Title: The Effects of Family Firm CEO Traditionality on Successor Choice: The Moderating Role of Socioemotional Wealth

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The Effects of Family Firm CEO Traditionality on Successor Choice: The Moderating Role of Socio-Emotional Wealth

ABSTRACT

Drawing on upper echelons theory, this study examines how the traditionality of family chief executive officers (CEOs) influences the selection of their successors, and how this relationship is moderated by two dimensions of socio-emotional wealth. Recognizing the central role of CEOs in determining successors, we show that a family CEO's cultural values regarding traditionality have a significant positive effect on the probability that a family member is chosen as successor. We find that this relationship is strengthened by the family members' identification with the firm and weakened by the family members' sense of dynasty. Our contributions to theory and practice are discussed.

Keywords

CEO traditionality, family members' identification, sense of dynasty, successor choice

INTRODUCTION

In the family business literature on chief executive officer (CEO) succession, an essential question is whether the successor will be from within or outside the family (Lee, Lim, & Lim, 2003). Deciding the CEO's origin is a critical strategic decision for every family firm (Ansari, Goergen, & Mira, 2014; De Massis, Chua, & Chrisman, 2008), as it sets the tone for the firm's foreseeable future. Previous family business scholars have mainly investigated the antecedent of the insider succession decision through macro-level analysis, such as sociocultural environment and industry factors (e.g., Yan & Sorenson, 2006), firm-level financial performance (e.g., Boeker & Goodstein, 1993), and family-level non-economic predictors (e.g., Jiang, Kellemanns, Munyon, & Morris, 2018). However, our understanding of microfoundations (e.g., CEO's individual-level determinants) in relation to intra-family succession remains limited (De Massis, Sieger, Chua, & Vismara, 2016; De Massis & Foss, 2018). The microfoundation perspective offers new insight into how individual psychological attributes affect strategic choice, a topic that has been neglected in family business research (Nicholson, 2008; Sharma, Chrisman, Chua, & Steier, 2020). Given the pivotal role of incumbents in the process of successor selection (Gilding, Gregory, & Cosson, 2015), family business scholars should investigate CEOs' psychological traits as predictors (De Massis & Foss, 2018; Kelleci, Lambrechts, Voordeckers, & Huybrechts, 2019; Zahra & Newey, 2009).

Upper echelons theory suggests that executives examine their decision circumstances through personalized lenses shaped by their past experiences, personalities, and values (Gupta, Briscoe, & Hambrick, 2018). The idea that executives' psychological traits influence their selection of strategic alternatives (e.g., successor choice) was formalized by this theory (Hambrick & Mason, 1984; Hambrick, 2007). Several streams of research have shown that the incumbent CEO's psychological characteristics, such as proactivity (Marler, Botero, & De Massi, 2017), optimism (Campbell, Gallmeyer, Johnson, Rutherford, & Stanley, 2011), and religion (Shen & Su, 2017), play a significant role in successor selection. However, few studies have explored the effect of family CEOs' cultural values, specifically traditionality. As a key reflection of individual cultural values, traditionality has garnered extensive academic attention (Farh, Earley, & Lin, 1997; Farh, Hackett, & Liang, 2007; Hui, Lee, & Rousseau, 2004). Traditionality can be understood as "the extent to which an individual endorses the traditional hierarchical role relationships prescribed by Confucian social ethics" (Farh et al., 2007, p. 717).

Although the literature on psychology and organizational behavior has revealed that traditionality affects employee and middle manager decisions (e.g., Farh et al., 2007; Hui et al., 2004), our understanding of how CEOs' traditionality shapes their attitudes toward inside and outside successors in the family business context is limited. It is important to address this research gap for several reasons. First, research on cultural differences has shown how family firms in the West versus those in the East differ in their preferences for inside or outside successors. In China, the preference is heavily influenced by Confucian ideology (Bennedsen, Fan, Jian, & Yeh, 2015). Second, recent family business research has recognized that at the individual level, CEOs have heterogeneous personal cultural values that directly affect successor selection (e.g., Dou & Li, 2013; Shen & Su, 2017). Unlike Hofstede's (2001) societal-level cultural values, traditionality conceptualizes societal differences in terms of individual subjective psychological characteristics. Thus, traditionality can serve as a new construct to address the research gap between the family business literature and the organizational behavior literature (Marler et al., 2017). Third, the effects of a CEO's traditionality are amplified in the family business context due to the CEO's ultimate authority over family governance (Nicholson, 2008).

Family firms contend with the paradoxical force between tradition and strategic change (e.g., Erdogan, Rondi, & De Massis, 2019). As such, it is worthwhile to investigate how the CEO's traditional values affect successor selection, which poses a potentially fundamental change to the firm's future (Ansari et al., 2014).

Another research gap in the family business literature on succession is related to the heterogeneity of socio-emotional wealth (SEW) (Jiang et al., 2018) and the various family contexts caused by different levels of SEW accumulation. SEW is an important antecedent of successor choice but is often considered a "black box" (Gómez-Mejía, Cruz, Berrone, & De Castro, 2011), and few studies have considered its uniqueness in the family business context (e.g., Schepers, Voordeckers, Steijvers, & Laveren, 2014). Moreover, the microfoundations of SEW have been largely ignored (Daspit, Chrisman, Sharma, Pearson, & Mahto, 2018; Holt, Pearson, Payne, & Sharma, 2018). Compared with the numerous studies on the direct effects of SEW, far fewer studies have focused on the moderating role of SEW on executive traits and firm outcomes (e.g., Schepers et al., 2014). For family firms, SEW is an intangible asset that can be accumulated over time with firm growth (Shen & Su, 2017), which fosters unique decision situations for CEOs. Thus, it is important to understand how incumbent CEOs' psychological characteristics interact with family contextual and affective variables such as SEW (Klotz & Neubaum, 2016).

These research gaps raise two important questions. First, does the traditionality of family incumbent CEOs affect their choice of successor, and if so, how? Second, how do different dimensions of SEW restrain or amplify the effects of family CEOs' traditionality on successor choice? Answering these questions is crucial to the family succession literature. Not only are incumbent CEOs embedded in the national culture, but their social relationships with other family members complicate the decision-making process (Miller, Wiklund, & Yu, 2020). Relationships within a family system, including those between family CEOs and their firms, are emotionally charged and can thus complicate organizational interactions (Shepherd, 2016). We suggest that the combination of a sociological perspective (e.g., different dimensions of SEW) and an upper echelon perspective (e.g., CEO traditionality) offers a useful theoretical framework for studying family firm behaviors (Sharma, Chrisman, Chua, & Steier, 2020).

Using upper echelons theory (Hambrick & Mason, 1984) and the concept of SEW (Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007), this study examines the relationship between CEO traditionality and successor choice, and the moderating roles of different dimensions of SEW. Adopting the construct of traditionality from psychology, this study sheds light on the importance of family CEOs' psychological traits in guiding their choice of successor. We answer the call of Vandekerkhof, Steijvers, Hendriks, and Voordeckers (2015) to consider emotional factors when exploring family firms' decision to hire non-family managers. Grounded in the SEW framework (Gómez-Mejía et al., 2007), this study examines two family affective contingencies that affect the CEO traditionality–successor choice relationship: (1) family members' identification with the firm, and (2) family members' sense of dynasty (Chua, Chrisman, & Sharma, 1999). In examining the moderating effects of these two dimensions of SEW on the CEO's traditionality, we aim to capture the diversity of business-owning families in terms of emotional capital (Daspit et al., 2018), and thus contribute to the literature on the microfoundations of SEW (Jiang et al., 2018), expand family business succession research on psychological foundations (De Massis & Foss, 2018; Klotz & Neubaum, 2016), and enrich the literature on the contingencies of upper echelons theory in the family business context (e.g., Lovelace, Bundy, Hambrick, & Pollock, 2018).

THEORY AND HYPOTHESES

Antecedents of successor choice in family firms

The selection of a CEO successor is crucial to the success and continuity of a family business (Lee et al., 2003; Zahra, Hayton, & Salvato, 2004). The replacement of a CEO can critically increase or diminish the power of managers and employees and thus affect an organization's future direction, strategy, and structure (Peffer, 1981). Although family firms might note that firms that transition to professional CEOs outperform those that maintain family leadership (e.g., Chang & Shim, 2015), outsiders are usually automatically handicapped in the process of CEO succession (Agrawal, Knoeber, & Tsoulouhas, 2006). Unlike CEOs of non-family firms, family CEOs generally prefer family offspring or close family members to take over the business (Bertrand & Schoar, 2006; Stewart & Hitt, 2012; Tabor, Chrisman, Madison, & Vardaman, 2018). Strategy scholars have suggested that outside successors are only appointed following poor performance (Cannella & Lubatkin, 1993) to introduce new ideas to the firm (Blumentritt et al., 2007). When no qualified family successors are available, family firms face a dilemma in terms of CEO selection (e.g., Chang & Shim, 2015). Given the importance of the origin of the successor to a family firm's prosperity and the difficulty of making successor decisions, "there is a need for a better understanding of what the important factors are in choosing a family successor" (Keating & Little, 1997, p. 159).

Scholars have explored a number of antecedents of successor choice through macro-level analysis (Ansari et al., 2014; Gómez-Mejía et al., 2011; Shen & Su, 2017), but the influence of the incumbent CEO's psychological decision-making process has been largely neglected in family business research (De Massis & Foss, 2018; Kellermanns & Eddleston, 2007; Nicholson, 2008). There has been little theorizing on how specific psychological traits may offer insight in the family business context, which is surprising given these traits' usefulness in predicting behavioral outcomes (e.g., successor selection) (De Massis & Foss, 2018; Marler et al., 2017). Among the different CEO characteristics, psychologists have identified the significant role of cultural values in constructing an individual's opinions on and attitudes toward family business succession decisions (Ruggieri, Pozzi, & Ripamonti, 2014). The literature on leadership has indicated that leaders' belief and value systems are culturally shared (House, Hanges, Javidan, Dorfman, & Gupta, 2004). From a psychological perspective, we suggest that CEOs with different cultural values may behave differently when called upon to make strategic choices, such as selecting successors (Hofstede, 2001).

Due to the long-standing scholarly interest in Chinese family firms, the significant influence of Chinese culture on business and managerial practices has been well documented (Ahlstrom, Chen, & Yeh, 2010; Su & Carney, 2013).The literature on cultural differences has shown that predominantly U.S.-based models and constructs are inapplicable to Asian firms due to the differences in cultural values between Asia and the West (e.g., Bruton, Ahlstrom, & Wan, 2003; Farh et al., 2007). The influence of cultural differences on a family firm's preference to appoint outside professional managers has also been well documented (e.g., Burkart, Panunzi, & Shleifer, 2003). Long and Chrisman (2013) suggested that a combination of cultural norms and multi-level factors should be included in family business research models to improve our understanding of the succession process. Therefore, we argue that beyond economic considerations, the cultural values of Chinese CEOs provide an explanation for their preference for inside successors.

Upper echelons theory and incumbent CEOs' traditionality

Upper echelons theory (Hambrick & Mason, 1984) has long recognized that the observable characteristics of top executives can help to explain how they make decisions. The theory posits that these characteristics are proxies for the values and self-cognitions of executives (e.g., Christensen, Dhaliwal, Boivie, & Graffin, 2015). As a CEO has a significant influence on strategic decisions, a firm's propensity to select a family successor is thus affected by the CEO's preferences and priorities, which are derived from their personal values (Berson, Oreg, & Dvir, 2008; Chatterjee & Hambrick, 2007; Gerstner et al., 2013; Hambrick & Mason, 1984).

Although the family business literature has shown that incumbent CEOs' personality traits affect their decisions regarding successor selection (Campbell et al., 2011; Hutzschenreuter, Kleindienst, & Greger, 2015), the importance of their cultural values has been neglected. A number of empirical studies on executive characteristics have demonstrated the impact of top managers' cultural backgrounds on corporate decisions and outcomes (e.g., Brochet, Miller, Naranjo, & Yu, 2019; Du, Yu, & Yu, 2017; Nguyen, Rahman, & Zhao, 2018). There is consistent evidence that CEOs' cultural characteristics are key motivators of firm behavior, with incremental effects greater than the effects of other personal characteristics (Nguyen, Hagendorff, & Eshraghi, 2017). Our study focuses on CEO traditionality as the measure of the executive's individual-level cultural values (Fu & Zhang, 2019; Minichilli, Corbetta, & MacMillan, 2010).

Traditionality refers to the extent to which an individual endorses the traditional hierarchical role relationships as prescribed by Confucian social ethics (Farh, et al., 1997). Traditionality is distinct from Hofstede's (2001) cultural dimensions (e.g., power distance and masculinity) in two ways. First, although Hofstede's cultural dimensions provide a great way to generalize similarities and differences among countries in broad strokes, they do not include the quintessential characteristics of Confucian societies. Traditionality is rooted in Confucianism and reflects individuals' moral obligation to fulfill the normative expectations of social roles and to advance collective benefits (Farh et al., 2007). Despite both power distance and traditionality capturing the degree of deference to authority figures, power distance is a universal measure that carries fewer cultural and moralistic overtones than traditionality (Far et al., 1997). Similarly, social norms characterized by masculinity emphasize material rewards and personal achievements, rather than people and quality of life (Hofstede, 2001). In contrast, traditionality is centered on Confucian social ethics that endorse collective interests and family relationships. Therefore, the definition and the operationalization of traditionality are distinct from those of power distance and masculinity (Farh et al., 2007). Second, traditionality emphasizes individual differences in people's willingness and likelihood to behave in ways that satisfy familial and societal expectations, whereas Hofstede's model emphasizes national cultural differences at the societal level. Extensive empirical evidence has demonstrated the significant explanatory power of traditionality on an individual's diverse workplace behaviors and outcomes (Far et al., 1997; Spreitzer, Perttula, & Xin, 2005; Wu, Kwan, Wu, & Ma, 2018; Zhang, Song, Tsui, & Fu, 2014). Given the prevalence of traditionality in firms (Pillutla, Farh, Lee, & Lin, 2007) and the influences of both society and family in shaping individual-level traditionality (Farh et al., 2007), we argue that traditionality is one of the most context-appropriate constructs to measure a CEO's cultural value in the family business context.

For family firms in societies deeply influenced by Confucian ideology, traditionality is regarded as a powerful predictor of incumbent CEO behaviors. In China, people tend to accept social hierarchy and obey authority figures. Cultural characteristics related to the perceptions of hierarchical social relationships that are consistent with Confucian ideology usually fall under the umbrella concept of traditionality (e.g., Farh et al., 2007). Moreover, traditionality is a representative and universal phenomenon in Chinese organizations (Pillutla et al., 2007). Over the last three decades, economic reforms have transformed China from a centrally planned economy to a market-driven economy, which has led to fundamental changes in individual values (Ahlstrom, Bruton, & Yeh, 2007). Nevertheless, traditionality remains pervasive in contemporary Chinese society (Yang, 2003). Research on traditional Chinese values has found that traditional values have a profound influence on management practices (Au & Kwan, 2009). In today's dynamic and increasingly internationalized business environment, the juxtaposition of China's market economy reforms and its deep-rooted traditional cultural values makes Chinese family firms the perfect context for exploring this topic.

CEO traditionality and successor choice

Traditionality is the degree to which individuals endorse traditional Chinese values (Yang, Yu, & Yeh, 1989). The main components of traditionality are respect for authority, filial piety, ancestor worship, conservatism, endurance, and male dominance (Farh et al., 2007). Individuals who more strongly endorse such traditional values are more likely to apply them to personal relationships (Yang et al., 1989). The traditional Chinese perception of the head of the family as an authority figure and a parental figure is readily generalized to the heads of larger social groups or organizations. Regarded as father figures, authority figures receive absolute loyalty and obedience from both family members and organizational subordinates (Yang, 1993).

Traditional Chinese CEOs choose successors over whom they maintain personal authority within a hierarchical relationship. Compared with outside professional managers who have their own management knowledge and authority, family member successors are more likely to respect the incumbent's ideas and obey the incumbent as the organization's parental authority. The goal of keeping control and power of the firm within the family makes family CEOs less willing than their non-family counterparts to recruit the external human capital that is typically needed for change (De Massis, Wang, & Chua, 2019). Choosing a family member as a successor is how traditional family CEOs protect their status as authority figures. The psychological basis of this choice is the belief that family members (e.g., a son/daughter) will conform to expectations and norms, and will display trust, protectiveness, and courtesy toward their father or father figure (Hui et al., 2004).

Furthermore, traditionalists are oriented toward authoritarianism and the hierarchy of respect (Yang, 2003). Traditional family CEOs tend to embrace hierarchical role relationships in society. Interpersonal relationships in Chinese Confucian society can be categorized into three relational hierarchies, from inside (close) to outside (far): *chia-jen* (family members), *shou-jen* (familiar people, such as relatives outside the immediate family and family friends), and *sheng-jen* (strangers; Yang, 1993). Thus, traditional family CEOs are likely to treat family members very differently than they do strangers. Traditional CEOs tend to more strongly trust, relate to, and identify with family members than non-family members (Yang, 1993). More specifically, highly traditional CEOs treat family members—connected by kinship ties, shared common goals and values, and reciprocal trust (Aldrich & Cliff, 2003)—as their innermost circle in all areas of their lives. In light of the above discussion, we posit that traditional family CEOs are likely to choose a family member as a successor to keep their authority figure status because it is easier to exert personal influence over, share information with, and elicit trust and reciprocity from family members than non-family members (Birtch, Au, Chiang, & Hofman, 2018). Therefore, we hypothesize the following:

Hypothesis 1: The stronger the family CEOs' traditionality, the more likely they choose family members as their successors.

The moderating role of SEW

Scholars have long acknowledged the significance of environmental factors in constraining the effects of CEO characteristics on firm decisions and outcomes (Hambrick, 2007). Most of the literature that uses upper echelons theory has focused on contextual factors, either from a business perspective (e.g., Li & Tang, 2010) or an institutional perspective (e.g., Nadkarni & Chen, 2014). The family-related emotional contexts of CEO decision-making have been largely ignored. James et al. (2012) highlighted the importance of incorporating family-related contexts into family business research. Following a nature versus nurture argument, family plays a key role as the most significant contextual factor affecting human development (Collins, Maccoby, Steinberg, Hetherington, & Bornstein, 2000), as family shapes the behavior of family CEOs. Through repeated interactions with family members—that is, the primary social group—individuals often modify their behaviors based on feedback (Smith, Lang, Kryzak, Reichenberg, Hollander, & Silverman, 2009). In family firms, the decisions of incumbent CEOs are often driven by their family members' affective characteristics (Baron, 2008), which blur the boundaries between family and business (Berrone, Cruz, Gómez-Mejía, & Larraza-Kintana, 2010). A complex blend of situational and relational factors inevitably influences the attitudes of a family firm's incumbent CEO toward intra-family succession (De Massis et al., 2016).

To fully understand the effect of incumbent CEOs' traditionality on family firms' successor choice, it is necessary to incorporate the emotion-based factors related to the owning families (Vandekerkhof et al., 2015). We suggest that the concept of SEW (Berrone et al., 2010), a key emotion-related factor relevant to owning a family business, can aid our understanding of the heterogeneous family contexts behind an incumbent's successor choice. We further posit that the incumbent CEO's attitudes toward the preference for inside successors are influenced by their socio-emotional contexts (De Massis et al., 2016). The literature has mainly considered SEW as a singular direct antecedent of family firm behavior (e.g., Gómez-Mejía et al., 2011), and few studies have focused on its contingent effects (Vandekerkhof et al., 2015). We argue that the extent to which SEW varies among family firms provides a useful heterogeneous family business context in which to investigate the influence of CEO values on family firm behavior. Thus, we explore the moderating effects of two dimensions of SEW: family members' identification with the firm and family members' sense of dynasty (Berrone et al., 2012).

Family members' identification with the firm refers to the degree to which the members of the owning family perceive themselves as deeply intertwined with the firm and are proud to be part of the family business (Berrone et al., 2012). Research on social psychology has shown that individuals who identify with particular social groups (family firms in our case) are likely to show favoritism toward members of these groups (Turner, Brown, & Tajfel, 1979). Family members who identify as members of family firms make sense of their social environment and define themselves in relation to the incumbent CEO (Deephouse & Jaskiewicz, 2013).

When family members' identification with the firm is high, they are likely to respect the CEO's traditional values and decisions in selecting an inside successor, because they are cognizant of and value their group membership, which thus translates into a deep emotional investment in the firm (Ashforth, Harrison & Corley, 2008; Deephouse & Jaskiewicz, 2013). Given the incumbent CEO's ultimate authority in the business, family members with high identification with the firm are encouraged to help realize the CEO's goals, such as intra-family succession (Hekman, Steensma, Bigley, & Hereford, 2009; Liao, Liu, Kwan, & Li, 2015). Furthermore, family members' strong identification with the firm fosters open communication, such that the incumbent CEO and other family members can readily share opinions, feedback, and expectations (Zellweger, Eddleston, & Kellermanns, 2010). Family members who frequently interact and communicate with the incumbent CEO are likely to share their views on successor choice (Sorenson, Goodpaster, Hedberg, & Yu, 2009) and support their CEO's decisions. Conversely, family members with low identification with the firm tend to be indifferent to the succession decision. Family members with low identification are less likely to devote personal effort to helping an incumbent CEO with a high level of traditionality to realize intra-family succession.

More importantly, family members who have high identification with the firm are more likely to pursue a career within the firm and be satisfied in their role as successor (Dyck, Mauws, Starke, & Mischke, 2002). These family members are viewed as attractive succession candidates to incumbent CEOs with high levels of traditionality seeking willing and committed family successors (Barach & Ganitsky, 1995; Le Breton-Miller, Miller, & Steier, 2004; Sharma, Chrisman, Pablo, & Chua, 2001). In contrast, family members who have low identification with the firm are more likely to develop careers outside the family business, which shrinks the internal talent pool of potential successors. Recent empirical evidence has shown that family members are less willing to be successors when their commitment to the family is low and the incumbent's commitment to the family is high, because such CEO–successor value incongruence hinders the quality of their relationship (Lee, Zhao, & Lu, 2019). Thus, traditional CEOs are less likely to believe they can select the appropriate candidate from the existing pool of family members when the family's identification with the firm is low. Taken together, we suggest that family members' sense of identification with the firm magnifies the main effect of the CEO's traditionality on the preference for a family successor. We hypothesize the following:

Hypothesis 2: In family firms, family members' identification with the firm positively *moderates the relationship between the family CEO's traditionality and the likelihood that an inside successor is chosen.*

Family members' sense of dynasty refers to the family's intention to build an enterprise that will last for generations. This intention is often coupled with the family's strong desire to hand the business down to future generations (Berrone et al., 2012). The effectiveness of family business succession is largely dependent on the family's desire for continuity and harmony (Gilding et al., 2015). Thus, choosing a family successor is especially important because family ownership of the firm is essential to the preservation and creation of the family's SEW, and having total control is the family's only way to pursue its personal interests through the business (Zellweger, Kellermanns, Chrisman, & Chua, 2012). Zellweger and colleagues (2012) suggested that transgenerational sustainability is a central goal of family firms and that families seek to ensure the renewal of family bonds through dynastic succession.

For families with a strong sense of dynasty, the family business is not a mere asset that is easily sold because it symbolizes the family's traditions, values, heritage, and hopes for the future (Casson, 1999; Tagiuri & Davis, 1992). To maintain family traditions and values, family members with a strong sense of dynasty are likely to treat a family business as a long-term investment (Berrone et al., 2010) and to support a traditional CEO's decision to select an inside successor. Different from non-family CEOs, incumbent family CEOs seek successors who prioritize pursuing family values and goals over business goals (Chrisman, Sharma, Steier, & Chua, 2013; Mahto, Davis, Pearce, John, & Robinson, 2010). When the owning family's sense of dynasty is high, the intra-family succession goals of family members are more consistent with those of the traditional CEO. As such, CEOs with high levels of traditionality are more likely to find an inside successor who can meet their requirement of pursuing family goals. When the family's values and goals are consistent with the incumbent CEO's traditional values and goals, family members are more likely to support the CEO's decisions, which thus amplifies the effects of the CEO's traditionality. Additionally, family members with a strong will to maintain control of the firm over generations are more committed to the family and the firm's success (Zellweger et al., 2011). This commitment encourages more serious consideration over a qualified successor and creates a larger talent pool of internal candidates (Gersick et al., 1997). Thus, the positive effects of the CEO's traditionality on the inside successor decision are strengthened with an increasing number of qualified inside potential successors when the family's sense of dynasty is strong. Taken together, we hypothesize the following:

> *Hypothesis 3: In family firms, family members' sense of dynasty positively moderates the relationship between the family CEO's traditionality and the likelihood that an inside successor is chosen.*

METHODS

Sample and data collection

We identified 580 family firms in eastern China through an entrepreneurship research center at a large local university. China is a suitable setting to conduct research on CEO traditionality because Chinese people are often strongly influenced by their relationships with relevant others in a hierarchical social system (Tsui & Farh, 1997). We identified family firms by tracking elements that capture the nature and extent of family involvement in business operations (Lansberg & Astrachan, 1994; Miller et al., 2008). We used family ownership and the number of family members in the top management team to measure family involvement. If a business had family ownership and employed at least two family members as top managers, we considered it a family business.

Our questionnaires were delivered in person or mailed to the CEOs of the 580 targeted family businesses through contact information provided by students enrolled in the focal university's entrepreneurship classes. We informed all of the respondents of the academic purpose of the project in advance, and assured them that their responses would remain confidential and that only aggregate findings would be reported. We received 239 responses, a response rate of 41.2%. We excluded 29 incomplete questionnaires and 14 questionnaires with inconsistent answers, which reduced the sample to 196 family firms. Most of the CEOs who participated in the survey were men (88%), and most were middle-aged (83% were between 40 and 60 years old).

Measures

Following the translation–back-translation procedure (Brislin, 1986), we converted the relevant English items into Chinese for our survey. Unless otherwise indicated, all of our items were measured on 7-point Likert scales (1 = strongly disagree, 7 = strongly agree).

CEO traditionality. We measured CEO traditionality using the five-item short-form scale proposed by Farh et al. (2007). This shortened scale has been used successfully in previous organizational behavior research in Asian contexts (e.g., Chen & Aryee, 2007; Farh et al., 2007; Hui et al., 2004). The five items of the scale are as follows: (1) "The chief government official is like the head of a household. The citizen should obey his decisions on all matters." (2) "The best way to avoid mistakes is to follow the instructions of senior persons." (3) "Before marriage, a woman should subordinate herself to her father; after marriage, to her husband." (4) "Children should respect those people who are respected by their parents." (5) "When people are in dispute, they should ask the most senior person to decide who is right." Cronbach's alpha for this scale is 0.89, indicating a high level of reliability.

Successor choice. We used two questions to measure the likelihood that a family firm selects an insider successor. First, we asked the respondents the following question: "Have you selected your potential successor?" with the options "yes" or "no." If the respondents answered "yes," they were required to answer the second question: "Who is selected as your potential successor?" with the four options "children," "other family members," "outside professional managers," and "other (please specify)." The variable was coded as 1 if the family CEO chose children or another family member as the potential successor, and 0 otherwise.

Family members' identification with the firm. We measured family members' identification with the firm using a six-item scale based on Berrone et al. (2012). Sample items are as follows: "Family members have a strong sense of belonging to our family business"; "Family members feel that our family business's success is their own success"; "Our family business has a great deal of personal meaning for family members." Cronbach's alpha for this scale is 0.92, indicating high reliability.

Family members' sense of dynasty. We measured family members' sense of dynasty using a four-item scale suggested by Berrone et al. (2012). Sample items are as follows: "Continuing the family legacy and tradition is an important goal for my family business"; "Family owners are less likely to evaluate their investment on a short-term basis"; "Family members are unlikely to consider selling the family business"; "Successful business transfer to the next generation is an important goal for family members." Cronbach's alpha for this scale is 0.85, indicating high reliability.

Validity test. We conducted a confirmatory factor analysis using the Amos 17.0 software package (Joreskog & Sorbom, 2004). The results indicated a poor fit for the one-factor model (chi-square, X^2 = 941.6; degrees of freedom [*df*]: 90; comparative fit index [CFI]: 0.52; Tucker–Lewis index [TLI]: 0.43; incremental fit index [IFI]: 0.52; root mean square residual [RMR]: 0.26), and an acceptable fit for our hypothesized three-factor model of traditionality, sense of dynasty, and identification with the firm (X^2 = 262.85, *df*: 87, CFI: 0.90, TLI: 0.89, IFI: 0.91, RMR: 0.076). The scale items loaded strongly on each hypothesized factor: traditionality (scale items: 0.72–0.83), the family's identification with the firm (scale items: 0.71–0.87), and the family's sense of dynasty (scale items: 0.70–0.85). We also evaluated discriminant validity by using the X^2 difference test (Chang & King, 2005) and examining the factor correlations. The correlations between any two factors were lower than 0.5, indicating the discriminant validity of the three constructs (Bhattacherjee, 2002). These results demonstrated the convergent and discriminant validity of the three construct measures in our model.

Control variables. We controlled for the effects of firm, family, industry, and CEO individual-level characteristics on successor choice. First, we controlled for the firm's age, size, and past performance because these variables have been found to be directly associated with successor choice (McColgan & Hillier, 2005). Firm age was measured as the logarithm of the number of years since the firm was founded. Firm size was measured as the logarithm of the firm's total assets. Second, we controlled for the effects of family ownership and family involvement on successor choice (Ansari et al., 2014). Family ownership was measured as the percentage of shares owned by the family. Family involvement was measured as the number of family members in top management positions. In the survey, we asked the respondents to answer the following question: "How many family members work as top managers in your company?"

Third, we controlled for the CEO's age, gender, education level, birth order, number of siblings (Keating & Little, 1997; Rogers & Salamon, 1983), expected retirement age, and religious beliefs. We controlled for religion because the incumbent CEO's religiosity has been shown to play an important governance role, which may affect succession decisions (Shen & Su, 2017). We also controlled for the effects of the CEO's number of siblings and number of children to rule out the influence of family human capital on successor choice (e.g., Parker, 2016). Finally, we controlled for industry differences by including industry dummy variables.

Data analysis

To test Hypothesis 1, we focused on the influence of CEO traditionality by distinguishing between family firms that selected family members as successors and those that did not. In our sample, 112 of the 196 family CEOs preferred to choose family members rather than non-family members as their successors. To model the differences between the choice of family successors and the choice of non-family successors, we used the method suggested by Hair, Anderson, Tatham, and Black (1995). We conducted a binominal (maximum likelihood) logistic regression to test our hypotheses, using a dichotomous outcome variable to generate odds ratios for the dependent variables rather than the coefficients alone. The odds ratio we used is as follows:

$$P(Y) = 1/\,(1+ e^{-z}),$$

where Y is the outcome variable equal to the probability that a family firm selects a family member as the potential CEO successor, and Z is a linear combination of the independent variables, that is,

$$Z = b_0 + b_1X_1 + b_2X_2 + \ldots + b_nX_n.$$

The binary logistic regression shed light on the factors significantly related to the likelihood of a given family firm choosing an inside successor. To minimize multicollinearity, the CEO's traditionality, the family's identification with the firm, and the family's sense of dynasty were standardized prior to the regression analyses. The presence of multicollinearity was assessed in the regression model. The values of the variance inflation factors were all below 3.0, ruling out multicollinearity concerns (Neter, Wasserman, & Kutner, 1985).

RESULTS

Table 1 presents the means, standard deviations, and Pearson correlations of all of the variables used in our analyses. The zero-order correlation between CEO traditionality and the likelihood of selecting a family member as successor is 0.39 ($p < 0.01$). Family members' identification with the firm is strongly correlated with their sense of dynasty, with a value of 0.56 ($p < 0.01$).

Insert Table 1 about here

To test our hypotheses, we introduced the main effects and the interactions to our specific binary logistic regression models. The results of the binomial logistic regressions are described in Table 2. Model 1 was the baseline model and included only the control variables. In the second step, we included the independent variable (CEO traditionality) in our model. Model 2 was used to test Hypothesis 1, that is, the relationship between CEO traditionality and successor choice. In Model 3, we added two moderators to our model (family members' identification with the firm and family members' sense of dynasty). Model 4 included all of the interaction terms and tested the moderating effects of the family members' identification with the firm and their sense of dynasty. All of the models were significant at the 0.01 level. The alpha values for the binominal regression models were also significant. Therefore, the models were a good fit for our sample.

Insert Table 2 about here

Hypothesis 1 predicts that traditional family CEOs are more likely to choose family members as their successors. Model 2 showed that the main effect for the likelihood of choosing a family member successor is positive and significant, with an odds ratio of 3.73. This finding indicates that increasing CEO traditionality by one standard deviation doubles the odds ratio (i.e., the probability of selecting a family successor over a non-family successor). The change in X^2 from Model 1 to Model 2 is significant (35.96, $p < 0.001$). These results suggest that the likelihood of selecting a family member successor increases in a positive, nonlinear fashion as CEO traditionality increases, which supports Hypothesis 1.

Model 4 introduced the interactions between the two moderators and CEO traditionality (Hypotheses 2 and 3). The coefficient of the interaction between family members' identification with the firm and CEO traditionality is positive and significant ($\beta = 0.67$, $p < 0.05$), with an odds ratio of 1.95. Thus, Model 2 provided evidence that family members' identification with the firm moderates CEO traditionality in driving the selection of a family member successor. To better understand the moderating role of family members' identification with the firm, we plotted our findings in Figure 1. This figure illustrates the interaction between CEO traditionality and family members' identification with the firm. Consistent with Hypothesis 2, there is a strong relationship between CEO traditionality and the probability of selecting a family successor when family members’ identification with the firm is high. Therefore, Hypothesis 2 is supported.

Hypothesis 3 predicts that family members’ sense of dynasty positively moderates the relationship between CEO traditionality and successor choice. However, we found that family members’ sense of dynasty weakens the positive effects of CEO traditionality on successor choice ($\beta = -0.94$, $p < 0.01$), which contradicts H3. Figure 2 describes the interaction effects between CEO traditionality and family members’ sense of dynasty. As shown in Figure 2, the positive effects of high CEO traditionality on successor choice is less significant as family members’ sense of dynasty increases. Family members’ sense of dynasty was found to substitute for the influence of CEO traditionality on successor choice. Therefore, Hypothesis 3 is not supported.

Insert Figure 1 and Figure 2 about here

DISCUSSION

From a psychological perspective, this study is one of the first attempts to introduce and test the idea that a family firm’s successor choice is affected by its CEO’s traditionality. Integrating upper echelons theory and the concept of SEW, we developed and tested a CEO psychological trait–organizational behavior research framework under various family affective contexts. Our regression results suggest that CEO traditionality significantly increases the likelihood that a family member is chosen as successor. Using the concept of SEW, we tested the moderating effects of family members’ identification with the firm and sense of dynasty on the relationship between CEO traditionality and successor choice. Our results suggest that family members’ identification with the firm increases their likelihood of valuing group members and following the firm leader's decisions, which in turn strengthens the positive effects of CEO traditionality on the likelihood that an inside successor is chosen.

However, the family's sense of dynasty can substitute for the influence of CEO traditionality on successor choice. This finding is inconsistent with our speculation. A possible reason for this finding is that families with a strong sense of dynasty usually are focused and oriented toward the future, and thus they tend to devise succession plans in advance, which can substitute for the traditional CEO's decision in selecting an inside successor. Prior evidence has suggested that the family's sense of dynasty has significant implications in terms of the time horizons of the firm's decision-making, such as successor selection (Zellweger et al., 2011). Dynastic succession represents the ultimate non-financial goal of the entire family and is therefore considered an important reference point in successor selection (Gómez-Mejía et al., 2007; Gómez-Mejía et al., 2011). When the ultimate goal of intra-family succession is established within the family network, the incumbent CEO's personal role and behaviors can be viewed as reflections of the family's goals. In line with the literature on substitution leadership (Lajoie, Boudrias, Rousseau, & Brunelle, 2017), value congruence between followers and leaders substitutes for the effectiveness of leadership when followers are powerful. We suggest that the family's sense of dynasty represents a strong collective power toward the family's ultimate goal, which can substitute the CEO's functions (Carrell, 2010; Den Hartog & Koopman, 2001).

It is important to note the different moderating effects of the two dimensions of SEW because they do not contribute equally to the accumulation of SEW. Gómez-Mejía and colleagues (2007) introduced the concept of SEW as a stock of family-centric affective resources and non-economic benefits (Chua, Chrisman, & De Massis, 2015). As such, it is likely that different family characteristics lead to varied levels of accumulation in SEW stock. For instance, Zellweger et al. (2011) suggested that the family's strong sense of dynasty is a key aspect of SEW because it contributes greatly to SEW accumulation through frequent communications and shared goals within the family. The strong repeated reinforcement of family bonds over time has extremely salient effects (Zellweger et al., 2011). Evidence has also shown that transgenerational sustainability is commonly seen as the ultimate goal of family firms (Kets de Vries, 1993; Zellweger et al., 2011). In comparison, a family's identification with the firm makes a smaller contribution to SEW because it reflects the values held by individual family members, not by the collective. Greater SEW (e.g., a sense of dynasty) can substitute for the effectiveness of a family firm's leadership when there is value congruence between the leader and the family employees. Therefore, we suggest that different dimensions of SEW exert different degrees of power in constraining or amplifying the effects of CEOs' values on family firms' strategies.

Our study makes several theoretical contributions to the family business literature and upper echelons theory. First, we propose a new antecedent of family firms' successor choice: traditionality, a psychological trait of incumbent CEOs. We argue that traditionality shapes CEOs' degree of familism and endorsement of hierarchical relationships in society, both of which significantly influence successor choice. This theoretical development is important because most past research has only offered explanations of CEO successor choice from the perspectives of business or family (e.g., Ansari et al., 2014; Cannella & Lubatkin, 1993; Zajac, 1990). None of these studies have captured the significant effect of incumbent CEOs' individual-level psychological traits on firms' succession decision-making.

By incorporating the psychological concept of traditionality (Farh et al., 2007), this study responds to recent calls for research to consider psychological constructs and theories to advance family business studies (De Massis & Foss, 2018; Holt et al., 2018; Zahra & Newey, 2009). We suggest that by examining traditionality, we can gain a deeper understanding of how cultural values affect a CEO's psychological biases regarding insiders and outsiders in successor selection. Despite the recent scholarly interest in the implications of cultural values for family business succession (Anggadwita et al., 2019), micro-level analyses of cultural effects have thus far not been conducted in family business research to advance more sophisticated theories (De Massis & Foss, 2018). In contrast to society-level cultural dimensions (e.g., power distance and masculinity) in Hofstede's (2001) model, traditionality describes individual differences in cultural value toward Confucian social ethics. As such, traditionality is a construct we can use to explore the individual determinants of the incumbent's intention toward intra-family succession (De Massis et al., 2016). Additionally, as traditionality originates in Confucianism and family governance, it captures the unique characteristics of individuals who are influenced by Confucian ideology. These characteristics have been largely ignored in other constructs (e.g., power distance and masculinity), but are much more relevant to the family business phenomena in East Asia. Given the significant influence of incumbent CEOs' psychological traits and biases on firms' strategic decision-making (De Massis & Foss, 2018; Judge, Piccolo, & Kosalka, 2009), our study emphasizes the importance of incorporating the concept of CEO traditionality into our understanding of the motivations behind intra-family succession in the Confucian context.

Our study also responds to recent calls to dive deeper into the theoretical mechanisms underlying SEW. In particular, we highlight the importance of investigating the effects of different dimensions of SEW separately (De Massis & Foss, 2018; Jiang et al., 2018). Family firms vary in the degree of their social concerns, which, in this study, are family members' desire to achieve intra-family succession and their identification with the firm (Holt et al., 2018; Jiang et al., 2018). Whereas most studies in this field have viewed SEW as an all-encompassing black box of non-economic goals (e.g., Vandekerkhof et al., 2015), we posit that different dimensions of family firms' SEW, notably family members' identification with the firm and their sense of dynasty, create different family contexts for CEO decision-making. The heterogeneous SEW perspective and the family firm context are promising ways to better contextualize management theories such as the upper echelon perspective (Gedajlovic, Carney, Chrisman, & Kellermanns, 2012). We argue that different dimensions of SEW represent differences in the family's power to shape the CEO's decisions. For instance, family members' individual strong identification with the firm creates a positive, supportive environment for the CEO's decision-making. The collective decision-making process may occur in a family business when family members have a common sense of dynasty and regard it as the ultimate goal of the entire family. Such an environment may weaken the functions of the CEO's individual psychological traits in initiating strategies. Our results shed light on group emotions (Menges & Kilduff, 2015) and thus enhance the understanding of how family members' affective, cognitive, motivational, and social considerations affect CEOs' decisions.

Furthermore, our study contributes to the literature on upper echelons theory in two ways. First, we examine the construct of traditionality at the CEO level. As most studies on leadership have only examined the effects of traditionality at the employee or middle manager level (e.g., Farh et al., 2007; Wang, Lu, & Lu, 2014), the top management piece of the puzzle is missing. We emphasize the significant role of CEOs' individual-level cultural values (e.g., traditionality) in shaping family firms' decisions and behaviors. Understanding the cultural values of executives is important in strategy (Crossland & Hambrick, 2011; Giberson, Resick, Dickson, Mitchelson, Randall, & Clark, 2009), as these values reflect their internalized beliefs about what they pursue in managerial practice (Ravlin, Thomas, & Ilsev, 2000). In demonstrating the significant influence of CEO traditionality on successor choice in family firms, we extend the literature on upper echelons theory by noting that traditionality, as formed by national and family cultures, is an important but overlooked psychological characteristic of CEOs. Second, our study explores the different environmental conditions under which a CEO's cultural values are amplified and become ingrained in the family business context (Koch, 2011). Previous research on upper echelons theory has focused on the boundary conditions of CEOs' characteristics from the business perspective (e.g., managerial discretion) (Li & Tang, 2010) and on macro-environmental factors (e.g., Haleblian & Finkelstein, 1993; Nadkarni & Chen, 2014). Our study suggests that in the family business context, CEOs' influence is largely constrained by family systems (James et al., 2012). By testing the moderating roles of two dimensions of SEW, our research enriches the literature on upper echelons theory and reveals the importance of family affective variables in constraining or amplifying the effects of CEO characteristics in the family business setting.

Managerial implications

Our findings have practical implications for family business management, as they show that CEOs' traditional values are a key barrier to the likelihood that family firms choose outside professional managers as successors. Highly traditional CEOs may face a dilemma in successor choice when there are no qualified successors among their family members. Non-family managers may also perceive themselves to be inequitably treated if expectations and demands of them are higher than those of family members (Tabor et al., 2018). Accordingly, it is important for family firm CEOs to (1) recognize that their traditionality has a considerable influence on their perceptions of who the right successor candidates are; (2) strive for open-mindedness; and

(3) prioritize the family business's prosperity and survivability. For family CEOs with high levels of traditionality, visiting Western companies and interacting with their representatives may be advisable, as learning about different management cultures may trigger reflection and shed light on the individual-level limitations of human resource management in the family business context.

Second, our results show that the influence of a CEO's traditionality on a family firm's successor choice can be strengthened by family members' identification with the firm. Family members who identify more strongly with the family business are more likely to support the CEO's decisions. For family CEOs with low levels of traditionality who intend to make a strategic change by employing outside professional managers to improve performance, sufficient communication with the family is encouraged to increase family members' identification with the business's goals rather than the family's goals.

Moreover, our results suggest that in family firms, the family's sense of dynasty may overpower the CEO's personal influence on successor choice. For firms with low or average performance, choosing an outside professional manager as successor can enhance the firm's human capital and strategic innovation (Bennedsen, Nielsen, Perez-Gonzalez, & Wolfenzon, 2007; Cannella & Lubatkin, 1993). However, a family's strong sense of dynasty constrains the effects of an incumbent CEO's preference for outside (vs. inside) professional managers, which in turn may cost the firm the opportunity to improve its performance. A family's strong sense of dynasty may discourage and ultimately prevent the incumbent CEO from appointing a professional manager as successor, even if the inside candidates are not equipped to ensure the firm's prosperity and survivability. Families with a strong sense of dynasty should realize that the survival and growth of the business sometimes takes precedence over the emotional desire to perpetuate the family dynasty. There cannot be a continuous family dynasty if there is no "empire" to continue. In other words, it is crucial for family members to be aware of the objective well-being of the firm and to consider whether perpetuating family succession is more important than keeping the family firm successful in the long run. Overemphasizing family-centered goals is dangerous because it encourages decision makers to insist on family control despite potential threats to firm performance (Schulze & Kellermanns, 2015).

Limitations and future research

This study has several limitations that might be potentially fruitful avenues for future research. First, although we sampled 196 organizations in major cities in mainland China, our results should be tested in other cultural contexts to ensure their generalizability (Pellegrini & Scandura, 2008). Traditionality is a key component of the Confucian value system. Therefore, the effects of a CEO's traditionality on a family firm's strategies should be investigated in other countries that are influenced by Confucianism, such as Korea and Japan (Wang, Wang, Ruona, & Rojewski, 2005). Expanding this investigation to other countries and organizational settings will improve our understanding of this topic.

Second, our cross-sectional research design did not allow us to draw definitive conclusions about causation or to capture the influence of dynamic changes in family emotional support. For example, family members' identification with the firm and their sense of dynasty change over time or with internal and external conditions. Future research should analyze longitudinal and/or experimental data on CEO traditionality, family members' identification with the firm and their sense of dynasty, and successor choice, to further validate the causal relationships observed in this study. Although we controlled for the effect of the incumbent CEO's number of children to rule out the influence of the family's internal talent pool on successor choice, we were unable to directly examine the effects of the willingness and capability of internal potential successors. The more children an incumbent CEO has, the more likely the CEO has a positive attitude toward intra-family succession (De Massis et al., 2016). Future studies should collect second-generation data on family businesses to capture the influence of firms' internal talent pools on successor choice.

In addition, our data did not allow us to explore the influence of boards of directors on the CEOs' succession decisions. The family firms identified in this study were all privately held firms that had maintained family ownership (with a mean of 76%) and that had at least two family members (3.69 on average) in top management positions. Although we controlled for these key family firm characteristics, we did not obtain information on whether a given firm had a functional board, how many family members sat on the board, and whether the CEO occupied the position of board chair. As all of the firms in our sample were privately held and maintained tight family control over both ownership and management, they were relatively unlikely to have active boards, and if they had active boards, they would have served primarily as rubber stamps. Nonetheless, research has suggested that the presence of family members on the board of directors offers a way for the controlling family to manage its influence on the firm's governance and strategic transitions (Gómez-Mejía et al., 2011). Thus, when exploring family firm succession decisions, future studies should consider board-level factors, such as the ratio of family members on the board, CEO duality, director network/social capital, board member characteristics, and the degree of board independence.

Although our results suggest that a family's sense of dynasty can substitute for the main effects of CEO traditionality on successor choice, as family members and the CEO share values and goals, we do not know how different family affective factors constrain the functions of the

CEO's characteristics when the family's values conflict with the CEO's values. For example, how family traditions affect the influence of a CEO's cultural openness on decision-making is a question worth exploring in future research. Given the potential conflict between tradition and strategic change (e.g., Erdogan et al., 2019), future studies should investigate the effects of other CEO cultural values (e.g., openness) (Hall, Melin, & Nordqvist, 2001) on successor choice in different family affective contexts to provide insight into how family contexts constrain or amplify the influence of CEO values.

Finally, the scope of our study was limited to one outcome variable—successor choice. As traditionalists tend to orient themselves toward authoritarianism (Yang, 2003), CEOs' traditionality may influence various strategic decisions associated with their sense of control. Our results confirm prior findings that family business traditions over generations are shaped by the founders' strong values and beliefs (Kammerlander, Dessi, Bird, Floris, & Murru, 2015), and pose a substantial obstacle to family firms' strategic change (Lumpkin, Martin, & Vaughn, 2008). Similar to tradition (Erdogan et al., 2019; Linnekin, 1983), traditionality hinders organizational change, such as the hiring of an outside professional manager, as it is associated with the deep commitment, social norms, and hierarchical relationships of family firms. We suggest that future research focus on the effects of CEO traditionality on strategic changes beyond successor choice, such as market expansion, new product innovation, and internationalization.

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Table 1 Descriptive Statistics and Correlations

Variables	**Mean**	**SD**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**
1. Firm size	6.84	1.76	1																
2. Firm age	12.1	7.84	0.34**	1															
3. Industry	0.46	0.5	0.06	0.07	1														
4. Firm performance	4.77	0.81	-0.09	-0.06	0.03	1													
5. Family ownership	0.76	0.32	0.08	-0.16	0.07	-0.08	1												
6. Family involvement	3.69	1.65	0.24	0.08	-0.01	0.03	-0.05	1											
7. CEO gender	0.95	0.34	-0.03	-0.04	0.03	0.04	0.07	-0.01	1										
8. CEO age	48	6.65	0.37**	0.36**	-0.01	0.02	-0.01	0.16	-0.01	1									
9. CEO education	2.97	0.84	0.14	0.10	0.04	0.13	-0.04	0.05	0.08	-0.05	1								
10. CEO’s birth order	2.27	1.28	0.06	0.05	-0.11	-0.03	0.02	0.09	-0.10	0.11	-0.04	1							
11. Retire age	60.21	4.78	0.24	0.21	0.02	0.01	-0.04	0.29**	0.01	0.43**	0.14	-0.02	1						
12. Number of siblings	3.67	1.60	0.21	0.15	-0.09	0.02	0.02	0.22	-0.07	0.46**	-0.10	0.61*	0.11	1					
13. Number of children	1.57	0.69	0.14	0.16	0.24	-0.04	-0.05	-0.07	-0.02	0.23	-0.04	-0.03	0.00	0.14	1				
14. Religious belief	0.44	0.49	0.11	0.08	0.02	-0.01	-0.16	0.03	-0.10	-0.03	0.16	0.15	0.16	0.05	0.01	1			
15. CEO traditionality	4.47	1.78	-0.04	-0.01	0.06	0.39**	-0.09	0.01	0.04	0.15	0.02	-0.08	-0.03	0.09	0.14	-0.01	1		
16. Family identification	4.69	0.96	0.06	0.07	0.00	0.32**	-0.12	0.08	-0.04	0.11	0.06	-0.08	0.00	0.01	0.03	0.03	0.37**	1	
17. Sense of dynasty	4.69	0.98	-0.06	0.02	-0.01	0.35**	-0.16	0.20	-0.10	0.11	0.12	0.00	0.12	0.10	0.01	0.07	0.35**	0.56**	1
18. Inside successor	0.45	0.50	0.08	0.00	0.02	0.09	0.01	0.04	-0.12	0.17	-0.05	-0.02	0.13	0.16	0.03	0.15	0.39**	0.23	0.20

* $p < .05$

** $p < .01$

Table 2 Logistic Regression Models Predicting Inside Successor Likelihood

	Model 1			Model 2			Model 3			Model 4		
	B	SE	O.R.	B	SE	O.R	B	SE	O.R.	B	SE	O.R.
Constant	-2.92	2.21	0.98	-3.29	2.33	0.03	-3.53	2.43	.03	-4.16	2.64	0.02
Firm size	-0.02	0.02	1.02	-0.01	0.02	0.99	-0.01	0.02	0.99	-0.01	0.03	0.99
Firm age	0.02	0.10	1.29	0.09	0.11	1.09	0.09	0.12	1.09	0.06	0.12	1.06
Industry	0.26	0.90	1.23	0.02	0.96	1.02	-0.04	1.01	0.96	-0.22	1.05	0.80
Firm performance	0.20	0.16	1.28	-0.21	0.20	0.81	-0.35	0.22	0.70	-0.40	0.22	0.67
Family ownership	0.25	0.51	0.98	0.49	0.55	1.64	0.66	0.57	1.94	0.64	0.59	1.90
Family involvement	-0.02	0.05	0.47	-0.02	0.05	0.98	-0.04	0.06	0.97	-0.04	0.06	0.96
CEO Gender	-0.76	0.48	1.03	-0.01	0.04	0.99	-1.07	0.54	0.34	-1.43	0.60*	0.24
CEO Age	0.03	0.03	0.84	-1.08	0.52	0.34	-0.02	0.04	0.98	-0.03	0.04	0.97
CEO Education	-0.17	0.19	0.71	-0.20	0.21	0.82	-0.21	0.22	0.81	-0.04	0.24	0.96
CEO's birth order	-0.34	0.16	1.03	-0.27	0.18	0.76	-0.26	0.18	0.77	-0.36	0.19	0.7
CEO's retire age	0.03	0.04	1.36	0.06	0.04	1.06	0.07	0.04	1.07	0.09	0.05	1.09
Number of siblings	0.31	0.15*	0.96	0.32	0.16*	1.38	0.34	0.17*	1.41	0.43	0.18*	1.53
Number of Children	-0.04	0.24	2.16	-0.16	0.27	0.85	-0.12	0.28	0.89	-0.13	0.30	0.88
CEO religious belief	0.77	0.33*	0.98	0.84	0.37*	2.31	0.77	0.37*	2.15	0.82	0.39*	2.27
CEO's Traditionality				1.32	0.26***	3.73	1.39	0.28***	4.02	1.55	0.33***	4.72
Family identification							0.22	0.23	1.25	0.15	0.24	1.16
Family sense of dynasty							0.11	0.23	1.12	0.30	0.26	1.35
Traditionality ×Family identification										0.67	0.33*	1.95
Traditionality × Family sense of dynasty										-0.94	0.38**	0.39
Goodness of fit												
-2 log likelihood		-123.84			-105.38			-101.56			-96.93	
Chi-square		22.95***			58.91***			65.36***			74.62***	
Cox & Snell R^2		0.11			0.26			0.29			0.32	
Nagelkerke R^2		0.15			0.35			0.38			0.43	
Hosmer and Lemeshow		0.21			0.27			0.75			0.88	

N = 196 * $p < .05$ ** $p < .01$ *** $p < .001$

Figure 1 Interaction Effects between Family Members' Identification with the Firm and CEOs' Traditionality on Successor Choice

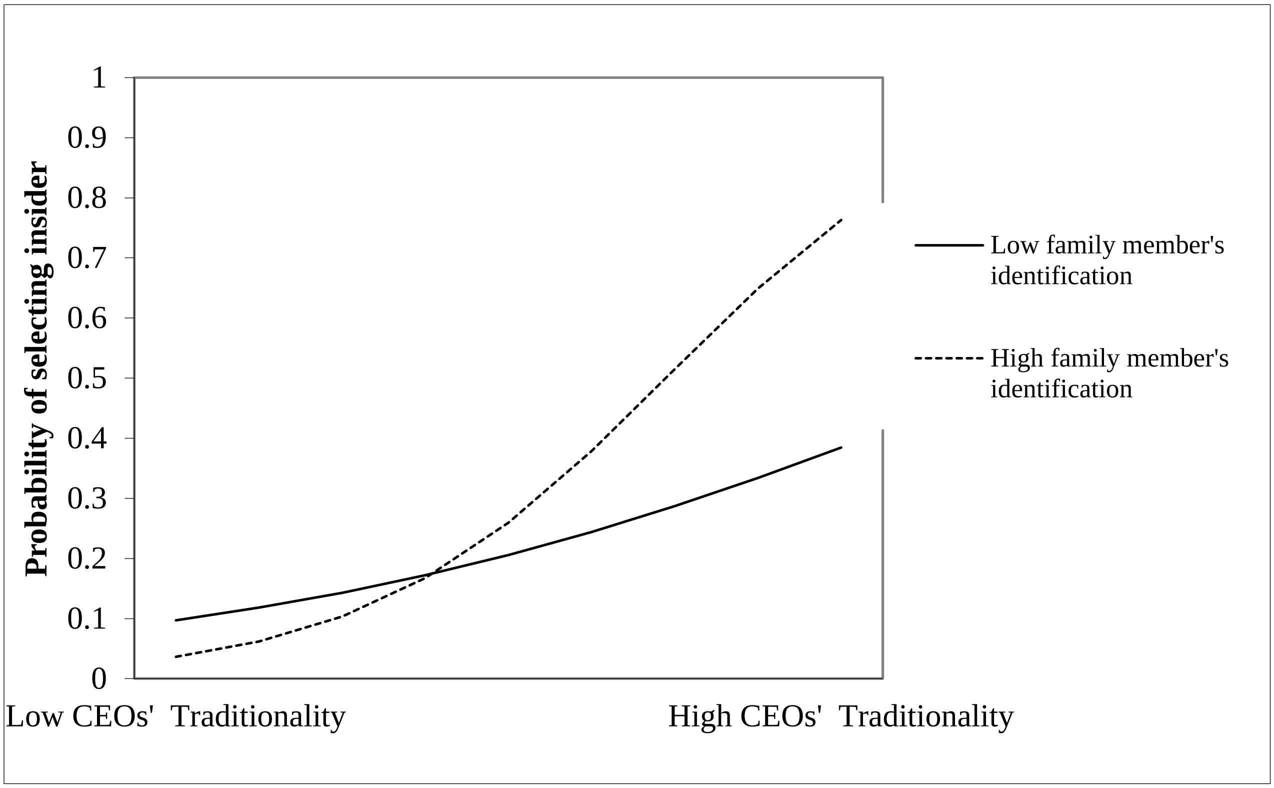

Figure 2 Interaction Effects between Family Members' Sense of Dynasty and CEOs' Traditionality on Successor Choice