SINS OF THE PARENTS: HOW PARENTING STYLE AFFECTS SUCCESSORS AND KEY FAMILY FIRM OUTCOMES AFTER SUCCESSION (SUMMARY)

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**Recommended Citation**

Available at: https://digitalknowledge.babson.edu/fer/vol36/iss10/4
SUMMARY

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The succession literature could benefit by leveraging research and theory on the thing that makes family firms different – i.e., families. Given that families are the distinguishing characteristic of family firms, understanding succession processes and outcomes in family firms requires theory that links families’ unique attributes to succession. Accordingly, we leverage theory about one key characteristic of families – i.e., parenting style – to build theory explaining how parenting influences successors’ personality and emotional well-being, which, in turn, affects successors’ adopted leadership style.

Theoretical Framework

Our theory is grounded in Baumrind’s (1971) theory of parenting styles. Baumrind proposed that the best parenting style is Authoritative, which is both responsive to children’s needs and holds children accountable for their behavior. Accordingly, we predict that predecessors’ Authoritative parenting results in successors who are psychologically well-balanced, which has leads successors to adopt a transformational leadership style. Baumrind’s second parenting style, Authoritarian, entails holding children accountable for strict rules, but is not responsive to children’s needs. We theorize that predecessors’ Authoritarian parenting leads to successors who suffer from the imposter phenomenon, which leads successor’s to adopt a transformational leadership style. The third parenting style Baumrind identified is Permissive, which is neither responsive to children’s needs nor boundary setting. We predict that Permissive parenting leads to entitled successors, which, in turn, leads successors to adopt a transactional leadership style.

Method/results

We first created and validated a scale on two samples 233 students and 260 working adults, which yielded a 14-item scale with strong properties. We tested hypotheses using survey data on a sample of 130 second-generation family-firm leaders, 52 of which could be matched with an employee survey. Results show that Authoritative predecessor parenting is related to successor psychological well-being, and that Permissive predecessor parenting style is related to successors’ sense of entitlement. Additionally, we found that successor psychological well-being mediates the relationships between Authoritative predecessor parenting and both successor transformational leadership style. Results are consistent with the notion that the best kind of parenting style (i.e., Authoritative) has the most positive impact in family firms.

Broadly speaking, our theory and findings have implications for future research in that they point to the importance of family dynamics in family firms.

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