



Next generation: what drives your family business commitment?

*Commitment to family business is largely positive, however, it can also stem from insecurity and obligation. CFB's **Mr. Philip O'Donnell** explains some forms of commitment that can lead next generation members into their family firm.*



As rational beings we rarely make life-affecting decisions without first giving some consideration to the underlying desires that motivate them. Doing things “on a whim” or because we have the sense that it may be expected to us is fine for choices of the magnitude of buying an ice cream or getting a haircut, but what are the factors that direct the big decisions in our lives – decisions like whether we ought to volunteer ourselves as successors to a family business legacy?

Granted, this is not a choice that everyone will face, but for those of us that will, you may draw some comfort from hearing some lessons from the countless others that have faced that very same prospect. In 2004, an article written by Sharma and Irving identified four base motivations that led subsequent generations to follow in the footsteps of their parents and take leadership of the family business. We'll give a short overview of each, and invite you to decide which, if any, of the researchers' interviewees is speaking for you.

Affective Commitment is based on an individual's "emotional attachment to, identification with, and involvement in, the organisation". An earlier study, carried out by Handler in 1989 noted the following remark, made by one of his interviewees, as a manifestation of affective commitment:

"You're contributing to the family; you're helping to reach a goal, you're getting something done that needs to be done. You can see the progress that you're doing, which is always nice when you're doing work. But I think the underlying thing is that *it's our business. That is what we do*; this is something my father does. This kind of attitude or thought process is the main thing that made me work for him more and work hard."

Normative Commitment is based on an individual's feeling of *obligation* to pursue a course of action of relevance to one or more targets. Said one of Sharma and Irving's 'normatively committed' employees:

"I felt touched; I felt needed, but I felt uncertain that this (moving to the family business) was a good move... He (my father) said that the most important thing for you as a Stillman is to be visible here because your sister is out... we need another family member in here. And so with that kind of plea I had no choice in my mind. I couldn't let the family down. So I dropped everything I was doing and I just went the next day and started working."

Calculative Commitment is a more sophisticated construct, and implies that the benefits that may be foregone if that person does not join the business will outweigh the potential benefits of working elsewhere. One interviewee, displaying this form of commitment, said:

"At that point we didn't know what her (wife's) involvement was from a shareholder's standpoint. And what we found out was that she was heavily involved to the point where it dwarfed what we were doing personally and all of a sudden it did change our perspective... that is when we decided we cannot pass this up."

Imperative Commitment is based on a feeling of self-doubt and uncertainty of the ability to successfully pursue a career outside of the family business. Another of Handler's (1989) interviewees, with more than a hint of guilt, said:

"I couldn't ask for a better job than I've got. Where else can a 33 year old come and run a business with 900 employees? And I *always* am a little concerned about whether I would have been able to have succeeded and achieved outside of the family environment. There's no doubt about it."

As a final note, our encouragement for practitioners would be to think of this commitment issue as a kind of two-way mirror: while the article above may seem to have been crafted with a next-generation audience in mind, this isn't exclusively true. Of course, it is beneficial for incoming leaders to examine their own motivations, but if you are looking at this from the perspective of an incumbent leader and you're fortunate enough to have a successor in waiting, you may wish to subtly probe their motivations vis-à-vis the points above. In your (parental or professional) opinion, which is most likely to cause your successor to follow your lead, and are you comfortable with that outcome?

References:

Sharma, P., & Irving, P. G. (2005). Four bases of family business successor commitment: Antecedents and consequences. *Entrepreneurship Theory and Practice*, 29(1), 13-33.