactive personality as well as measures that could capture various aspects of role transition (i.e., role ambiguity), researchers have the opportunity to collect quantitative data to examine the proposed relationships and test our propositions. Proactive personality can be assessed using either the full 17-item scale introduced by Bateman and Crant (1993) or the shortened ten-item version used by Seibert and colleagues (1999). Role ambiguity can be assessed using Rizzo and colleague's (1970) eight-item scale. Moreover, one pending empirical question relates to how "more or less effective" succession can be measured. Additionally, our theory could possibly be enriched by longitudinal investigation through qualitative inquiry (Fletcher *et al.*, 2016). Recent family business research emphasizes the importance of considering the temporal context surrounding the phenomena of interest (see Sharma *et al.*, 2014). Thus, qualitative work would provide insight into how temporal changes in incumbent succession readiness play a role in shaping role transitions during and following the leadership succession process.

A second limitation is related to the scope of interest. Although the succession literature suggests that families, spouses, firm managers, and owners are important considerations in

succession (Lansberg, 1988), theorizing in this paper focuses exclusively on the personality of the family firm leader and successor. Given this limitation, future research should consider explaining how other stakeholders affect the succession process. Also, the paper focused on intra-family succession. However, there is a growing body of research on the family firm's dominant coalition choice between family-internal and family-external exit routes (Dehlen *et al.*, 2014; Wiklund *et al.*, 2013). Future studies could investigate if and how the congruence effects of incumbent and successor proactive personality change when the dominant coalition has the intention to transfer managerial control to a non-family successor or more than one successor. Finally, this paper does not take into account the generational discrepancies and differing ideologies that may affect the incumbent/successor relationship (e.g., Davis and Harveston, 1998).

Although this paper has limitations, it offers a valuable extension to the succession literature and lends itself to practical implications. One important practical implication suggested is that understanding personality congruence between an incumbent and successor can be useful in the preparation of succession plans as well as in the selection of strategies to foster succession. While Lansberg (1988) suggests a battery of strategies, understanding the unique combination of personalities could be useful in deciding which strategy would be applicable given the personalities of a particular incumbent and successor dyad. Also, future research should consider that the selection of a strategy to foster succession should take into consideration the attributes of various other stakeholders such as a spouse.

Conclusion

The field of family firm research can be enriched by studies considering the usefulness of personality in predicting behavior related to processes such as succession. This paper provides a

theoretical explanation as to why the congruence effects of proactive personality provides insight into the effectiveness of role transitions during the succession process as well as post succession, thus increasing the potential predictive validity of studies on family firms. Hopefully, this paper spurs current and potential family firm researchers to draw more from organizational behavior research as they work to further develop theories of the family firm.

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Figure 1. *Matrix of Congruence Effects of Incumbent/Successor Proactive Personality on Role Transitions during and following Leadership Succession*

INCUMBENT SUCCESSION READY		INCUMBENT NOT-SUCCESSION READY	
<p><i>P1 – Proactive Incumbent & Proactive Successor</i> <u>Role Transition:</u> More Effective <u>Why?</u> Proactive individuals feel responsible for bringing about change in their environment. Thus, congruence between the incumbent and successor personality is likely to result in greater goal-alignment and shared expectations during the transition process. This, in turn, results in higher cooperation during the succession process which facilitates leadership role transitions during and after the succession process.</p>	<p><i>P2- Proactive Incumbent & Proactive Successor</i> <u>Role Transition:</u> Less Effective <u>Why?</u> Not being succession ready activates the dark side of proactive personality in the incumbent (i.e., narcissism and need for dominance). Because of this, role transitions are less effective due to the incumbent not being willing or ready to give up control. In cases where succession occurs, incumbents are more likely to return into the organization and try to take control back from the successor.</p>	<p><i>P6 - Passive Incumbent & Proactive Successor</i> <u>Role Transition:</u> Less Effective <u>Why?</u> Passive incumbents are resistant to change and prefer to maintain the status quo. Because of this they will deny the successor opportunities to gain the knowledge, skills, and experience that will help the successor take over the leadership of the firm. This will make the successor’s transition into and the incumbent’s transition out of the leadership role more difficult.</p>	<p><i>P5 – Passive Incumbent & Proactive Successor</i> <u>Role Transition:</u> More Effective <u>Why?</u> The incumbent allows the successor to take the initiative because of a desire to exit the firm. Thus, while this is a case of incongruence, goals are aligned. The successor guides the process and which meets the expectations of the incumbent. Ultimately, successor initiative will help the incumbent leave the leadership role and take on new roles outside the firm.</p>
<p><i>P3 – Proactive Incumbent & Passive Successor</i> <u>Role Transition:</u> Less effective <u>Why?</u> Incumbent and successor dyads in this case differ in their expectations. The incumbent is expecting that the successor will take initiative and try to expand his or her role, while the successor feels less capable of taking on new activities. These differences lead to conflict, which makes leadership transitions difficult. The incumbent in this case feels frustrated and will have difficulty relinquishing control.</p>	<p><i>P4 – Proactive Incumbent & Passive Successor</i> <u>Role Transition:</u> Less Effective <u>Why?</u> These incumbent-successor dyads have different expectations. While the incumbent expects the successor to initiate change, the successor is not inclined to do so. Incumbents interpret these actions as lack of successor capabilities. Thus, both parties will have difficulty fully taking over or relinquishing their previous role.</p>	<p><i>P8 - Passive Incumbent & Passive Successor</i> <u>Role Transition:</u> Less Effective <u>Why?</u> Passive incumbents will want to maintain the status quo. In this case the incumbent may view the status quo as the absence of change in the organization. Given that successors are passive, they will not see the need to change the incumbent actions. Thus, neither the incumbent nor the successor is likely to take initiative which makes transition more difficult.</p>	<p><i>P7 – Passive Incumbent & Passive Successor</i> <u>Role Transition:</u> More Effective <u>Why?</u> Incumbents who are passive are more likely to prefer the status quo. In this case the incumbent may view the status quo as keeping the business in the family. Thus, both the successor and the incumbent may view the transition as “the way things should be.” Passive successors will be less likely to want to change many aspects of the firm. Thus, the incumbent will be less likely to want to return into their leadership role.</p>