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SUMMARY

FAMILY BUSINESS SUCCESSION: TOWARDS THE DEVELOPMENT OF A DOMAIN-SPECIFIC SELF-EFFICACY SCALE

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Principal Topic

The importance of succession planning in family-owned businesses (FOB) is well known. Despite the preponderance of research, evidence suggests that only 30% of firms survive the transition to the 2nd generation and only 10% make it further. Thus, the purpose of this project was to develop a domain-specific measure of Family Business Succession Self-Efficacy (FBSSE).

This research builds upon prior self-efficacy work which attempts to capture the task and situational demands needed to lead a FOB. The literature identifies the following critical skills: decision making, interpersonal, relationship building, knowledge of the company and industry, maintenance of family harmony, internalizing norms, and guiding vision of the organization, and conflict resolution.

Method

In developing a FBSSE scale, we follow Bandura's prescription to draw upon the knowledge of experts familiar with the challenges of family business succession. We queried our network to identify participants who appeared to possess the requisite expertise. We identified 7 individuals, all of whom are CEOs of their respective family businesses. Industries represented consisted of construction, hospitality, real estate, landscape irrigation, and sanitary supplies. Sales ranged from \$3 to \$250 million.

Via a focus group format, we asked a series of stimulus questions regarding the skills necessary to lead a family business. The session was transcribed by a court reporter. Each author independently reviewed the transcript, isolated key skill areas, and compared their lists. Redundancies were eliminated and a final skill list was developed.

Results and Implications

The focus group yielded a total of 25 independent skill items grouped into categories related to family and business issues. On the business side, participants identified skills related to building relationships with employees, customers, suppliers, and other critical stakeholders. On the family side, participants emphasized the need to gain family support and reach consensus on future goals of the business. These skill items have enabled us to create a preliminary FBSSE scale. This scale eventually can be used to develop leaders of family businesses. Through an identification of gaps, potential successors can be exposed to training and development programs to enhance skills prior to succession.

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