TO INNOVATE OR NOT TO INNOVATE? – THAT IS THE QUESTION! ANTECEDENTS OF POST-SUCCESSION ENTREPRENEURIAL BEHAVIOR IN FAMILY FIRMS (SUMMARY)

Nadine Kammerlander  
*University of St. Gallen, Switzerland*, nadine.kammerlander@unisg.ch

Miriam Bird  
*University of St. Gallen, Switzerland*

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TO INNOVATE OR NOT TO INNOVATE? – THAT IS THE QUESTION! ANTECEDENTS OF POST-SUCCESSION ENTREPRENEURIAL BEHAVIOR IN FAMILY FIRMS

Nadine Kammerlander, University of St. Gallen, Switzerland
Miriam Bird, University of St. Gallen, Switzerland

Principal Topic
Succession, defined as the transfer of leadership, and often concurrently ownership, from one individual to another is one of the most studied topics in entrepreneurship and family firm research. Succession has also been termed as one of the key events in the company’s life as it has been argued that the transfer can both impede or foster the level of entrepreneurial behavior that is adopted within a company post-succession (Miller, Steier, & Le Breton-Miller, 2003). It is surprising, though, that little scholarly effort has been dedicated so far to exploring the relationship between succession events and subsequent organizational change and innovation (Quigley & Hambrick, 2012). In fact, the effect of succession on the company’s level of entrepreneurship post-succession is ambiguous.

Method
To empirically study the relationship between family firm succession and innovation, in 2012, a total of 523 survey responses of owner-managers of SMEs were collected who have taken over ownership and management responsibility over their firm within the last decade. Firms with less than 250 employees were sampled using the D&B database. Moreover, building on extant literature, we gathered information on the type of succession, the incumbent’s post-succession involvement into the firm, information on the temporal sequence of the takeover, as well as extensive information on individual characteristics of both, the predecessor and the successor (e.g., age, gender, education). We employ OLS regression to investigate the effect of post-succession entrepreneurial behavior on performance in family firms.

Results and Implications
Our study offers important theoretical contributions to entrepreneurship research as well as implications for practitioners. Prior studies have primarily focused on the succession process itself, however research has scarcely investigated the effects on the firm’s post-succession (entrepreneurial) behavior. Our study extends this line of research in showing that also the post-succession period is an important part of the entrepreneurial process and that both the incumbent CEO (i.e., the predecessor) and the successor, play a vital role with regard to the firm’s openness to innovation. Further, we show that the similarity and dissimilarity between the incumbent CEO and the successor impact the level of entrepreneurship.

CONTACT: Nadine Kammerlander, nadine.kammerlander@unisg.ch (T): +41 71 224 71 16; (F): + 41 71 224 71 01, University of St. Gallen, Dufourstrasse 40a, 9000 St. Gallen, Switzerland.