**Junior Management Science**

# Unforeseen Succession - Identity Change Amongst Lateral Entrants in Family Firms

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**Abstract**

Due to the increasing globalization of today's world, descendants of family firms are often drawn to the unlimited opportunities outside their premises and no longer see their future workplace or the core of their identity within the family organization. However, this can lead to a rude awakening if so-called unforeseen events, which can range from death or illness of a family member to intra-family conflicts, changes in the business model and even financial problems, arise. This thesis examines the effects of such unexpected successions on the identity of lateral entrants in family firms and presents a roadmap with practical and theoretical action implications for unplanned successors during the pre-, initial, and post-succession phase. The analysis of qualitative data from interviews with lateral entrants and experts revealed overlaps in identity constructs and experiences. Before the occurrence of an unforeseen event, lateral entrants already displayed entrepreneurial traits and a willingness to take risks but lacked connection to the family firm and interest in succession. During the initial succession phase, they prioritized rationality, efficient teams, and immediate action over emotional processing. After an average of three years, lateral entrants became confident family entrepreneurs. Furthermore, unforeseen successors showed great interest in arranging their own succession at an early stage in order to pass on what they had learned and counteract crisis situations preventively. In general, the interviewed candidates demonstrated a continuous process of developing their own successor identity, which did not develop disruptively but rather steadily and was characterized by specific milestones shown in the successor roadmap of this thesis.

*Keywords:* crisis management; family firm succession; Gioia methodology; social identity theory; unforeseen succession

## 1. Introduction

The sense of belonging has been one of the basic needs of human beings since the beginning of time and is nowadays commonly linked to the term of *identity*. When thinking about identification in the context of family firms, the individual elements of identity regarding the owner family and the actual firm are commonly seen as obvious intersection. Moreover, this presumed thinking automatically leads the public to consider the intergenerational succession in family firms as an implicit matter. Nevertheless, this is not always the case.

In today's fast-moving environment with high academic standards and ongoing globalization, descendants of family firm owners are drawn to the unlimited opportunities outside of their commonly reclusive facility grounds, and do not necessarily see the core of their identity in the family organization.

However, this can lead to a rude awakening as soon as sudden complications relating to predecessors or the firm itself arise. These so-called *unforeseen events* can range from death or sickness of predecessors, conflicts within the family, change of business model to financial problems of the firm. In the case of these adverse events, the next generation of family firms is often called in to take over the company and solve the occurred issue, ultimately leading to an *unexpected succession* via *lateral entry* of the descendants.

## 1.1. Problem Definition and Objectives

When stepping into the family firm as a lateral entrant, successors enter the organization in an exceptional state of crisis. During this time, lateral entrants not only have to deal with their own emotional challenges regarding this event but also need to keep the future of the family firm, its employees, and its legacy in mind. While discovering this foreign area, unforeseen successors have to adapt quickly and experience an immensely steep learning curve, which affects their whole being and provokes an inevitable transition.

Nevertheless, this can go in both directions – unforeseen successors either thrive or fail in this unusual mission. Just recently Verena Bahlsen, who is known to be the heiress of the "biscuit empire" Bahlsen Group and joined the organization after founding her own gastronomic venture, published an official statement on the platform LinkedIn, which announced her withdrawal from the executive board of the company. In her letter to the public, she admitted to not having been the best version of herself during the succession due to feeling insecure, overwhelmed, and scared in many situations (Bahlsen, 2022). This case shows that it is not always possible for individuals to integrate and identify themselves with the family firm despite their upbringing. Therefore, the investigation of this research project focuses on the impact of lateral entry related to an unexpected event on the identity of the unforeseen family firm successor, ultimately solving the research question "How does the identity of successors in family firms change in case of a lateral entry due to an unforeseen event?".

## 1.2. Course of the Investigation

In order to find an answer to the mentioned research question, I will first start by outlining the theoretical background with the help of a literature review, focusing on the succession due to unforeseen events and identity constructs in family firms. Thereby, I will give a detailed definition of unforeseen events, mention common techniques to manage and prevent these, and elaborate the way of handling such unforeseen events in terms of succession in family firms. Subsequently, I will move along to the topic of identity, starting by explaining the social identity theory (SIT), which I will afterwards further describe in a family firm context. Moreover, I will give scientific insights on how individuals form their identity while growing up and which characteristics and identity components have been shown to be of high occurrence.

As scientific literature on this topic is scarce, primary data was collected in form of interviews with suitable family firm successors to answer the research question. Therefore, the second part of this paper reveals the methodology of gaining and evaluating this data, using the approach of grounded theory (Glaser & Strauss, 2017) and the Gioia methodology (Gioia et al., 2013) to ensure qualitative rigor and deliver trustworthy results (Guba, 1981). Furthermore, an informational table (Table 1) about the interviewees gives context about the unexpected happenings they have experienced, which could be divided into three categories.

In the third part of this thesis, I describe the findings of eleven semi-structured interviews in terms of successor's identity change induced by lateral entry due to an unforeseen event. As a result, I derive a roadmap for the evolution of successor identity and give theoretical and practical implications to ensure a smooth identity transition.

## 2. Theoretical Background

The following literature review will start by investigating the nature of unforeseen events, followed by general approaches of managing and preventing such events. Afterwards, the occurrence and handling of unexpected happenings in family firms will be highlighted. The second part of the literature review will focus on identity constructs in family firms, which will be related to the social identity theory and further analyzed in context of social identity in organizations and early character development within owner families.

## 2.1. Succession due to Unforeseen Events

Scientific research on the succession due to unexpected happenings is rather sparse, therefore this chapter focuses on merging scholarly findings about unforeseen events with the topic of unplanned succession in family firms.

### 2.1.1. Nature and Consequences of Unforeseen Events

According to England et al. (2008), "an unforeseen event is a surprise that causes a 'shock' and its occurrence remains uncertain" (p. 1043). These events can take place in various contexts, ranging from medical emergencies, for instance sickness or death, to economic or social circumstances, for instance the financial crisis in 2008 or the terror attack concerning the world trade center in 2001. However, Rundmo (2018) argues that unexpected events can have negative or positive consequences, stating that a positive outcome is usually linked to "improvements in quality of life, well-being, and happiness" (p. 56). Nevertheless, researchers have generally reached consent towards narrowing down the definition of unforeseen events to happenings with strictly negative outcomes. As a result, literature regarding unexpected events mainly focuses on management techniques and prevention models to limit the occurrence of such events as their impact extends from an individual level to whole communities.

### 2.1.2. General Management and Prevention of Unforeseen Events

Oftentimes, specific risk analysis, information-processing models, or interaction and communication techniques are discussed as preventive approaches regarding unexpected events. A basic concept of preventing unexpected events is simply learning from the past and linking causal factors to past happenings to obtain a pattern of reasons for unforeseen incidents. Risk analysis is taking the preventive potential one

step further by including harmful factors which could potentially happen, "irrespective of whether or not an accident has already taken place" (Rundmo, 2018, p. 58). In the case of these highly complex risk analyses, technical and operational data must be collected, maintained, and checked constantly to ensure reliability (Rundmo, 2018).

While commonly used models like the human reliability and information-processing model are not transmissible in the context of unforeseen succession, the causal sequence and process model has some attributes, which can help to mitigate crises. For instance, the domino approach, which is seen as the basis of the causal sequence and process model, examines social and environmental factors, personality, and risk behavior in connection to an unexpected event with negative outcome. Furthermore, the Event and Causal Factor Charting (ECFC) and the Event and Causal Factor Analysis (ECFA) technique can support analysts in finding sequences ultimately causing an unforeseen event (Rundmo, 2018).

A crisis management concept used in the context of unexpected happenings in mainly Scandinavian countries, primarily in Norway, is so-called samhandling, also referred to as samhandling the unforeseen (SUR) (Torgersen, 2018). The term translates to "collaboration", "cooperation", and "coordination" and encourages participants to include trust, assurance, clarity, and tolerance in the problem-solving process of unforeseen events (Torgersen & Steiro, 2018). Samhandling can be practiced in a sequential, parallel, or synchronous matter depending on the situation of crisis. Additionally, these forms of samhandling can be combined to reach a maximum efficiency in dealing with unexpected events. However, a higher-level management has to be included in the sequential and parallel process in order to ensure continuous information exchange and communication between teams (Carlström, 2018).

When investigating project management concepts of unexpected events, Söderholm (2008) identified four important practices to stay on course. Firstly, the ability to implement action patterns, which deal with unforeseen happenings and execute quick, short-term, and on-site problem-solving is helpful to gain time and find a solution in a swift manner. Secondly, detailed meeting schedules and short-term coordination should be used to ensure monitoring and constant information exchange between teams and team members, which simplifies problem-solving during an unforeseen event. Thirdly, detachment strategies are named as useful concept to ensure the continuation of a project or process despite difficulties due to an unexpected event. Lastly, negotiation skills to communicate and correspond clearly with stakeholders, clients, and other important parties of an organization are an important capability to preserve business despite unplanned situations (Söderholm, 2008).

However, research shows a frequent mismatch between theories and models, which may lead to unsatisfying results (Rundmo, 2018). As stated by England et al. (2008), unforeseen events can be surprising and shocking, resulting in uncertainty for the parties concerned. Generally, scientific research shows that the most common approach to manage unforeseen events is a structural and causal analysis. The focus of these technical concepts is mainly on gathering data to develop a precise forecasting model, which is of high importance to prevent similar future events. Nevertheless, the development of action implications and hands-on step-by-step programs is often neglected or formulated in a very general manner.

### 2.1.3. The Case of Succession due to Unforeseen Events in Family Firms

When talking about unexpected happenings in family firms, the link between critical situations and the subsequent succession of the next generation comes to mind right away. Unfortunately, the succession process in the case of an adverse event is not executed as structured and theoretically clear-cut as successors would wish for. While 43 percent of company transfers are due to reasons of age, 57 percent are caused by unforeseen events like accidents, death, or change of occupation of the predecessor (Koeder & Saulheimer, 2015), which is a substantial amount. However, a study by Prügl and Rauschendorfer (2020) showed that only 18.5 percent of families filed a fixed successor plan in written form within their business.

While unexpected events in family firms naturally affect the respective owner family, employees, and other stakeholders, these happenings can also affect the macroeconomic environment as the presence of family firms are an impactful part of the German business landscape. With an estimated statistical number of around 3.4 million family firms in Germany (Wolter & Sauer, 2017), German family firms, and thereby succession and future outlooks of the firm, play a big part in the development of Germany's economy. Moreover, Kay et al. (2018) assess the number of German family firms, which had to be handed over to the next generation in the time period from 2018 to 2022, to be around 150,000 with 2.4 million employees. Additionally, the Corona Virus (COVID-19) pandemic has raised awareness to the fact that family firm incumbents are mortal and demonstrated challenges of an unplanned, rapid succession (De Massis & Rondi, 2020). However, succession management has become more and more of a challenge in recent years as qualified successors, who are motivated to take over, are rare while the need for them is growing (Schwartz, 2018, 2019).

Managing the succession process in family firms can be challenging, especially in the case of the surprising and abrupt nature of an unforeseen event. According to Sharma et al. (2001) the succession process is defined as "actions and events that lead to the transition of leadership from one family member to another in family firms. The two family members may be part of the nuclear or extended family and may or may not belong to the same generation" (p. 6). Despite the scientific propositions on succession plans being vast and providing "regular" successors with three-, four-, five-, or even seven-step programs (Halter & Schröder, 2012), the offerings on unexpected succession plans in terms of emergency actions are scarce. While general recommendations regarding a planned succession can be translated

to unforeseen successors in some ways, this chapter focuses on scientific findings regarding unplanned succession due to unexpected happenings like the loss of a predecessor.

In literature, adverse events like a sudden departure of the predecessor due to sickness or death can be categorized as family-induced (Süss-Reyes & Fuetsch, 2018) and is often labeled as trigger point for immediate succession planning. A study by De Massis et al. (2008) identified the "unexpected, premature loss of the incumbent" (p. 188) to be one of six individual, preventive factors towards intra-family succession as the death may occur at a unfitting time for the successor. Additionally, the prerequisite to plan in advance for an effective succession process (Sharma & Rao, 2000) is not assured in case of an unforeseen event.

During the succession planning process, the importance of dealing with emotional and communicative challenges must be taken into account (Halter & Schröder, 2012). Succession in family firms can bring emotional and relational aspects into the process (Decker et al., 2016) as family members may mourn the loss of their relative, or incumbents may suffer from role loss (Brun de Pontet et al., 2007), which may elicit potential conflicts in the process of succession (Süss-Reyes & Fuetsch, 2018).

In their model from 2001, Sharma et al. depict six initial determinants of the quality of succession process in family firms, which include perceived family harmony, the fit between successor's career interests and the business, and the trust in successor's abilities and intentions. These determinants can be transferred to the process of unforeseen succession. Although, scientific research concerning the unforeseen succession in family firms is rare, there is a limited number of studies regarding unplanned transitions on executive levels in non-family firms, which can be considered a related topic. For instance, Hall (1995) recommends an interim administration to help with a clear strategic direction and ongoing support for the successor during the transition.

In summary, this chapter about unforeseen events in the context of family firms demonstrated management tools for dealing with unforeseen events and succession in general. As literature on adverse events in family firms is scarce, findings of the available scholarly research and of related topics were transferred to the specific case of unexpected happenings in family firms.

## 2.2. Identity Constructs in Family Firms

Social identification is a widely distributed concept, which is part of our everyday lives. The categorization of our social environment is a natural trait, which is linked to human instinct (Harwood, 2020). This chapter highlights the social identity theory by Turner and Tajfel, followed by a comparison of social identity in family firms versus non-family firms. Finally, the chapter concludes with a description of early identity development amongst family firm successors.

### 2.2.1. Definition and Scope of the Social Identity Theory

The concept of the social identity theory was first established in the early 1970s, when researchers found that people have a desire to differentiate themselves from others in form of group memberships. Additionally, research participants showed their consent to sacrifice rewards if their status did not change from being superior to members of other groups (Harwood, 2020). Based on these observations, Henri Tajfel and John Turner developed the SIT in the late 1970s, which depicted the motivations and tendencies of individuals in terms of intergroup discrimination. In the course of the examination, SIT showed that individuals naturally categorize themselves and other individuals into groups, which can lead to certain feelings depending on the group membership. As soon as an individual belongs to a certain group, which is referred to as "ingroup", this individual is keen on receiving positive feelings from that specific ingroup. This can, for instance, be attained by achieving a perceived feeling of superiority to other groups, so-called "outgroups" (Harwood, 2020). Consequently, this pursuit of differentiation automatically leads to negative links and prejudices towards the outgroups, resulting in discrimination. The cause of this behavior has been further supported by the individual's wish for a positive self-concept and a reduction of uncertainty in terms of self-categorization and intergroup differentiation (Abrams & Hogg, 1988; Harwood, 2020; Hogg, 2000).

Naturally, it can occur that individuals are not satisfied with their categorization in a certain group. In this case, there are several strategies, which were found to be used by individuals in case they wish to leave and change their allocated group. The social mobility strategy is observed when individuals leave their ingroup for a group with higher perceived social value due to their lack of identification with the prior group, permeable boundaries, or stable intergroup hierarchies (Harwood, 2020). However, not all individuals choose to leave their group instantly when feeling uncertain about their shared identity. The social change belief system, also known as social competition, enables individuals within one ingroup to collectively question the state of their group and support the advancement of the ingroup's social hierarchical position, ultimately reaching a better standing and reinforcing the positive feelings toward the ingroup. In contrast to the social mobility strategy, the social change strategy is applied when people identify well with their ingroup, boundaries are in place and the group is seen as unstable. The social creativity strategy balances these two contrasting strategies out by meeting in the middle – this concept describes the process of individuals finding alternative skills and advantages of their ingroup in comparison to outgroups, which leaves them with a positive feeling, for instance arguing that their groups' strength does not lie in leadership skills, however the creativity within the ingroup is higher (Harwood, 2020; Tajfel & Turner, 1978).

Aside from these strategies, the self-categorization theory can be seen as an extension of SIT according to which individuals concentrate on becoming a member of specific

groups in a specific setting or context. This can even be expanded to the so-called communication accommodation theory or ethnolinguistic identity theory, which investigates the linguistic dimensions of SIT and the reasons for emphasizing or avoiding certain accents, dialects, or communication styles (Giles, 2016; Giles & Johnson, 1987; Harwood, 2020). However, the main theory examined and applied in this research project is SIT, which focuses on intergroup behavior and integration while also including the concept of positive self-perception and self-categorization. In summary, SIT has supported the in-depth understanding of the connection between social groups and identity (Waldkirch, 2015).

2.2.2. Social Identity in Organizations – Non-Family vs. Family Firms

When examining the topic of social identity in family firms, the definition of organizational image and the correlation between organizational identity and social identity is a prerequisite. As mentioned by Zimmermann et al. (2012), the theory by Tajfel and Turner (1978) has had a strong influence on the investigation of the correlation between the identification of employees and their organization. To reach a conformity between an employee's self-concept and an organizational identity, the attributes and beliefs of both parties need to overlap (Dutton et al., 1994; Pratt, 1998; Zimmermann et al., 2012). According to Pratt (1998), employees are especially motivated to identify with their organization in case being a part of the organization presents itself to be attractive, membership increases the positive self-concept of employees, or if organizations clearly differentiate themselves from other entities. Additionally, the external image of organizations is of high importance as employees identify well with organizations which are valued by outside parties (Dutton et al., 1994).

Gioia et al. (2000) argues that organizational identity is a dynamic body, which benefits from the concept of adaptive instability in times of change as identity and image are highly complex attributes of an organization. The fluidity of identity can be distinguished into enduring identity, meaning the identity does not change over time, and continuous identity, which remains having the same core values while adapting to new interpretations and circumstances over time (Gioia et al., 2000). The concept of fluidity within identities does not only apply to organizations but also to individuals as identity on the level of individuals actively derives from interactions with other people, even resulting in individuals showing different identities in different situations and roles (Gioia et al., 2000; James, 2007; Weick, 1995).

Family firms play an interesting role in the context of social and organizational identity. As defined by Chua et al. (1999) a family firm is "a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families" (p. 25). In the case of family firms, the existence of two identities has to be taken into account,

as the interplay between identity of the firm and the identity of the family both heavily influence the main identity of the family business (Wielsma & Brunninge, 2019). This form of hybrid-identity-organization (HIO) is highly complex, usually mutually exclusive, and presents benefits such as strong, continuous organizational culture, unique values, authenticity, and distinction (Blombäck & Brunninge, 2013; Habbershon & Williams, 1999; Sundaramurthy & Kreiner, 2008; Whetten et al., 2014; Wielsma & Brunninge, 2019). Furthermore, family firms are often perceived to have a stable image, rooted deeply in the company's traditions and history. However, these advantages also come with potential downsides as the focus and integration of two identities can result in conflict and loss of focus (Sundaramurthy & Kreiner, 2008) in case of a discrepancy between the family identity and firm identity (Wielsma & Brunninge, 2019). Therefore, the overlap of both identities is an important factor for family firms to be successful. Additionally, the presence of so-called socioemotional wealth is a distinguishing factor of family firms as this attribute influences management processes, strategic choices, and organizational governance of the family firm (Gomez-Mejia et al., 2011).

Past literature explains the influence of owner families on family firms to be an important asset as the values and beliefs, which are a core part of the organizational identity, cannot easily be replicated by competitors (Blombäck & Brunninge, 2013; Habbershon & Williams, 1999; Wielsma & Brunninge, 2019), ultimately giving a unique competitive advantage to the family business. According to Salvato et al. (2019), the five core defining features of family firms are ownership, management and governance, transgenerational intention, generational involvement, and perceived identity. Especially the factor of perceived identity can be leveraged on an organizational level by fostering identity work, reputation, and organizational legitimacy amongst family members, non-family employees, and external stakeholders.

A literary study by Bettinelli et al. (2022) aimed to detect forms of identity in family firms found in previous scientific research. As a result, researchers found four second-order themes, ranging from individual identity to group (family), organization, and multilevel identities. When it came to the different clusters of identity work in family firms, Bettinelli et al. found that the individual identity work, identity work in leadership positions, in non-family employees, and on group and organizational level were existent. Furthermore, the study emphasized the difference between the individual identification with the family and the individual identification with the business. This showed the high complexity of identity constructs in family firms from a multi-level perspective.

In summary, this section showed that the match of family identity and firm identity in family businesses is of high importance as the dimensions of identity are way more complex than in non-family organizations. In case of a discrepancy, consequences do not only impact the owner family, but also non-family employees and other stakeholders.

### 2.2.3. Early Identity Development Amongst Family Firm Successors

The influence of owner families on family firms has been a frequent topic of investigation in the past. However, the influence of the family business on the development of the individual's identity, who is part of the founding family, is not to be neglected. When constructing an identity, individuals try to connect their self-perceived identity with their social identity, which can happen consciously or subconsciously. Scientific research shows that identity work is related to emotional experiences as disruptions, for instance career change, in individuals' self-perception can trigger identity changes. As a result, the process of identity work can be described as an emotional process itself (Winkler, 2018).

When investigating common identity characteristics of successors, a study by Sharma and Rao (2000) showed that certain common attributes of successors can be identified, for instance, sense of commitment, ability to gain respect, integrity, and competence in terms of education and business experience. Furthermore, family firm principals showed behavior patterns of trying to avoid risky decisions as their welfare is bound to the single entity of the family firm (Gomez-Mejia et al., 2011). Additionally, the research of Sharma and Irving (2005) focused on further commonalities in behavior and investigated specific motivations of successors in family firms. While successors showed the same focal behavior, the reasons for behavior showed fundamental differences. As a result, four commitment types, namely affective, normative, calculative, and imperative commitment, could be identified and showed different reasons of the descendants wanting to join the firm, which could be classified as internal factors related to emotions or external factors regarding career choice.

When investigating the identity development of members of the owner family, a major part of identity construction on an individual and family level is building a legacy through storytelling, which is achieved when a story is continuously passed on across generations (Stone, 1988). As a result of storytelling, family members are left with a multigenerational perspective on their ancestors' history, which can influence the identity formation and the emergence of certain identity patterns (Thompson et al., 2009). The way stories are told, which specific tales are highlighted, and how meaning is given to the individual stories reveals the underlying core values of a family while simultaneously giving insights about the individual's evaluation of certain narratives (Thompson et al., 2009). Furthermore, not only the way family stories are being told affect individuals in their identity construction, the way these family members themselves tell stories about their family and themselves are part of building their identity as well (Redman, 2005). However, it is important to note that storytelling is an ongoing subjective matter, with stories being told and recited various times over long timeframes. Furthermore, family legacies can have both a positive and negative effect on the identity construction of family members (Thompson et al., 2009).

In 2009, Thompson et al. examined the influence of family legacies on individual and family identities on emerging adults and the intergenerational process of sustaining or modifying family stories. Their analysis of third generation family members between the ages of 18 and 25 years, showed that attributes like hardworking, care for others, and cohesion within the family were reported as positive family legacies. Additionally, participants were firm and clear in giving their answers and showed pride in these values and their identity. In contrast, negative legacies were idiosyncratic, and participants had a hard time to identify and illustrate them effectively. Thompson et al. also noted that interviewees attempted to change the narrative from negative to positive in their storytelling by emphasizing that the negative legacies eventually led to positive consequences. In their study, the researchers further mentioned the contextual factor of distance as meaningful, as all participants were young adults living apart from their families without having started their own family in the timeframe of the interviews. This was significant as the interviewees were removed from their usual family environment, which gave them the opportunity to reflect on the influence of their family legacy. When asked about the impact of the positive legacies on them, participants stated that they embraced their legacies and integrated them in their individual identity and daily lives. The attribute of working hard, for instance, was used by a participant to illustrate how this legacy positively influenced his work ethic in college. However, participants were more likely to reject negative legacies and made an effort to seek and create a new family legacy driven by opposite behavior and their individual actions.

The findings of the study by Thompson et al. (2009) demonstrate the link between family legacy and SIT. As shown by the results, individuals were satisfied with their membership in the ingroup as long as a positive legacy could be detected. As soon as a negative legacy was displayed, individuals looked for ways to enhance the legacies by extending it with positive consequences and learnings drawn from the negative story. This shows the caused distress in case of a mismatch between the individual's perceived self-concept and its environment (Wielsma & Brunninge, 2019).

Besides the potential successors' own reflections about the interplay between their identity and the family business, the wish for succession within the family is deeply rooted in the concept of socioemotional wealth in the owner family (Gomez-Mejia et al., 2011). However, potential successors have to ask themselves if they are ready and eligible to work in such a position when talking about willingness to succeed (McCarthy, 1996). Even though certain similarities in characteristics, behavior, and identity development could be detected as described above, not all successors have the desire of eligibility to become good family firm successors.

In the future, the process of non-family firm managers' socialization and the investigation of reasons why successors can or cannot identify with the family organization could be supported by combining SIT with past and future research (Waldkirch, 2015).

## 3. Methodology

As the goal of this investigation is to deliver findings from qualitative research true to reality, which can be used as action implications and make sense to the person studied, the grounded theory approach (Boychuk Duchscher & Morgan, 2004), which was first developed by Glaser and Strauss and then further adapted by Strauss and Corbin (Glaser & Strauss, 2017; Vollstedt & Rezat, 2019), was applied. Additionally, the data collection, analysis, and theory development were refined by implementing the Gioia method.

### 3.1. Research Design

To investigate the stated research question, information was obtained by executing single, semi-structured interviews held by one interviewer with lateral entrants or industry experts in recorded one-on-one conversations or via Zoom or Microsoft Teams meetings. The general outline was given by an interview guideline, which was sent to interview candidates prior to the conversation. Furthermore, the Gioia methodology was used to include and ensure qualitative rigor (Gioia et al., 2013), which resulted in a data coding tree.

During the course of the interviews, I was keen on avoiding a detailed description of the used theoretical theories, rather emphasizing the importance of freedom of speech and transparency for the interviewees. As proposed by Gioia et al. (2013), this approach was utilized to achieve valid data and limit bias as much as possible while providing a space for new insights and concepts. The interviewees were thereby seen as knowledgeable agents, who were able to describe their thoughts and their perception of organizational realities in a way that made sense to themselves, while also being "adequate at the level of theoretical insight" (Gioia, 2021, p. 23). As a result, the systematically constructed data coding tree based on tandem reporting using a multifaceted view showed the links between informant and researcher, ultimately creating a grounded theory with granted qualitative rigor and high-quality qualitative research (Gioia, 2021; Gioia et al., 2013).

### 3.2. Sampling

The information was conducted by interviewing 11 candidates, nine of them being German-based successors, which experienced an unforeseen event within the family as cause of their succession, followed by a lateral entry. Additionally, two expert interviews with experienced consultants took place to ensure an outside perspective of commonly seen cases, which allowed a form of "cross-checking" statements in the analysis. The generational background ranged from second to fifth generation while the founding history of the family firms went back between 23 to 131 years. The examined companies connected to the interviewed successors (excluding the expert interviewees) had an average of 715 employees (Table 1). The candidates had a median successor experience of 14 years, depending on their year of entry.

All interviewees were linked to unforeseen events within their families and were specifically selected to ensure valuable insights. The unexpected events could be classified into 3 categories: (a) Sickness/death of parent, (b) emotional distress of predecessor, and (c) opportunity of career/business advancement. While scenario (a), which was experienced by five interviewees, is clear per description, event (b) and (c) will be further explained in the following.

The situation of emotional distress was lived through by two interviewees. In these cases, the parents of the lateral successors found themselves in a dichotomy, the first case being one parent trying to sell the company but backing out last minute each time as he could not cut the emotional ties to his business. Naturally, this led to conflicts within the family firm, which was finally taken over by the interviewee, even though she did not plan on it. The second case of emotional distress was experienced by a predecessor, who depended on the implementation of a new software system, which was vital for his business. However, he was in desperate need of someone who could build and lead a new team for this digital necessity. Therefore, his daughter, who initially had different plans, was asked to step in, and supported her father in the transformation, ultimately joining the company full-time.

The unforeseen event in terms of the opportunity to advance the successor's career and the family firm's business was the case with two interviewees. Both did not plan on joining the firm and followed their own career paths, respectively gaining work experience for around ten years prior to their lateral entry. However, when a chance for new establishments and expansions arose unexpectedly for the business, both candidates took the chance and joined the firm quite abruptly.

Potential interviewees were detected via existing contacts or desk research, which consisted of precisely scanning through newsletter articles, books, LinkedIn posts, and podcasts related to the research topic. Candidates were contacted via email, phone, or LinkedIn and supported the identification of further potential interview candidates in some instances, also referred to as snowball sampling.

### 3.3. Data Collection Methods

To gather information about the highly emotional topic of unforeseen events and succession, the interviews were structured to gain valuable insights and new perspectives from experiences of the candidates. Therefore, the interview guide consisted of a chronological sequence of questions, which started with a short introduction, followed by the pre-succession state, the happening of the unforeseen event, the initial phase of succession, and the post-initial phase of succession. In total, two interview guides were produced as the questions for successors focused on their experiences and emotions while the guide for experts aimed at gaining insights into their observations and expertise. Example questions for successors were for instance "How would you describe your relationship with the family business while growing up?", "Were you able to quickly identify with the

**Table 1:** Interviewee Sampling Information

| Interviewee | Position | Generation | Year of Entry | Unforeseen Event | Company | Industry | Founding Year | Employees |
|---|---|---|---|---|---|---|---|---|
| A | Managing director | 2 | 1996 | Sickness/ Death of parent | A | Facility management | 1967 | 5000 |
| B | Managing director | 3 | 2003 | Sickness/ Death of parent | B | Pharmaceuticals | 1956 | 180 |
| C | Managing director | 3 | 2019 | Sickness/ Death of parent | C | Office supplies and furniture retail | 1975 | 50 |
| D | Shareholder | 2 | 2022 | Sickness/ Death of parent | D | Property management/ Family office | 2000 | 143 |
| E | Managing director | 4 | 1984 | Sickness/ Death of parent | E | Gastronomy and catering | 1892 | 380 |
| F | Managing director Shareholder | 3 | 1998 | Emotional distress of predecessor | F | Food packaging | 1938 | 100 |
| G | Head of central billing preparation | 5 | 2022 | Emotional distress of predecessor | G | Medical supplies | 1912 | 430 |
| H | Managing director Shareholder | 2 | 2014 | Opportunity of career/business advancement | H | Real estate development | 1984 | 70 |
| I | Managing director Shareholder | 2 | 2019 | Opportunity of career/business advancement | I | Real estate development | 1997 | 80 |
| J | Chief representative *(Expert interview)* | N/A | 2008 | N/A | J | Consulting services | 2007 | 14 |
| K | Founder and CEO *(Expert interview)* | N/A | 2010 | N/A | K | Consulting services | 2019 | 6 |

idea of being the new representative or 'face of the company'?", "What were your first thoughts and feelings when you entered the facility as a successor?", and "How has your leadership style and confidence changed compared to your initial succession phase?", while example questions for experts were as follows "From your experience, what are common unforeseen events that lead to the lateral entry as successor?", "From your experience, please kindly describe the initial advisory process for lateral succession in the case of an unforeseen event.", and "When reflecting upon cases, which identity changes or changes in character of successors have you observed in the past?". All interview questions are attached to this paper as Appendix A and Appendix B.

The questions raised were aiming at not only coming to know the individual candidate's story and situation as the unforeseen events differed from case to case, but they were also designed to focus on the identity development and relationship change of the interviewee, which was elaborated in every life phase to ensure the possibility of a detailed analysis starting from early childhood to current state of mind. Despite the semi-structured design of the interviews, the interview had a common thread to enable a standardized comparison for evaluation.

The interviews had a duration between 22 and 61 minutes depending on the availability of the candidate. All interviews were conducted in German and recorded after obtaining verbal approval of the interviewees. The resulting audio files were transcribed with the software TRINT, which resulted in 118 pages of qualitative material.

3.4. Data Analysis

During the process of performing the first order analysis, the prerequisite of basing the findings and conceptualization on the informant's experience was fulfilled at all times to avoid so-called "theoretical arrogance" (Gioia, 2021). The initial classification of codes, categories, and specific terms was executed in an open coding approach according to Boychuk Duchscher and Morgan (2004), preferably using in-vivo codes, which indicate that the coding term has its origin in the data, followed by a search for similarities and differences within the specific categories (Strauss & Corbin, 1998). Additionally, I used MAXQDA to verify codes and allocate specific statements to coding categories.

After structuring the informants' statements, I carried out a metalevel-analysis – also referred to as "gestalt analysis" by Gioia (2021) – during which I considered the first-order level of the interviewees, the second-order level of theoretical research, and the level of the larger narrative. This resulted in an informative description of the organizational phenomena and a visual data structure including first-order concepts, second-order concepts, aggregate dimensions, and informant quotes in form of a data coding tree as depicted in Figure 1 (Gioia, 2021; Gioia et al., 2013). Furthermore, the translation platform DeepL was used to translate interview statements to American English. Example translations are available in Appendix C. Due to reasons of confidentiality, the transcripts are not enclosed in the Appendix.

3.5. Trustworthiness of the Research

As mentioned by Gioia et al., the risk of "being too close and essentially adopting the informant's view" (2013, p. 19) is always present, however this was limited by cross-checking the lateral entrants' testimonies with the statements of the interviewed experts.

While working with case studies during a research project can be very insightful, the legitimacy and credibility of the findings from case studies have often been criticized in literature to be idiosyncratic and impressionistic without a qualitative rigor (Gioia, 2021). In order to emphasize the high importance of the informant's voice, Gioia (2021) suggests the usage of so-called grounded theory, which focuses on the interviewee's experience and his or her understanding of it. By using this method instead of the traditional theory-driven approach, which presupposes assumptions based on existing theories and has been found to be restrictive (Schwarz & Stensaker, 2014), the grounded theory method aims to avoid entrenched structures while enabling new insights and findings (Gioia, 2021).

In terms of evaluating findings and identifying general patterns, the thought of a limited transferability due to the high individuality of each unforeseen case comes to mind. This predicament was solved by interviewing at least two candidates per unforeseen event classification. Thereby, a detailed provision of background data and contextual factors ensured a possible transfer of results (Shenton, 2004). The remaining criteria of trustworthy research by Guba (1981), namely credibility, dependability, and confirmability were fulfilled by, for instance, verifying the eligibility of interview candidates with external sources like close acquaintances and online resources.

4. Findings

The following findings were conducted from statements of 11 interviewees taking part in the research project. From early on, the unforeseen successors showed specific character developments influenced by their situation as children of family business owners, followed by growth through pressure and challenges. Subsequently, the processes of identity change and taking control connected to the lateral entry into the family business could be observed to be a continuous process, starting right from the first day of the succession and lasting to the ongoing post-initial succession phase today. The evaluation of the interviews showed various parallels in the experiences, behavior, coping mechanisms, aspirations, and identity phases of lateral successors, which are further described in the following chapters.

4.1. Growth Over Time

The findings of this chapter represent the tremendous influence of growing up in the entrepreneurial environment of a family firm. This not only led to the development of specific characteristics but also showed the evolutionary process of the relation between lateral entrant and family firm in the
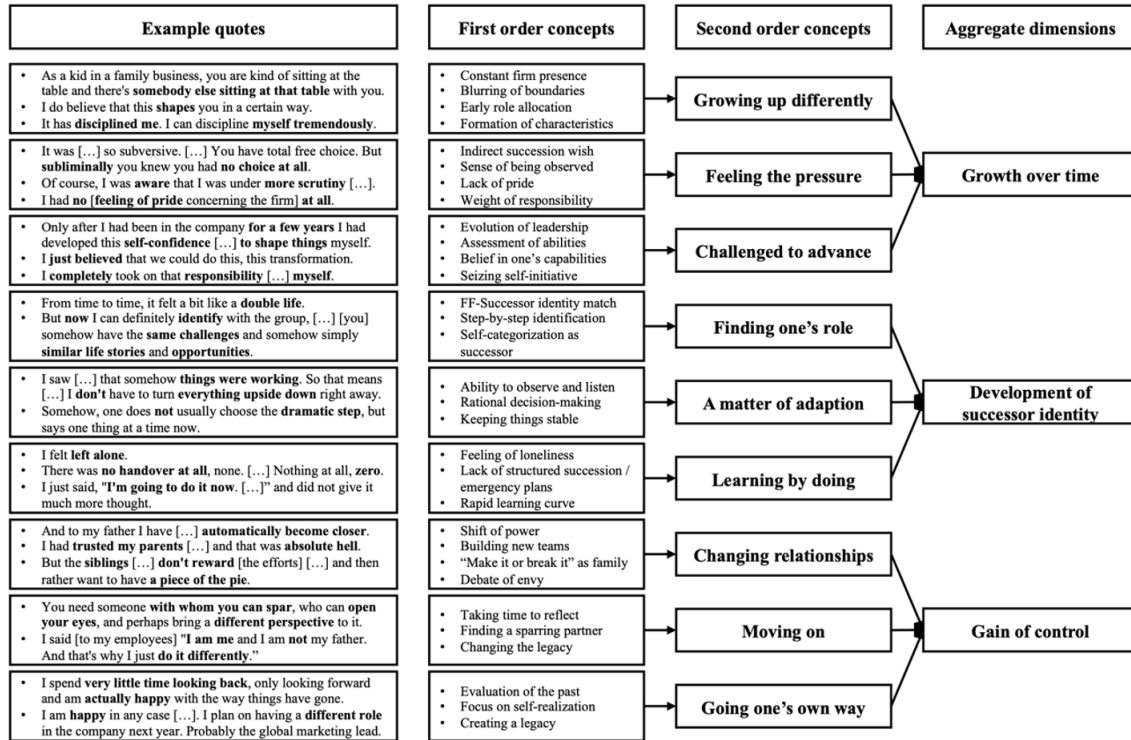
| Example quotes | First order concepts | Second order concepts | Aggregate dimensions |
|---|---|---|---|
| • As a kid in a family business, you are kind of sitting at the table and there's **somebody else sitting at that table** with you.<br>• I do believe that this **shapes** you in a certain way.<br>• It has **disciplined me**. I can discipline **myself tremendously**. | • Constant firm presence<br>• Blurring of boundaries<br>• Early role allocation<br>• Formation of characteristics | **Growing up differently** | **Growth over time** |
| • It was [...] so subversive. [...] You have total free choice. But **subliminally** you knew you had **no choice at all**.<br>• Of course, I was **aware** that I was under **more scrutiny** [...].<br>• I had **no [feeling of pride** concerning the firm] **at all**. | • Indirect succession wish<br>• Sense of being observed<br>• Lack of pride<br>• Weight of responsibility | **Feeling the pressure** | |
| • Only after I had been in the company **for a few years** I had developed this **self-confidence** [...] **to shape things** myself.<br>• I **just believed** that we could do this, this transformation.<br>• I **completely** took on that **responsibility** [...] **myself**. | • Evolution of leadership<br>• Assessment of abilities<br>• Belief in one's capabilities<br>• Seizing self-initiative | **Challenged to advance** | |
| • From time to time, it felt a bit like a **double life**.<br>• But **now** I can definitely **identify** with the group, [...] [you] somehow have the **same challenges** and somehow simply **similar life stories** and opportunities. | • FF-Successor identity match<br>• Step-by-step identification<br>• Self-categorization as successor | **Finding one's role** | **Development of successor identity** |
| • I saw [...] that somehow **things were working**. So that means [...] I **don't** have to turn **everything upside down** right away.<br>• Somehow, one does **not** usually choose the **dramatic step**, but says one thing at a time now. | • Ability to observe and listen<br>• Rational decision-making<br>• Keeping things stable | **A matter of adaption** | |
| • I felt **left alone**.<br>• There was **no handover at all**, none. [...] Nothing at all, **zero**.<br>• I just said, **"I'm going to do it now**. [...]" and did not give it much more thought. | • Feeling of loneliness<br>• Lack of structured succession / emergency plans<br>• Rapid learning curve | **Learning by doing** | |
| • And to my father I have [...] **automatically become closer**.<br>• I had **trusted my parents** [...] and that was **absolute hell**.<br>• But the **siblings** [...] **don't reward** [the efforts] [...] and then rather want to have **a piece of the pie**. | • Shift of power<br>• Building new teams<br>• "Make it or break it" as family<br>• Debate of envy | **Changing relationships** | **Gain of control** |
| • You need someone **with whom you can spar**, who can **open your eyes**, and perhaps bring a **different perspective** to it.<br>• I said [to my employees] **"I am me and I am not my father**. And that's why I just **do it differently**." | • Taking time to reflect<br>• Finding a sparring partner<br>• Changing the legacy | **Moving on** | |
| • I spend **very little time looking back**, only looking forward and am **actually happy** with the way things have gone.<br>• I am **happy** in any case [...]. I plan on having a **different role** in the company next year. Probably the global marketing lead. | • Evaluation of the past<br>• Focus on self-realization<br>• Creating a legacy | **Going one's own way** | |

**Figure 1:** Data Coding Tree

pre-succession phase, during which the interviewee had not developed or even considered having a successor identity yet.

### 4.1.1. Growing up Differently

Despite the fact that lateral entrants were not planning on acting as successors in the family firm, growing up in entrepreneurial circumstances had always been a part of their lives. As interviewee H stated:

> There were always conversations about business, regularly at family dinners, on Sundays, at family gatherings. That was always the point when my mother would say, "Don't start talking business again." Then my father would say, "We are entrepreneurs. Work doesn't stop at 4 p.m. on Friday." (4:38).

Other interviewees confirmed this when mentioning that as "a kid in a family business, you are kind of sitting at the table and there's somebody else sitting at that table with you" (Interviewee F, 5:39) and that the family business has been present since the start of their lives (Interviewee G, 2:36), especially as owner families often had physical proximity to company grounds (Interviewee G, 5:18), which was further verified by interviewee E, who grew up under similar circumstances (6:20).

The influence of growing up in a family firm household on character building and identity development stood out to all interviewees, who agreed that factors like parenting, upbringing environment, discussion topics, and conversations about the firm (Interviewee G, 10:32) were formative (Interviewee H, 10:54). However, the impact was evaluated differently by the specific individuals. For instance, interviewee B expressed his gratitude for growing up with his mother in distance to his father, who was controlling the family firm:

> It was definitely a bit like the saying "Only mushrooms grow under a strong tree", [...] it was difficult to develop under my father, because he was extremely dominant, both privately and in business. He talked everyone into the ground. Own thinking, and commitment was valued to some extent, but at the same time he torpedoed it by just rolling over everyone. (22:39).

Interviewee F showed regret in "never [having had] the opportunity to really find out what I wanted for myself" (6:11) while being raised to be obedient, quiet, and invisible. Furthermore, candidate F mentioned the development of negative feelings towards the family business while growing up:

> I was totally horrified by all these problems [...] and I thought, "Oh god, my parents are so worried, that must be absolutely horrible.". [...] Above all, it had a very negative impact on me, because I was simply never important, [...] and I kind of blamed it on the company. (7:36).

Nevertheless, interviewees also recalled the evolution of specific characteristics due to their upbringing and environment, which were mainly perceived as positive. For instance,

interviewee H felt like the bustling of his father motivated him to think about achieving more than just being a classic employee in a corporation (11:22), while interviewee D allocated his distinct sense of responsibility to his family firm background (7:38). Similar to previous statements, interviewee I linked his confidence to give things a try to his father's example of work ethic, especially when observing that projects turned out to be successful (4:26). Furthermore, interviewee F mentioned her ability to "discipline myself tremendously and do everything, even if I don't enjoy it" (8:39), which she labeled as "great achievement by my parents". Interviewee C emphasized noticeable capabilities having to do with handling financial resources and respective risk behavior (6:43), which was confirmed by interviewee I, who recalled:

> [I had] experiences where I thought, well, you have to be a bit more made for not being so afraid of money. In both directions – you can lose or you can earn something, you shouldn't have a problem with either. [...] What I always get reflected from the teams I work with is that they say "You are always so relaxed." I can always sleep well. Of course, I'm fully behind all the professional issues that I have to deal with. But they don't stress me out in the sense that I feel under pressure. (26:32).

The relation to risk behavior was verified by expert interviewee J, who observed an excellent understanding of risk and responsibility in children raised by family firm owners (7:52).

The observation that interview candidates pointed out both positive and negative manifestations of characteristics was attested by expert interviewee K:

> I believe that there is an imprint that you take with you through socialization, which has an entrepreneurial character. And that can have a positive effect in the sense that those people are particularly good successors or have a particularly great desire to be entrepreneurially active. But it can also be the complete opposite, that someone doesn't want to become a successor for that very reason and says I don't want anything to do with what my parents did. (5:04).

Interviewee E agreed on this perspective of influence, stating that "it's definitely a hard form of socialization" (7:01), verifying the immense impact of growing up as a descendant of family firm owners on character development.

### 4.1.2. Feeling the Pressure

When asked about feeling the wish for succession by their parents in early adulthood, most candidates remarked that their predecessor used to emphasize their freedom of choice while also subliminally expressing their excitement if a potential succession was discussed. Interviewee B recalled an incident during which his father "wrote a 20-page letter

and told me that he had practically disinherited me" after he could not attend the annual company Christmas party, reflecting that "somewhere [my father] probably did have thoughts that he would like to hand over the company to one or more of his children." (6:09). Moreover, interviewee F stated that her parents "never really expressed [the wish]. It was underlying, more like 'we would like that, but you have total freedom of choice.' But you knew subliminally that you had no choice at all." (2:36). This situation of the indirect wish was further supported by a statement from interviewee G, in which she said that her parents "did express the wish, but they always said you don't have to do this, you can actually do whatever you want." (2:59). Interviewee C complemented the previous statements when explaining that her father, despite giving her the freedom of choice, showed a lack of understanding for her willingness to fight for her place in the world of employment and found it abstruse to choose working for someone else when the opportunity to take part in the family-owned business was present (3:05). This alleged existence of options for potential successors was also observed by expert interviewee K, who declared "that there are certain points of reference and early childhood imprints or socialization patterns that don't just leave things voluntarily" (2:12). These findings are particularly interesting as all candidates felt the indirect wish for succession and nevertheless decided to not go through with following in their parents' footsteps, instead starting their own path of career.

Depending on the individual's sensitivity to the parents' wish, this ongoing, underlying presence of the topic of succession led to some interviewees sensing pressure related to the family firm and feeling observed from their external environment. Interviewee H remembers the realization of being "aware that you are being watched more than a normal guest at a Christmas party" (6:09), further explaining that he knew he "had a role to play" (7:34). Additionally, interviewee C commented that she felt a bit of pressure, especially since the company beared the family name (5:56). However, not all interviewees developed a feeling of pressure, for instance, interviewee G was encouraged to choose her studies after her interests, not after the potential match of the education to the company, which led to her "not really feeling the pressure. Basically, it wasn't there." (3:14). Expert interviewee K raised the point of the existence of internal and external pressure that potential successors have to think about as "one factor is to say can I even deal with the pressure? Am I the one who will lead hundreds of thousands of employees in 2030, 2040 in these crazy times like this? Can I live up to my parents' expectations?" (8:11).

The feeling of pressure was also complemented by the candidates' linked relation to the family firm in early days. Most interviewees showed a positive relation of feelings towards their family business, which often expressed as feeling of pride or responsibility. For instance, interviewee H recalled that:

*It was great to see [. . . ] the projects that you have built. That's something tangible. You've already noticed that not everyone has that kind of thing, where the parents somehow employ 100 people and somehow build projects that help shape the city. (8:07).*

Interviewee D emphasized two sides of the coin when he talked about being impressed about how well-known, high-ranking managers appreciated and acted personal with his father, however he also questioned how his father was able to deal with all the responsibility coming with these connections (3:36). Other candidates like interviewee G (11:54), E (8:10), and F (7:59) stated to having had no specific feelings of pride or responsibility towards the firm while growing up.

In a practical context, these findings became extremely important when the unforeseen event occurred. While the reasons for the candidates to join the firm as lateral successors in the cases of death and sickness were pretty simple as the core reason was owed to the timely emergency of the event, the decision point for candidates like interviewee F and G, whose event was linked to emotional pressure and despair of their predecessors, had their origin in these early childhood imprints. During her reflection of the reason for her lateral succession, interviewee F recalled:

*I felt my father's emotional distress, let me tell you! Well, because he always didn't really want to go through with the sale [of the firm], but somehow never really wanted to express it or say "I'd prefer it if you took over the company", I would have wished [for that]. [. . . ] [This behavior] wasn't actually typical for my father at all, he actually always planned and [. . . ] I think I just said "I'll do it now" [because of my] father's emotional distress. (10:09).*

Interviewee G had a similar experience when the family firm underwent a major software change. When her father did not see "anyone who could do this ad hoc" (15:31) and was looking for a trustworthy person (16:03), the candidate recognized that her father was very stressed and decided to support him as much as she could by joining the firm despite having other career plans. This was especially important as she could tell that this was "also a sign for the employees that someone from the family is coming to take on this task" (19:32), ultimately showing responsibility and a strong future for the company.

Generally, the above-mentioned findings show that the feeling of pressure and responsibility can be linked to the interviewees taking on the succession in case of the unexpected. The findings also demonstrate that the relation with the firm, namely feelings of pride about the company and its history, are independent of their decision to step in as all candidates filled the position in case of emergency, no matter if they had a positive, negative, or non-existent relation to the family firm, instead of selling the business or hiring external managers.

### 4.1.3. Challenged to Advance

When the interviewees jumped in as next generation after the unforeseen event, they naturally had to portray a representative figure of leadership and stability to the external environment, employees, and other stakeholders. As one can imagine, this is more of a process the candidates had to go through than an immediate status. Interviewee B remembers this procedure the following way:

*In the beginning I used to address everyone formally and jumped around in my suit and tie at every event because I thought it was proper. [. . . ] And only after I was with the company for a few years and developed this self-confidence, [I felt like] I'm not the one who inherited yesterday and that's why I'm in this position, but I've put a lot of time and diligence and good things in here for ten years now. That's when I first developed my self-confidence to design things myself. (39:10).*

Interviewee H described his path of advancement as "evolutionary process" (36:37), which was supported by a statement of interviewee G, in which she talked about her "evolving leadership":

*In the beginning, I remember, my heart was always pounding before such one-on-one meetings with employees and there was also pressure. [. . . ] And now I do it very casually on the side and can also make a strong announcement to them. (29:18).*

Expert interviewee K also observed the progress of self-confidence and leadership style from past cases. He reported to have witnessed "extremely incredible internal developments" from insecure individuals to established leaders, which developed by the lateral successors finding their style in a "trial and error" approach (31:57). This outcome was confirmed by expert interviewee J, who also witnessed an "enormous development [. . . ] with big steps at a rapid pace" (45:13) within his clients. He particularly mentioned that:

*[Successors] become decisive and more confident with a decision. And even so the announcements become clearer and clearer. That's when you notice that the leader has developed and you're making quick decisions, [. . . ] and before we discussed for hours from left to right [. . . ]. So, you can already feel that the people develop strongly there. (45:27).*

While leadership naturally evolved amongst all lateral candidates, another important factor, which was identified during the interviews was the belief in one's own abilities and the presence of self-initiative. For instance, interviewee F just remembered an "incredible amount of work and responsibility" when she took out a major bank loan to execute a necessary transformation within her parents' company, adding "I

just believed that we could do this" (16:28). Interviewee D added that he "took on responsibilities completely independently" when no one else in the company did (6:53), showing confidence and willingness to do things on his own.

## 4.2. Development of Successor Identity

During this part of the interview, successors found the starting point of their personal successor identity evolution by rapidly adapting to their new role and approaching it head-on due to the company's state of emergency.

### 4.2.1. Finding One's Role

After officially starting as successors in the family firm, interviewees often had difficulties to find the conformity between their own identity and the identity of the family business. Additionally, challenges arose during their identification with the new "successor component" of their identity, which suddenly became part of their being. In order to analyze the potential change of self-categorization, I asked candidates about their patterns of self-perception throughout their lives, starting with their identification in early child- and adulthood. In this life period, I interrogated interviewees about their self-categorization as future successors, and their contact to other children of family firms. The majority of candidates specified a lack of identifying as future successors and no interest in building contacts with other children or young adults in similar situations. Interviewee B did specifically mention that he did not identify as son of the owner of a family firm entrepreneur (12:10) during his upbringing, while interviewee G (12:25) and E (9:04) stated that they had absolutely no interaction with other potential successors until the point of the unforeseen event. Moreover, interviewee D recalled that he did not actively seek for a group with similar background (10:40), which was similar to interviewee F expressing "absolutely no interest" in earlier days (9:05). These findings represent that the interviewees did not see themselves as successors, which is interesting considering the previous results regarding the indirect wish for succession of parents and feeling of pressure and responsibility by most candidates. Even though these factors had an obvious influence on the candidates, they did not result in a categorization of themselves as successors, which led to choosing different career paths.

During the transition of finding their role as successor, the candidates had different approaches. For instance, interviewee B opted for a "balancing act" approach in terms of living and working location (36:56) when starting his job at the family business:

> *At weekends, I practically jumped through Berlin with young people like myself and [. . . ] had a lot of fun. And during the week I played the serious managing director and from time to time it felt a bit like leading a double life, [. . . ] which rather helped me in this new role. (35:56).*

He further stated that this technique also enabled him to develop his personality as well as his entrepreneurial identity as successor of a company, which he ultimately managed to "bring together over the years" (38:50). He perceived this balance of physical distance as especially important since the family business is often seen as local hero in the respective region (38:22). Furthermore, interviewee C mentioned that she has had the feeling of having found her identity as successor around three years after joining the company (23:02):

> *In the first three years I experienced new things all the time, things I have never done. [...] And for a year now I've had the feeling that I've gone through the rough situations, [. . . ] I think that gives me security, because I have found these patterns to solve similar problems. And now I simply have a lot more certainty when solving them, and I go about it with a different level of composure. (23:05).*

This temporal assessment was confirmed by interviewee E, who also specified the duration of the timeframe to have been of 3 years in order to feel accomplished and secure in his successor identity (17:32). The interview statements further showed the presence of the predecessor as one of the deciding factors of self-categorization. In the case of lateral entry due to emotional distress of the predecessor, interviewee G stated that she did not perceive herself as representative person yet since her father was still actively taking part in the family firm today (24:32).

When investigating the current identification status, I examined the candidates' sense of belonging to the group of successors in the context of participating in networking events, being politically engaged in discussions and unions, or offering their expertise in form of panels or conferences. The majority of candidates showed interest and active engagement after becoming a successor, for instance, interviewee B expressed a desire to "exchange ideas with other family business owners, but only since last year" (49:33). Interviewee G remarked that for her "it actually happened at the same time that I became the successor and was in contact with other successors", further emphasizing that she can now "definitely identify with this group" due to the same entrepreneurial background, challenges, and opportunities (12:40). Two of the interviewees even played a high-ranking chairmanship role in family firm initiatives (Interviewee F, 30:49; Interviewee E, 9:59). This shows that the candidates did change their identity status from "non-identifying" to "definitely identifying" as part of the successor group. However, from a temporal perspective, interviewees' point of identification varied as some interviewees only started to show activity in these associations after being in the company for a fairly long time while others engaged right away.

### 4.2.2. A Matter of Adaption

After joining the company as successors due to an unforeseen event, most candidates had to perform some kind of status quo analysis due to the prompt change of the situation.

In these parts of the interview, I focused on gaining insights in the interviewees' thought process while joining the company, ultimately trying to find out if they were aiming for the company adapting to them or vice versa.

The interrogation showed that all participants focused on making rational decisions when entering the family business. Interviewee B realized upon his entry that it was going well, which must have meant that "the structures seemed to work and that I didn't have to turn everything upside down right away" (42:35). He further explained that he opted for "bringing up suggestions and then I checked to see if I get majorities for my proposals." (43:20). If he did not receive positive feedback, he recalled thinking that "maybe it wasn't the best suggestion after all" (43:34). Thereby, he kept the company on course, while "correcting the direction" from time to time without implementing any "revolutionary actions" (43:49). Interviewee H had the same experience and stated that "one does not usually choose the dramatic step but says one thing at a time now." (35:54). Interviewee E agreed when recalling that he used an "evolutionary" approach, rather than forcing a "revolution" (13:20). Moreover, interviewee F added that the "personal thing [about family businesses], like the connection to the employees, the long-term connection to customers and suppliers, this credibility – that's good if it stays the same" (14:46), which is likely to happen in these cases of succession as well because "you grew up in the same family, so you don't do things completely differently now. Well, I was exactly like my parents there." (15:09).

These statements were also supported by the expert interviewees. For instance, expert interviewee J said that this concept is "[working quite well] if you realize you don't have to change the whole big picture, but first of all take a look at it on a small scale – how projects are to be done, what has to be done." (47:09). On top of that, expert interviewee K mentioned the dangers of trying to adapt a company to one's own identity and liking:

> I would now say that the larger the organizational structure, the more difficult it is for the company to adapt to the person. And then I believe [. . . ], a company should always be built in such a way that you don't need someone [. . . ], [as] functional systems [. . . ] should always be independent of people, [. . . ] I think the company shouldn't become who you are, but I think the company should follow the logic of the market. In the end it's not about what the individual wants, it's about what the customer [. . . ] wants. It's very market-oriented, otherwise I think it'll quickly become a hobby. If I only ever do things that I think are right, but I don't actually get any relevance for them on the market, then I think it's going to be difficult. (27:38).

These testimonies showed a definite tendency towards successors accepting characteristics of their family firm from beginning on, even if they could not identify with everything right from the start.

### 4.2.3. Learning by Doing

When lateral entrants enter the company due to an unforeseen event, there is no succession or emergency plan in place most of the time. Successors find themselves in front of – what seems to be – an incredibly high mountain they have no idea how to climb onto or where to start. The majority of interviewees recalled starting with a learning by doing approach, for instance, interviewee B went on to say:

> Okay, my father is dead. Who are the people here who have something to say. They were then identified relatively quickly. Then I sat down at the table with 10 people and asked what the current issues were. And then I chaired this session as I previously chaired the student parliament. (21:26).

Interviewees with similar unforeseen events had common experiences, for instance, interviewee C phrased it as feeling "a bit dazed" (18:10), mentioning that she cannot really recall or understand what happened anymore. In the crisis of losing someone overnight, she felt like she "just functioned somehow for a very long time, especially when you realize other people need you now" (18:25). The numb feeling of "just doing it" was also referenced by interviewee I, who mentioned "I had no concept. I didn't have a business plan. It wasn't well prepared." (6:26) and interviewee F, who "said [to herself] 'I'm just going to do it now'." (10:43). Besides the external pressure of people depending on successors in all situations like these already being high, expert interviewee J remembered a past case during which the unforeseen successor, who managed the company successfully after severe illness of his father, told him "with tears in his eyes how difficult it was for him and how much he would have liked to hear his father's advice" (39:03), adding immense emotional pressure.

While participants who lost their parents to death or sickness and could not ask them for advice anymore felt uncertain and left alone naturally, interviewees whose predecessors were still alive and well, showed various outcomes when asked about their succession plan. For instance, interviewee F felt abandoned when her father "disappeared to southern Spain for eight weeks" after she took over the company from him, recalling that "there was no handover at all, none. Just nothing. Nothing at all. Zero." (11:50). The high incidence of this feeling in succession cases was verified by expert interviewee K when he explained "these entrepreneurs are often really, really alone" (30:06), further stating that family firm entrepreneurs are often missing a sparring partner to exchange ideas (30:09). Contrary, interviewee G had a positive succession experience stating that she feels "actually confident, because I know my father, if I have anything, he will take care of and support me and I can ask him anything. And I also have the employees and colleagues at hand, [. . . ] and that's actually a good feeling." (26:42).

Both expert interviewees K and J mentioned that the lack of emergency or succession plans for unforeseen events is a fundamental problem in family firms. Both consultants independently stated that they offer a service called "death stress

test" (16:04). With this practical approach, family members were able to derive decisions and feel more confident for the future (16:43).

However, interviewee K expressed a perspective of change in the thinking of the next generation when stating "this next generation [. . . ] is much more reflected than the older generation and through this willingness to reflect, I perceive that more and more [family business owners] are now dealing with these questions." (17:39). He further mentioned that this change is due to successors' realization that the traditional, old-fashioned patriarchal structures are not working in today's environment (18:02).

### 4.3. Gain of Control

During this post-initial successor phase, the lateral entrant has fully emerged into his role of successor and shows a mature successor identity. In the process of successor identity evolution, interviewees showed their ability to form their own perspectives and learn from experiences. By building their own teams and taking time to reflect, the majority of candidates showed a high level of satisfaction about their current position in the family firm.

### 4.3.1. Changing Relationships

Due to the sudden nature of lateral entries, an automatic shift of power is inevitable. However, most interviewees stated that there were no issues between them and employees while joining the firm. Interviewee F declared that she did not face any challenges (16:15), which was further supported by interviewee B (32:02), interviewee D (23:17), and interviewee I (10:44), who had similar experiences. Both expert interviewees described this situation as common for lateral successors after unforeseen events as the entry of a family member is seen as sign of stability and security (Interviewee K, 36:40).

> I do get the impression that when there's such a tragic situation, [. . . ] there is a completely different motivation. Then it's not about, I want to secure a position of power for myself here, it's not about I want to gain recognition from the parents. [Successors] don't want to get in here just because of the money, but the crux of the matter is a completely different motive [. . . ]. [In these cases, employees] give the [successors] a little more freedom and allow them more mistakes, because they didn't choose this role. That means you deal with them much more gently than you would with others. (Interviewee J, 13:46).

However, some frictions between employees and the lateral entrant could be detected as soon as potential threats directly related to the individual's position came up. For instance, interviewee H remembered scenarios that were due to the employees' feeling of uncertainty. As he entered with a previous career in finance, the head of the funding department of the family firm saw him as competition and was concerned about keeping his job (29:17). Furthermore, ego was a root cause of conflicts as project partners tended to address him directly about finance topics even though the chief financial officer (CFO) of the family business stood right next to him, which caused some tension (26:05). Interviewee C experienced the fear of uncertainty when she directly expressed her own insecurity about the future of the family firm and her stay, which was received extremely negatively by employees, who wished for clear commitment from their new leader (13:14). Furthermore, interviewee G experienced some challenges in terms of authority when she first started as employees addressed her informally due to her age (8:23), which she immediately set straight from the beginning on.

Looking at the human resource management (HRM) of the candidates, lateral entrants showed their preference to build new teams upon arrival. Interviewee F recalls "looking for her own people, who can grow with me" (27:02), which was also frequently observed by expert interviewee J in past cases, who not only noticed a generation change at the owner level, but also at employee level:

> The next generation will very often completely break away from [past history] through new employees, new hires. You just don't want to be the little boy or girl who ran across the facility and now leads the way. My impression is more that you bring in your own employees, who you hired yourself, who you selected yourself, who you bring into your own management level (49:13).

As for relationships between family members, the degree of change depends on the specific family member's role and the experienced unforeseen event. Interviewees, who worked alongside their parents after joining the company, reported that the relationship actually improved. Interviewee D for instance, declared that he has grown much closer with his mother after his father died as they have started to work alongside each other (28:31). Interviewee G described a similar outcome as she grew closer to her father after joining the family firm and promptly became the superior of her own mother, which left the team in doubt about future work dynamics (27:57). However, the precariousness could be taken away by mother and daughter demonstrating a hands-on work mentality, which enabled a pleasant work atmosphere amongst the team (28:45).

Nevertheless, tension and challenges within the family are not unusual during emotional, high-pressure time periods. According to expert interviewee K's know-how, "it takes a lot of your own strength to keep going" (35:31). In the past, he has observed that conflicts exacerbate in difficult situations and "some families break apart, some emerge stronger" during these tough times (35:43). However, he could not make a clear statement about the factors driving this outcome and indicated that it could have to do with the supporting parties or advisory services families involve for assistance during these times (35:55).

The debate of envy amongst siblings could be detected as one specific point of conflict during the interviews. In-

terviewee A assigned the failing relationship to her sister towards the course of her own succession in the family business. When she solely accompanied the sales process of the company, she was "rewarded with zero", referring to the lack of gratefulness or appreciation by her sister (18:08). Quite the contrary, her sister criticized her for not negotiating an even higher price (19:27). Expert interviewee J claimed that this is a frequent matter as siblings tend to ignore the hard labor and energy needed to turn a company around, which is often in a critical state after an unexpected event (40:25). Interestingly, siblings "don't even reward this and then rather want to have a piece of the cake, not really appreciating this achievement of the other" (40:50), ultimately leading to a strained relationship.

### 4.3.2. Moving on

During the course of the interviews, it was noticeable that candidates showed a point of changing the legacy and moving along by developing their own perspectives and ways of leading the company. For instance, interviewee B recalled trying to "partly fill in my father's footsteps, [but] sometimes I said 'No.' right from the start" (39:51). He further stated:

> I didn't really let myself be drawn into [the feeling of having to do things like my father] and then sometimes said "I am me and I am not my father. And I don't see that his path was the only true one. And that's why I just do it differently and I'm sorry for those who don't like it, who liked it better under my father, but this is not a wishing well for anyone here." I didn't apply for my father's profile or anything like that. (42:07).

Interviewee F took matters in her own hands when she "pretty much changed everything" (14:02) and ultimately shifted the core business of the company to another industry. She also introduced a new calculation scheme and computer system, thereby turning "the whole thing upside down" (14:25). Similar to her, interviewee C also developed her own way of taking over the company after her father's sudden death, explaining:

> But then I just developed my own perspective on the company and tried to implement it. And I think it's more mine now than it was then. At the beginning, it felt like you came into the executive office, and until Thursday my father was still sitting there. The following Wednesday, I sat there on the armchair and it's like a still very warm chair. It was not like you had a chair next to it, which you could sit on. (15:33).

However, it was not only the progress within the company that helped unforeseen successors to move on, but it was also progress within themselves, which only came after having gained some distance of time to the event. When asked about taking time to absorb and reflect everything that happened, Interviewee F remembered to have only started to take things in retrospectively when she wrote her doctoral thesis about the topic of succession (20:07) since she "hardly thought about anything during that time, everything I planned to do had to work [to save the company]" (20:14). Additionally, she named the initial phase of her succession as "a borderline exceptional situation" (20:24).

When asked about support or a sparring partner to help reflecting, most candidates indicated to having had no specific person to exchange thoughts and worries with. Interviewee I declared to not having "a fixed contact person with whom I discussed things" (16:30), while interviewee F stated to having felt "very left alone" but only realizing it at a later stage as she was busy solving issues in the first phase of succession (20:49). Nevertheless, she found a sparring partner in the managing director of an international company site, which she founded a couple of years after her entry (21:21). Furthermore, she described him to be a very important person in her life for the last 20 years and that she was "very grateful that he existed" (21:39) as they constantly exchanged ideas (21:41). Expert interviewee K confirmed the supporting effect of reflecting and having someone to communicate with by stating:

> It is very important to work very hard with yourself, to go a bit into this ability to reflect, that you have sparring partners on your side in both good and bad times in order to be accompanied in this succession process [from] the external perspective. (42:01).

He further recommended to choose a professional, third party to give perspective (43:03) to help successors find a concept in this situation of "hyper-complexity" (42:44). This proved to be successful in his past cases, when a client of him told him that he did not want to discuss every firm and succession issue within his own family (30:35). Therefore, "someone with whom you can spar, who can open your eyes, and perhaps bring a different perspective to [issues]" (30:46) was of high importance to move on.

### 4.3.3. Going One's own way

When asked about their satisfaction and fulfillment regarding their lateral entry in the family firm, the majority of successors indicated that they felt very content in today's situation. Interviewee H, for instance, declared that he spends "very little time looking back, only looking forward and I am actually happy with the way things have gone." (47:14). Moreover, interviewee G stated her happiness about the current situation and added that she was looking forward to getting more insights into other departments next year (36:00), which showed the opportunity for her to grow within the family organization. Interviewee B concurred with the mentioned points and stated that he "made the best of the situation" (56:25) and was "satisfied and [could] only complain at a high level" (57:35).

However, the experience of living through unforeseen events can be hard for all parties of the family firm involved.

When asked about negatively linking the unexpected happening to the interviewees' succession and position today, opinions differed amongst individuals. Speaking of a negative linkage, interviewee C declared right away that there is a connection between the death of her father and her position in the company that left her with negative feelings (24:26). In contrast, interviewee F was "able to completely separate [her career from the unexpected event]" (26:08), emphasizing that she does "not think anyone ever noticed [the emotional connection between the two]" (26:10).

Nevertheless, both interviewees C and F agreed on the importance of taking care of yourself in the process since "you personally neglect yourself very, very much" (Interviewee C, 18:40).

> I had so many things [to do] and really suffered from it afterwards because I didn't take care of myself and my social contacts anymore. This was completely left behind. There was no more time for that. (Interviewee F, 19:35).

Due to their own experiences, lateral successors showed a high interest in preparing the succession for their offspring in detail, especially for emergency cases like their own:

> Looking at our clients, those who had such bad experiences with the unplanned succession [do not want] this to happen again. I think they learn so much from it, realizing that they don't want to do that to their children – what they have experienced to be repeated again and again. So that's why we might have one or the other customer who then says "Let's do it better next time". (39:43).

This was the case with interviewee F, who had since handed over the company partially to her son and "didn't want him to feel like I was handing over the company, and he had to pay so much that he had no financial options at all." (24:03). Additionally, she made sure to "let my son know that he can basically do whatever he wants and that I'll be there when he needs me" (31:00). Moreover, interviewee E just experienced the sudden death of his brother, who led the company alongside him, and was in the process of preparing the unforeseen succession for his niece at the time of the interview (19:06). In this context, he emphasized the importance of getting to know the company well and introducing the successors within every department instead of giving them top management positions right from the start, if not absolutely necessary (20:02), which is highly dependent on the individual situations and unforeseen events.

## 5. Discussion

As the research question in this paper deals with the identity change of lateral family firm entrants due to unforeseen events, the given recommendations focus on supporting successors in the process of this new identity component development. In order to do so, similarities detected in the findings were used to identify frequent behavior patterns, feelings, and suggested improvements. As a result, the theoretical implications focused on detecting similarities between current academic research and interview findings, while the practical implications emphasize how the lateral entrant can be best supported emotionally as well as professionally to ensure a holistic approach of the successor identity evolution.

### 5.1. Theoretical Implications

Regarding unforeseen events, the scientific definition does correspond with the experiences of interviewees. As a matter of fact, the academic proposition that unforeseen events have negative and/or positive consequences (Rundmo, 2018) does prove itself to be true with the majority of interviewees showing overall satisfaction with their position today, while a small part of candidates did link their experience and current position in a negative way. When looking at the tools of adverse event management and prevention, a causal sequence and process model could theoretically be applied in order to execute a risk analysis of unforeseen events in family firms. However, this would require a large data set and structured clusters for individual adverse events. Additionally, the concepts of samhandling (Torgersen, 2018) and the four best practices by Söderholm (2008) can be applied as useful guidelines during the happening of an unexpected event. However, scientific research does not show explicit strategic action plans when it comes to the emotional and professional challenges due to unforeseen events in family firms. Even though statistical evidence of the high responsibility and pressure amongst family firm successors due to the economy and employees is present, inspirations for a hands-on unplanned succession concept can only be taken from regular succession implications or related events. This was also shown in the interviews, as unforeseen successors did not follow succession implications, but rather developed a strategy themselves.

In terms of the social identity theory, the evolution of the interviewees' successor identity could be well connected to the theory of Tajfel and Turner (1978). For instance, the lack of interest in successor groups during the initial successor phase shows that candidates did not necessarily identify as succeeding parties, ultimately not seeking to be accepted or in contact with this – from their perspective past then – outgroup. Only by developing their own succession identity with time, interviewees slowly categorized themselves more and more into the group of successors, ultimately joining that group after having found their role as successor. Furthermore, one could argue that successors did put effort, time, and energy into the family business to turn it into profitable entity with high employee satisfaction. As a result, successors were able to gain positive feelings from their ingroup and verified this in the interviews while stating their happiness and satisfaction about their path.

Additionally, the importance of matching the family firm's identity to the unforeseen successor's identity and vice versa was shown when most interviewees only started to identify wholeheartedly with the family business when they felt like they had discovered their own way of managing the firm and leading employees. As soon as this interplay was achieved, interviewees showed a matured successor identity, which went coincided with the family firm's identity.

Finally, the early identity development amongst family firm successors showed some similarities and differences between scholarly resources and interviews. While the academic proposition towards identity work being an emotional process could be confirmed by interview candidates, some claimed developed characteristics differed. For instance, interviewees underlined the ability to assess and take risks, while Gomez-Mejia et al. (2011) stated that family firm principals avoid taking risks due to narrow asset distribution. Furthermore, the theory of identity construction due to storytelling by Thompson et al. (2009) was not directly attested, however interviewees did declare that conversations and discussions in the home of family business owners had an impact on their character development and identification with the family firm while growing up.

In summary, current scientific research helped to clarify and explain findings from the qualitative research based on SIT and further academic remarks. However, the lack of resources for this niche topic of identity work during unforeseen succession required some cross-references and translational interpretations of related topics to gain scientific insights and implications.

## 5.2. Practical Implications

When examining the findings of the conducted interviews, commonalities of behavior and feelings are found across all observed categories of unforeseen events. Due to these consolidated results, a roadmap of the successor identity evolution could be created (Figure 2), which helped to highlight characteristic milestones found in the process of successor identity development, ultimately pointing out the needs for practical implications during the three aggregate dimensions.

As the research question focused on the change of family firm successors' identity in case of a lateral entry due to an unforeseen event, the practical implications emerging from these findings focus on measures to ensure the smooth transition from non-successor to successor identity. As this process is highly complex and individual depending on the unforeseen event, the following practical implications are designed to support entry candidates on an internal, emotional level, while also giving assistance on the external, business aspect.

As depicted in Figure 3, recommendations can be given in accordance with the constructed roadmap to provide potential lateral entrants with a clear and timely structured proposition in case of an unforeseen happening. As illustrated in the first part of findings, lateral entrants developed favorable characteristics as a result of their upbringing in a family firm environment. As potential entrants are still in the phase of child- or young adulthood, the following recommendations are generally addressed at predecessors, and thereby parents or similar guardians, of the entrants. A further advancement of mentioned entrepreneurial qualities and values is of high importance as fostering the business sense of potential successors is not only helpful for any career they may choose after their own liking but can also be of tremendous assistance in case of an unforeseen succession. Additionally, it is important to promote a partaking in staying updated about the family firm to keep successors in the loop and teach rational decision-making from early on. Moreover, the focus on discussing challenges about the company at home was linked to negative feelings by the majority of interviewees, ultimately driving potential successors away from the willingness to join the firm in the future. However, it is also important to address issues at first hand to educate descendants about possible struggles in the industry and business. Therefore, the shift from problem-focus to problem-solving is recommended in this context as this trains potential entrants to apply knowledge and developed qualities in a practical way. During this time, predecessors can already get a sense if descendants are eligible to become successors, which is important for their personal and the company's own good. In case of a clear mismatch, arrangements like appointing external managers or discussing a potential sale of the company can be discussed at an early stage.

Furthermore, the lateral entrant should be supported from the start of his entry in the family firm from two perspectives. As unforeseen events are mostly related to highly sensitive topics, an emotional support during this time is of utmost importance but is often neglected. This can be done by a medical professional or any sparring partner the candidate feels like having a trusting relationship with. Additionally, successors usually need assistance to navigate through the company's idiosyncrasies and business model, including departments like manufacturing or financial operations. A business coach specialized on family firms can be of help to give structure to the succession strategy, while long-term employees with experience and knowledge about the firm can support with knowledge-transfer and providing the big picture as starting point to the lateral entrant. By taking care of both the internal, emotional component and the external, business side of the unforeseen succession, the lateral entrant is given the chance to find a balance between his personal and professional sense without getting lost in the process of the prompt and surprising change of plans.

After having gone through an unforeseen succession, interviewees showed a high willingness to prepare future handovers once they have gained control over the situation. In order to provide an emergency succession plan for future generations, I recommend the involvement of an external consultant specialized on succession. By executing stress tests that simulate the death, sickness, or downtime of different players or other scenarios like liquidity shortages, or the integration of external managers, the behavior tendencies of involved parties can already be assessed, and consequential scenarios and step-by-step strategy models can be
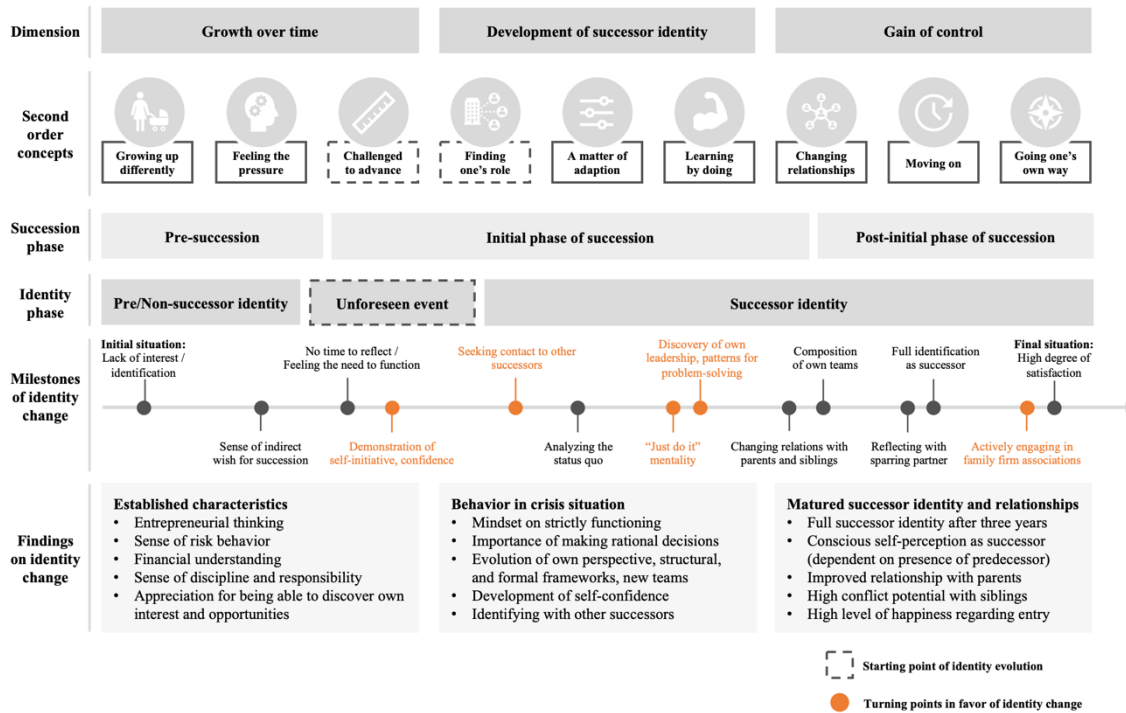
**Figure 2:** Roadmap of Successor Identity Evolution

constructed. Moreover, a guideline for first step actions for the successor will ensure an organized approach to immediate actions after the unforeseen event. For instance, these should include measures like analyzing the status quo, allocating roles, knowing where to find information, and communicating with employees and stakeholders to show stability, followed by focusing on a long-term plan. Additionally, composing a "core emergency management team" on demand consisting of long-term employees with broad experience and knowledge about the family firm's inner structure, assets, and overall history will support lateral entrants immediately after the unexpected happening and give them certainty and confidence during the initial and post-successor phase. Aside from that, I would recommend hosting regular meetings with family members who are potential unforeseen successors in order to keep them updated on trends within the company.

## 6. Conclusion

This thesis aimed at investigating the influence of unforeseen succession on the identity of lateral entrants in family firms. As a result of interviewing nine German-based lateral entrants and two consultants specialized in family firms and succession, I gathered valuable insights into the evolution of successor identity, which showed to be more of an ongoing process instead of a disruptive identity change. The found aggregate dimensions could be translated into the chronological succession phases of pre-succession, initial succession phase, and post-initial succession phase, which all showed specific findings and milestones in terms of identity evolution. Established entrepreneurial characteristics and

similarities in rational behavior during the unforeseen event helped successors to develop their own, mature successor identity, which resulted in changed relationships within the family and amongst employees. Furthermore, milestones like demonstrating self-initiative and confidence during the unexpected happening, engaging with other successors, showing a "just do it" mentality, discovering own perspectives, leadership style, and problem-solving skills could be identified to present turning points in the development of successor identity.

As these findings demonstrated an in-depth understanding of the identity process during an unforeseen succession, theoretical implications on behavior patterns of lateral entrants could be given through the lens of the social identity theory, which supported the idea of being able to explain successors' behavior during the challenging process of identifying with a foreign component of their being, which was given during the initial phase of succession. Furthermore, gained insights from the interview findings led to the opportunity of giving practical implications to future unforeseen successors in a well-structured approach. These implications did not only focus on the obvious, preventive measures but also included recommendations for the successor's upbringing in order to position potential lateral entrants in the best way possible for the organization and their own sake. Finally, suggestions for the acute case of an unforeseen succession were provided, which included instructions for taking care of the successor's personal and professional state of mind.

Similar to any empirical research, the findings of this study present limitations. Firstly, the sample size of eleven interviewees is small, especially considering that different un-

**Figure 3:** Action Implications for Unforeseen Events in Family Firms

foreseen events were indicated by the interview candidates. As the majority of interviewees experienced sickness or death of a parent as adverse event, the focal point of the study may have shifted to more in-depth information on this specific event despite verifying similarities with other candidates and expert interviewees. Secondly, the discussed topic was highly sensitive and personal to the interviewees, which could have resulted in a conformity bias (Padalia, 2014), ultimately trying to give an answer expected by the broader society. This might have especially been the case since most interviews were conducted in a digital setting and knowingly recorded. Furthermore, the perspective of interviewees was limited to experiences in German-based family firms and the degree of successors' self-reflection varied as interview candidates showed a distinction in terms of year of entry in the family firm. However, this thesis depicted the emotions, thoughts, and wishes of lateral entrants during the unforeseen succession process and followed a trustworthy and holistic approach to offer future unplanned successors an informational roadmap and concrete guideline to the evolution of their successor identity. To further elaborate on this topic, future research should focus on gathering more insights allocated to different unforeseen scenarios to find specific recommendations for the respective adverse events.

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