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Governance as a Moderator: Managing Socioemotional Wealth Tensions in Family Business Succession

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How do governance structures moderate the resolution of socioemotional wealth-related tensions during succession in family businesses?

Dissertation presented to the Faculty of Social Sciences and Technology at Universidade Europeia, in partial fulfillment of the requirements for the degree of Master in Management, under the scientific supervision of Professor Dr. Carlos António Pinheiro Francisco e Silva, Associate Professor at Universidade Europeia.

Palavras-chave: Sucessão em empresas familiares; Riqueza socioemocional (SEW); Governança; Entrevistas qualitativas; Alemanha.

Resumo

A sucessão em empresas familiares é acompanhada por fatores de riqueza socioemocional (SEW) (Gómez-Mejía et al., 2007), como identidade, legado ou influências familiares. Os fatores de riqueza socioemocional podem apoiar ou dificultar a transferência entre duas gerações. O estudo revela quando a governança atua como uma ponte e quando permanece principalmente simbólica, identificando quatro mecanismos e as condições sob as quais eles operam.

Este estudo qualitativo, empregando um desenho de entrevista interpretativo e multiperspectivo, investiga como a governança modera as tensões relacionadas à SEW durante a sucessão em empresas familiares alemãs. Foram realizadas doze entrevistas semiestruturadas com quatro perfis de funções diferentes: titulares/antigos sucessores (IS, n=4), consultores externos (EC, n=4), membros externos do conselho consultivo (EA, n=2) e sucessores executivos não familiares/diretores executivos externos (ES, n=2). Utilizando uma abordagem Gioia de comparação constante, foram desenvolvidos temas entre as diferentes funções e os padrões CMO (Condição-Mecanismo-Resultado) foram mapeados para FIBER (Berrone et al., 2012).

As conclusões indicam que a governança opera principalmente através de quatro mecanismos distintos. (1) Formalização e regras (transferência de legitimidade; tomada de decisões transparente dentro de limites) reduzem as intervenções dos antecessores e aceleram as decisões baseadas na lógica; (2) Mediação externa e especialização (reestruturação; construção de confiança; mudança de perspetiva; família vs. gestão) resolvem ou previnem tensões emocionais e criam rotinas para o desenvolvimento contínuo; (3) A estruturação organizacional (redução da incerteza; KPIs; clarificação de funções) cria continuidade, ao mesmo tempo que permite a mudança; (4) legitimidade e profissionalização (processos/estruturas transparentes, perfis de competências) apoiam a aceitação do sucessor. Estes mecanismos só são eficazes se não houver assimetrias de poder informais, ou falham devido à introdução tardia ou apenas simbólica e à distribuição pouco clara de funções.

A governança é, portanto, um mecanismo condicional e processual que só funciona de forma eficaz se for introduzido no momento oportuno, for realmente vivido em rotinas estruturais, for aceite pelas partes interessadas e for concebido de forma orientada para a competência. O estudo oferece insights que podem ser generalizados para contextos semelhantes e oferece orientações práticas para proprietários, sucessores, diretores externos e consultores sobre a conceção de uma governança que possa mitigar as tensões SEW.

Keywords: Family business succession; Socioemotional wealth (SEW); Governance; Qualitative interviews; Germany.

Abstract

Succession in family businesses is accompanied by socioemotional wealth (SEW) (Gómez-Mejía et al., 2007) factors such as identity, legacy, or family influences. Socioemotional wealth factors can either support or hinder the transfer between two generations. The study reveals when governance acts as a bridge and when it remains primarily symbolic, by identifying four mechanisms and the conditions under which they operate.

This qualitative study, employing an interpretive, multi-perspectival interview design, investigates how governance moderates SEW-related tensions during succession in German family businesses. Twelve semi-structured interviews were conducted with four different role profiles: incumbents/former successors (IS, n=4), external consultants (EC, n=4), external advisory board members (EA, n=2), and non-family executive successors/external MDs (ES, n=2). Using a constant-comparative Gioia approach, themes were developed across the different roles, and CMO (Condition-Mechanism-Outcome) patterns were mapped to FIBER (Berrone et al., 2012).

The findings indicate that governance primarily operates through four distinct mechanisms. (1) Formalization & Rules (transfer of legitimacy; transparent decision-making within boundaries) reduce interventions by predecessors and faster logic-driven decisions; (2) External mediation & expertise (reframing; trust-building; change of perspective; family vs. management) resolve or prevent emotional tensions and create routines for continued development; (3) Organizational structuring (uncertainty reduction; KPIs; clarification of roles) creates continuity while enabling change; (4) legitimacy & professionalization (transparent processes/structures, competence profiles) support the acceptance of the successor. These mechanisms are only effective if there are no informal power asymmetries, or they fail due to late or only symbolic introduction and unclear role distributions.

Governance is thus a conditional and procedural mechanism that only works effectively if it is introduced in a well-timed manner, is actually lived out in structural routines, is accepted by stakeholders, and is designed in a competence-oriented manner. The study offers insights that may be generalized to similar contexts and offers practical guidance for owners, successors, external directors, and advisors on designing governance that can mitigate SEW tensions.

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List of Abbreviations

SEW-Socioemotional Wealth

FIBER-Family control and influence, Identification, Binding social ties, Emotional attachment, and Renewal of family bonds

CMO-Condition, Mechanism, Outcome

IS-Incumbents, former Successors

EC-External Consultants

EA-External Advisory Board Members

ES-External Managing Directors/External Successor

MD-Managing Director

1. Introduction

1.1 Problem Context

Family businesses make a significant contribution to the global and European economy. The majority of companies in Germany are family-run businesses, which together provide millions of jobs and account for a considerable share of GDP (European Commission, n.d.; Fels et al., 2021). In Europe, family businesses are estimated to account for around 60-80% of GDP and employ approximately 50% of the total working population (BNP Paribas Wealth Management, 2023; Mandl, 2008). Unlike non-family-run businesses, family businesses are guided not only by financial interests, but also by the need for identity, legacy, and socioemotional wealth (SEW) (Berrone et al., 2012). Family businesses are often described as having a long-term orientation that is intended to last for generations, balancing tradition, family values, and economic performance (Berrone et al., 2012).

A recurring event in family businesses is the handover to a new generation. The transfer of management is not only crucial for the continuity of the business, but also for its ability to adapt to future challenges that are inevitable. Statistics confirm that only a minority of family businesses survive beyond the second and third generations (Miller et al., 2003). The reasons for this are usually not technical or financial problems, but deep emotional ties that are inherent in the nature of family businesses and create a complexity in succession that does not exist in non-family firms (De Massis et al., 2016).

1.2 Research Problem

A central dimension shaping succession is socioemotional wealth (SEW), which refers to the non-financial values that family members experience through owning and managing a company (Gómez-Mejía et al., 2007). SEW encompasses legacy, identity, emotional attachment, and the desire for family control (Berrone et al., 2012). SEW creates a tendency toward loyalty and stability, which can also generate tension. Owners are confronted with relinquishing control to a new generation and often feel that they are losing part of their personality. Successors often face challenges in settling into their new role and establishing their legitimacy. In addition, families tend to prioritize tradition and put the economic efficiency of strategic changes on the back burner (Zellweger & Astrachan, 2008; Kellermanns

& Eddleston, 2004). These dynamics often complicate decision-making and create conflicts that threaten both business performance and family harmony.

1.3 Gap in the Literature

While existing research clearly describes how socioemotional wealth (SEW) strongly influences the succession process in family businesses, the literature often refers to the negative effects on decision-making, governance, and strategic change. Governance frameworks such as family councils, constitutions, and advisory boards are often recommended as tools for managing the negative effects of problems caused by SEW. However, most previous studies have examined governance structures from a prescriptive or quantitative perspective, often assuming their effectiveness without examining the lived experiences of actors in family businesses in greater detail (Nordqvist et al., 2009; Jaskiewicz & Dyer, 2017). Although recent qualitative work provides insights into SEW dynamics, as in research from Naldi et al. (2024), or examines governance practices in the context of management or stewardship (Azizi et al., 2022), the mechanisms by which governance can be used to manage SEW-related tensions in succession processes remain largely unexplored. There is still a considerable need for studies that aim to understand how governance structures are specifically experienced as helpful or hindering from the perspective of those involved, especially in multigenerational European family businesses. The different stakeholders involved might perceive and accept the structures in place in a different way. Contrasting the various experiences to create a multi-stakeholder triangulation can help to create an understanding of how governance structures function in this context.

1.4 Research Objective

This study aims to explore how governance structures function as problem-solving mechanisms in succession processes where socioemotional wealth (SEW) concerns create tension or conflict. This research aims to explore the perspectives of various stakeholders involved in leadership transitions within organizations. It includes insights from incumbents who are former successors (IS), as well as external family experts such as consultants (EC), advisory board members (EA), and family external managing directors (ES). The study investigates the conditions under which governance frameworks promote constructive dialogue, build psychological safety, and facilitate smooth leadership transitions. Additionally, it examines the circumstances that hinder these processes. By triangulating input from multiple stakeholders, the research contrasts different viewpoints, which may reveal specific roles' perceptions and help create a comprehensive understanding of how these mechanisms operate in practice.

1.5 Research Question

Based on the previously described gap, this study takes a closer look at how the different stakeholders experience governance structures and how they moderate SEW-related tensions in family business succession.

Main-RQ:

How do governance structures moderate the resolution of socioemotional wealth-related tensions during succession in family businesses?

Sub-Questions:

I. How do Stakeholders perceive the role of governance structures in overcoming emotional and interpersonal challenges?
II. Under what conditions are governance mechanisms effective in resolving SEW-related tensions?
III. When and why do governance mechanisms fail to resolve SEW-related tensions, and what boundary conditions limit their effects?

1.6 Contribution and Relevance

This study contributes to both theory and practice. From a theoretical perspective, it enriches the literature on succession in family businesses by taking a qualitative approach that focuses on perceptions, experiences, and meanings rather than testing predefined hypotheses (Nordqvist et al., 2009). By emphasizing the lived experiences of Incumbents, it captures the dual perspective of actors who were successors in the past and will become predecessors in the future. From a practical perspective, the study provides actionable insights for family businesses, consultants, and advisors: Understanding how governance is perceived and implemented can help to design structures that truly contribute to conflict resolution and do not merely exist as symbolic instruments.

Ultimately, the study aims to shed light on the nuanced interaction between governance and socioemotional capital and to illustrate when governance serves as a bridge between generations and when it fails.

2. Literature Review

The following chapter connects (SEW), Governance, and succession, to connect the mechanisms and the conditions for moderation. It prepares the analytical framework, which is translated into design and evaluation in the methods chapter.

2.1 Family Businesses: Characteristics and Relevance

Family businesses play a significant role in the global economy, but especially in the European economy. The European Commission reports that more than 60% of all companies are family-run and account for about half of European GDP (European Commission, n.d.; Fels et al., 2021; BNP Paribas Wealth Management, 2023). In Germany, in particular, they are considered an important part of the economy, accounting for the overwhelming majority, 91% (as of 2017), of all companies in Germany (Rudnicka, 2024). The decisive factor in family businesses is the overlap of ownership, management, and family relationships. This structurally linked dependency was observed by Tagiuri and Davis (1996) and illustrates that the aspirations of the family and the entrepreneurial goals are not easily separated. Thus, the decisions made are not only of economic interest but also take into account the legacy, values, and identity of the family.

A defining characteristic of family businesses is their long-term orientation. Gómez-Mejía et al. (2007) introduced the concept of socioemotional wealth (SEW) to capture the non-financial goals families pursue through the business, including control, identity, and dynastic succession. Subsequent work (Berrone et al., 2012) conceptualized SEW through the FIBER framework, which emphasizes family control, identification, binding social ties, emotional attachment, and renewal through succession. This orientation fosters loyalty, resilience, and stability but also generates vulnerabilities, especially in succession, when preserving family values conflicts with necessary strategic and financial decisions (Lumpkin & Brigham, 2011).

2.2 Succession in Family Businesses: Challenges and Dynamics

The succession process is often described as the most critical and fragile phase in a family business. Research shows that companies that achieve a successful handover to the next generation are in the minority. Miller et al. (2003) found that less than a third of family businesses survive the transition to the second generation, and less than 15% remain under the control of the original family in the third generation. These figures have been corroborated in subsequent research, which stresses that succession remains the primary cause of discontinuity in family enterprises (Breton-Miller et al., 2004).

The reasons for the failure of the handover are usually not technical or financial in nature, but rather emotional and relational. Owners often have problems letting go because the company is closely intertwined with their personal identity. After investing half their lives in the company, they often lack a sense of purpose and the feeling of being needed (De Massis et al., 2008). Successors, on the other hand, often have problems proving their legitimacy and themselves as new managers. It is not uncommon for successors to encounter resistance when they try to make changes in the company (Kellermanns & Eddleston, 2004). These dynamics frequently produce intergenerational conflicts, especially when incumbents prioritize tradition and socioemotional wealth preservation while successors emphasize innovation and adaptation (Gil et al., 2024).

At the same time, succession also offers opportunities. Generational change can open up new perspectives, promote innovation, and drive modernization. Le Breton-Miller et al. (2004) emphasize that carefully structured succession planning, characterized by transparency, preparation, and gradual involvement, can turn succession from a burden into a source of innovation. Whether succession becomes a threat or a catalyst, therefore, depends heavily on how families deal with social and emotional tensions and what mechanisms, such as governance, are in place to mitigate them.

2.3 Socioemotional Wealth (SEW) and Its Impact on Succession

The concept of socioemotional wealth (SEW) is a central theme in the study of behavior in family businesses. Gómez-Mejía et al. (2007) introduced this term to describe the non-financial values associated with owning a business, such as emotional attachment, identity, and the urge to pass on the legacy. Building on this foundation, Berrone et al. (2012) developed further theories such as the FIBER model, which conceptualizes SEW on five levels. The five levels that emerged from this were family control and influence, identification of family members with the firm, binding social ties, emotional attachment, and renewal of family bonds through dynastic succession.

Recent empirical research suggests that SEW dynamics have a significant impact on the experiences of successors. According to Schlepphorst and Moog (2014), next-generation leaders frequently face ambiguous and competing demands, which increases the need to preserve family values even when tactical change is required. Hauck and Prügl (2015) indicate how SEW directly influences innovation during succession. Although successors may look for renewal, they frequently resist taking drastic measures to prevent being seen as going against tradition. These results demonstrate how SEW serves both as a compass and a barrier in the leadership transition between generations.

The term SEW helps explain the dual nature of family businesses, which can be seen as both strengths and weaknesses. On the one hand, they strengthen the company's long-term orientation, stakeholder loyalty, and trust, which contribute to resilience and continuity (Lumpkin & Brigham, 2011). On the other hand, strong SEW orientation can create risk aversion, which can lead to resistance to professionalization and inhibition of innovation, as families prefer to preserve their heritage and place family identity above strategic orientation (Zellweger & Astrachan, 2008).

According to recent research, SEW is not static but is handled differently over time by different generations (Luft et al., 2025). While older generations tend to view tradition as something to be preserved, younger generations tend to replace the preservation of family assets with new values, such as sustainability or social responsibility. This dynamic perspective illustrates how SEW can be utilized as a resource to support the legitimacy of change, rather than merely serving as a hindrance to erasure.

These dynamics are particularly noticeable during succession, as owners often experience the succession process as a loss of their own identity and therefore show emotionally driven resistance to relinquishing control (De Massis et al., 2008). Successors, on the other hand, often feel limited in their scope of action due to the obligation to continue family traditions and protect socioemotional assets, even though other strategic measures may be necessary (Schweiger et al., 2023). This conflict often leads to tensions between the generations, especially when owners cling to old patterns while successors push for renewal and change (Hernández-Perlines et al., 2023). Recent studies recommend the introduction of clear governance structures to moderate the tensions created by SEW, as these create a framework in which dialogue and the legitimacy of all generations are ensured (Hurtado & Herrero-Chacon, 2025).

Overall, it can be said that SEW is both a resource and a burden in succession. It strengthens families in their commitment and continuity. However, it is also a source of emotional and interpersonal tensions that can complicate leadership, and, above all, leadership change due to the complex nature of these tensions. Understanding how governance structures moderate these SEW-related tensions is therefore essential for analyzing succession outcomes.

2.4 Governance in Family Businesses

In family businesses, governance refers to a formal or informal mechanism designed to regulate decision-making, clearly distribute roles within the family, and maintain a balance between business and family interests, unlike in non-family firms, where corporate governance primarily addresses agency conflicts between owners and managers, governance in family businesses also serves to moderate the socioemotional values of the company, such as legacy preservation, identity, and intergenerational control (Kotlar & De Massis, 2013).

Common governance instruments include family constitutions, which codify values, succession rules, and dispute resolution mechanisms; family councils, which facilitate structured dialogue between generations; and advisory boards, which provide access to external expertise and increase accountability (Aronoff & Ward, 1995; Breton-Miller et al., 2004). When properly implemented, these mechanisms can help to clarify the succession process by giving the successor formally confirmed legitimacy and creating a framework for dialogue that goes beyond informal family discussions and establishes a balance of power (Ulrich, 2025, pp. 107–111).

The successful implementation of governance arrangements varies greatly beyond their formal design. Family constitutions are positively correlated with business performance, as shown by Arteaga and Menéndez-Requejo (2017), but only in certain situations, such as separated ownership or later generational stages, where disputes are more likely to arise. Additionally, Neubaum et al. (2016) define governance as a stewardship climate, arguing that its value lies in fostering a culture of openness, legitimacy, and trust for successors as much as in established regulations. The findings highlight the fact that governance is a framework for relationships rather than just a technical tool, and its effectiveness is contingent upon the timeliness and acceptance of the family.

Between participation and control, governance serves a dual purpose. Minichilli et al. (2015) believe that the effectiveness of family business boards of directors is influenced not only by their participation but also by the quality of their decision-making process. Effective governance means that successors have a legitimate voice without relinquishing control of the family. The structure of governance is critical to its effectiveness. According to Calabrò et al. (2017), the inclusion of non-family members in boards of directors accelerates the internationalization of family businesses by bringing resources and legitimacy. This may imply that external voices can help balance SEW-induced power imbalances and open up environments for succeeding actors.

Recent studies emphasize that governance structures are increasingly seen as essential moderators of SEW-related tensions. They provide institutionalized platforms that legitimize the voices of both incumbents and successors, thereby promoting psychological security and constructive dialogue between generations (Hurtado & Herrero-Chacon, 2025). Nevertheless, limitations have been identified in previous studies. In many companies, governance structures are established too late and are viewed only as symbolic structures, or they lack enforcement power. In these cases, owners retain a dominant role in decision-making, thereby undermining the function of the governance structure as a conflict resolver (Cesaroni & Sentuti, 2017).

This duality underscores that the effectiveness of governance depends not only on its formal existence but also on its timing, credibility, and acceptance by the family. If these conditions are met, governance can act as a stabilizing force, transforming SEW into long-term resilience. However, if it is lacking or poorly implemented, there is a risk that it will exacerbate power imbalances and conflicts between generations.

2.5 Linking SEW, Governance, and Succession

Socioemotional wealth (SEW) has emerged as an important perspective for understanding the challenges of succession in family businesses. Typically, incumbents want to preserve control, identity, and family heritage, while successors seek legitimacy and opportunities for renewal. These conflicting priorities often lead to tension and conflict, especially when protecting SEW clashes with strategic or innovative requirements (Gómez-Mejía et al., 2007; De Massis et al., 2008). Governance mechanisms are often recommended as a moderator for SEW-related tensions. Instruments such as family constitutions, advisory boards, and consultative bodies are designed to provide clarity on succession arrangements, institutionalize dialogue, and confer legitimacy on successors in ways that informal agreements alone cannot (Kotlar & De Massis, 2013; Breton-Miller et al., 2004). In this sense, governance is understood as a framework for moderating emotional ties and rational business decisions.

Although results vary, empirical data suggest that governance can indeed reduce tensions related to SEW. According to Cesaroni and Sentuti (2017), formal planning processes and external advisors can help reduce emotional conflicts; however, families often reject these approaches due to concerns about control. Gil et al. (2024) emphasize that intergenerational learning combined with governance is a viable solution for achieving a balance between tradition and innovation and preventing SEW from becoming an obstacle to strategic renewal. Similarly, Strike (2012) argues that advisory systems are only successful if both generations perceive them as legitimate, emphasizing the importance of legitimacy and trust in this context.

The question of the legitimacy of the successor is a significant source of conflict in succession processes. Governance structures can play an important role in this regard by formulating clear expectations, institutionalizing decision-making processes, and giving successors a formal voice. Hurtado and Herrero-Chacon (2025) show that governance increases psychological security in succession processes, but Schlepphorst and Moog (2014) show that a lack of role clarity for successors has a significant impact. According to Minichilli et al. (2015), the quality of governance discussions, such as inclusion, openness, and transparency, has a significant impact on whether successors are perceived as legitimate. Governance serves not only as a mechanism for conflict resolution, but also as a mechanism for establishing the legitimacy of successors.

However, previous research on governance in family businesses remains prescriptive or quantitative and often only makes assumptions about effectiveness based on the presence of structures, rather than examining how these are actually implemented and experienced by family members (Nordqvist et al., 2009; Jaskiewicz & Dyer, 2017). Studies also show that governance often fails to fulfill the hoped-for moderating capabilities if governance structures are established too late or are not accepted by the owners, leading to an even greater power asymmetry instead of a balance (Cesaroni & Sentuti, 2017).

The ambiguous statements from the scientific community leave open the question of whether governance can act as a bridge and strengthen dialogue and psychological security between generations, or whether it becomes a facade that does not address the underlying socioemotional conflicts. Addressing this unresolved tension is the focus of the present study.

2.6 Theoretical Framework

This study is based on several fundamental studies which, taken together, present the framework concept of governance as neither a pure control mechanism (Agency Theory) (Jensen & Meckling, 1976) nor a pure trust-based agreement (Stewardship Theory) (Davis et al., 1997), but rather depend on the given, conditional, and dynamic process. Governance structures can therefore take on different modes of operation that address the paradoxical conflicts (paradox perspective) (Smith & Lewis, 2011) within the family business, such as tradition versus change or nepotism versus professionalization. To explain more precisely why these conflicts are emotionally charged in family businesses, particularly, and thus lose their rationality, socioemotional wealth (SEW) is incorporated (Gómez-Mejía et al., 2007). Integrating this perspective highlights how dependent the moderating characteristics of governance structures are on acceptance and legitimacy.

2.6.1 Agency Theory

The Agency Theory of Jensen and Meckling (1976) describes the conflict that typically arises between owners and managers. In family businesses, this conflict only occurs to a limited extent, as the family often acts as both owner and manager. At the same time, however, other agency-related problems arise when the interests of the family conflict with the economic interests of the company (Schulze et al., 2003). During the succession process, this problem can become more pronounced if the owner resists relinquishing control and is willing to accept economic losses as a result (Gómez-Mejía et al., 2007). From an agency perspective, governance mechanisms serve primarily as control instruments that reduce opportunistic behavior and balance the interests of incumbents, successors, and other stakeholders (Chrisman et al., 2004).

2.6.2 Stewardship Theory

In contrast to this is the Stewardship Theory of Davis et al. (1997), which posits that managers and, above all, family members have an intrinsic motivation to act as “stewards” and represent both the family's interests and the company's economic interests. In this sense, governance functions less as a control mechanism and more as a strengthening structure designed to reinforce trust and transparency between generations (Eddleston & Kellermanns, 2007). In the context of the succession process, stewardship offers insight into how governance serves as a strengthening function, empowering successors to drive innovation while maintaining respect for the family's heritage.

2.6.3 Socioemotional Wealth

The SEW theory developed by Gómez-Mejía et al. (2007) and subsequently expanded by Berrone et al. (2012) complements agency and Stewardship Theory (Madison et al., 2015). SEW explains why family businesses pursue not only rational economic goals, but also socioemotional goals, such as maintaining control, preserving family identity, and upholding family traditions. Governance mechanisms can moderate these SEW-driven motives by making them transparent and aligning them with economic goals (Kotlar & De Massis, 2013). At the same time, SEW helps explain why governance structures fail when emotional goals become too dominant and formal structures are bypassed (Strike, 2012).

2.6.4 Limitations of Agency and Stewardship

Although agency and Stewardship Theories are the dominant theories, both are limited in their perspective. Agency theory tends to underestimate the alignment of interests in family businesses and overlooks alternative agency costs such as nepotism or altruism toward family members (Schulze et al., 2003). Stewardship, on the other hand, tends to overestimate trust and intrinsic motivation and overlooks the opportunity for stewardship to break down due to favoritism or entrenchment, particularly in later generational stages (Madison et al., 2015). In addition, both theories were described as prescriptive in nature and, as a result, conceptualized governance as a static mechanism rather than one that evolves. In practice, however, both theories often occur simultaneously. Thus, governance cannot be understood by relying on only one of the two theories, but must be viewed as a conditional and evolving process in which control and trust continuously interact and are negotiated. Therefore, these theories are insufficient to describe the ambivalent role of governance structures in family businesses.

2.6.5 Paradox Perspective

Family businesses are not faced with an either/or decision; instead, they must simultaneously ensure continuity and enable change (Smith & Lewis, 2011). Research is therefore increasingly relying on paradox theory to analyze succession. Governance structures can serve as a venue for this conflict. Family constitutions, for example, can codify heritage while providing a formal space for renewal and innovation (Attila Wieszt et al., 2025). This perspective underscores that governance functions not only as a moderator, but also as a mechanism that keeps the tensions between tradition and innovation productive rather than destructive (De Massis & Kotlar, 2014).

2.6.6 Integrated theoretical model

Agency and Stewardship Theory present two contrasting yet complementary perspectives on governance in family businesses. Agency theory refers to the control mechanism (Jensen & Meckling, 1976; Chrisman et al., 2004), while Stewardship refers to internal cooperation and psychological support (Davis et al., 1997; Eddleston & Kellermanns, 2007). Both theories can be applied simultaneously in the succession process. While the owner has difficulty relinquishing control, the successor needs the trust and acceptance of stakeholders. The SEW perspective illustrates why these tensions are emotionally charged, as they are directly linked to identity, legacy, and family control (Gómez-Mejía et al., 2007; Berrone et al., 2012). Paradox theory does not consider these conflicting issues to be problems that can be solved, but rather a constant conflict inherent in the characteristics of family businesses, which must therefore be managed on an ongoing basis (Smith & Lewis, 2011; Schad et al., 2016).

By interweaving these perspectives, a picture of governance emerges that resembles less a static tool and more a conditional and dynamic process (Madison et al., 2015; Azizi et al., 2022). It is conditional because its effectiveness depends on factors such as timing(Cesaroni & Sentuti, 2017; Arteaga & Menéndez-Requejo, 2017), legitimacy and acceptance (Cesaroni & Sentuti, 2017; Hurtado & Herrero-Chacon, 2025; Schlepphorst & Moog, 2014; Strike, 2012), competence orientation (Eddleston & Kellermanns, 2007; Minichilli et al., 2015), and neutrality (Azizi et al., 2022; Neubaum et al., 2016; Minichilli et al., 2015). Additionally, it is essential to note that legitimacy refers to the formal recognition of governance structures and roles, as established through contracts or constitutions. Acceptance refers to whether the structures introduced are enacted in practice by the stakeholders. Governance may be formally legitimate but somehow ineffective, because it is not accepted in daily practice by the stakeholders. The constant balancing act between control and trust, tradition and change, and family identity and professionalization anchors the dynamic characteristics (Schad et al., 2016; Smith & Lewis, 2011). In this sense, governance is more of an institutionalized space that directs emotionally charged tensions in a constructive or destructive direction.

This model serves as the basis for the theoretical analysis presented in this study. By capturing different perspectives of stakeholders, it is possible to examine the conditions under which stakeholders perceive governance structures as a mechanism that transforms SEW from a liability into a resource.

Figure 1: Theoretical Model of Governance as Conditional and Dynamic

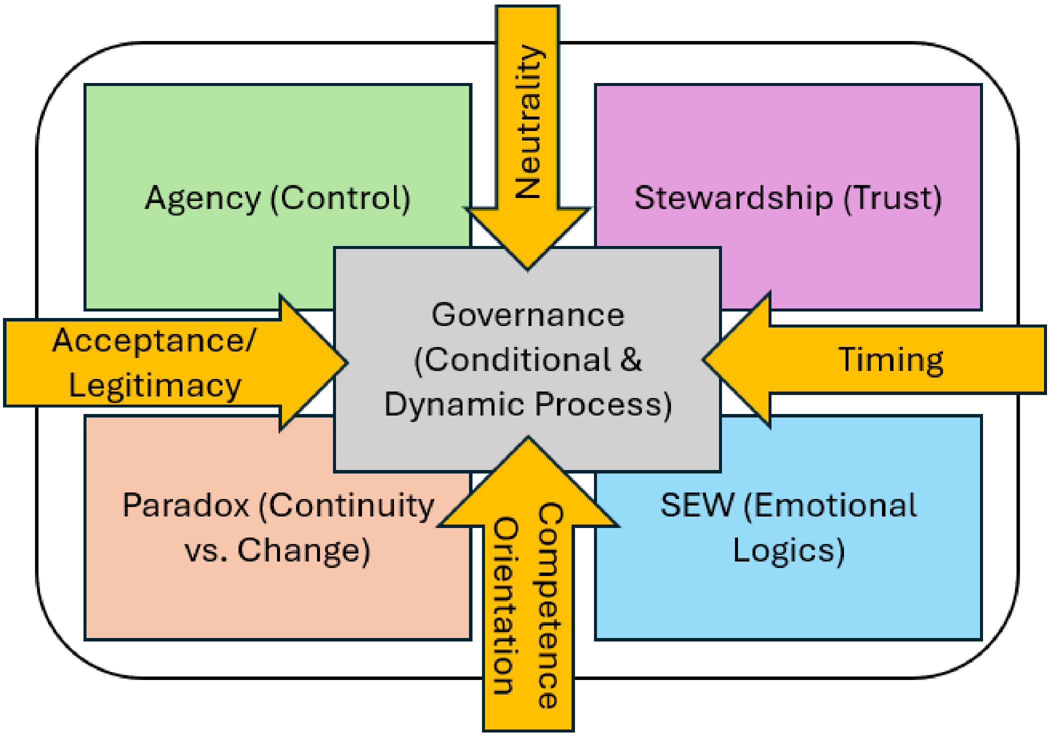

Figure 1 illustrates the conceptual model on which this study is based. It combines the previously mentioned theoretical frameworks, Agency Theory (Jensen & Meckling, 1976), Stewardship Theory (Davis et al., 1997), SEW perspectives (Gómez-Mejía et al., 2007; Berrone et al., 2012), and paradox theory (Smith & Lewis, 2011). At its center is governance as a kind of arena in which the various frameworks interact with one another (Madison et al., 2015; Azizi et al., 2022). The effectiveness of the governance structure is influenced by four key conditions that shape its design and functionality.

2.7 Syntheses and Research Gap

The literature review has demonstrated that succession in family businesses is characterized by the interplay of two forces: continuity and change. Sections 2.1 and 2.2 emphasized that succession is a fragile phase in which socioemotional ties often outweigh technical or financial considerations, frequently leading to conflicts. Section 2.3 explained socioemotional wealth (SEW) as a central construct, emphasizing its dual nature: while SEW strengthens long-term orientation, loyalty, and resilience, it also creates risk aversion and tensions between generations. Sections 2.4 and 2.5 discussed governance both as a technical and relational framework that can clarify roles, institutionalize dialogue, and legitimize successors, but also as a structure that can fail if implemented too late or perceived as symbolic. Section 2.6

summarized theoretical perspectives and showed how agency, stewardship, SEW, and paradox theories provide complementary but incomplete explanations for governance in succession.

Despite these insights, three key gaps remain. First, most research remains prescriptive or quantitative in nature, often assuming the effectiveness of governance rather than examining how it is experienced in practice (Nordqvist et al., 2009; Jaskiewicz & Dyer, 2017). Second, while the ambivalent outcomes of governance, bridges versus facades, are recognized (Cesaroni & Sentuti, 2017; Strike, 2012), little is known about the conditions under which one or the other prevails. Third, few studies capture the perspectives of multiple stakeholders, incumbents, successors, and external advisors, whose experiences and interpretations determine whether governance mechanisms are seen as credible and effective.

This study addresses these gaps by taking a qualitative and interpretive approach to succession in German family businesses. It examines how governance mechanisms are perceived in practice, focusing on when they successfully contribute to mitigating SEW-related tensions by promoting dialogue, legitimacy, and psychological safety, and when they fail by reinforcing power asymmetries.

3. Methodology

Based on the theoretical gaps, an interpretative, multi-perspective interview approach is chosen. The unit of analysis is the individual. Triangulation is carried out across roles. This chapter explains sampling, data collection, and the CMO/FIBER-based evaluation.

3.1 Research Approach

This study uses a qualitative and exploratory research approach due to insufficient research on the perceived and experienced moderating capacity of governance structures in socioemotional wealth (SEW)-related tensions and conflicts during the succession process. Some of the existing studies use prescriptive or quantitative methods and make assumptions about the effectiveness of governance mechanisms without considering the practical experiences of stakeholders with the tools (Nordqvist et al., 2009; Jaskiewicz & Dyer, 2017).

Qualitative design is therefore appropriate to capture the nuanced perspectives of the experiences, meanings, and subjective interpretations of the various family members and external advisors or other actors involved. The study is based on an interpretive paradigm that assumes that reality is socially constructed and can best be understood through the meanings that individuals attach to their experiences (Creswell & Poth, 2018; Flick, 2018). This means that instead of testing hypotheses, the goal is to understand under what conditions governance structures are perceived as more of a hindrance or a help in the succession process.

3.2 Research Design

The research design aimed to employ a multi-perspectival interview approach, utilizing semi-structured expert interviews as the primary method of data collection. There are no observations within-firm cases. This multi-role approach was intended to enable a role-based triangulation with the individual as the unit of analysis and the firm as the contextual backdrop. This format strikes a balance between the comparability of different perspectives and the flexibility to capture individual narratives in depth (Yin, 2018). Although the different roles should form the basis for sample selection, the small number of cases in some groups (external managing director and advisory board member, n = 2 each) limited the possibility of systematic role-based comparisons. This limitation was compensated for by focusing on common patterns in an aggregated form. However, role-specific deviations or nuances are highlighted where they became apparent.

As some participants eventually answer questions without being particularly asked before, the interview will be held more flexibly and adaptively, which ensures a comfortable environment for participants to mention feelings and to dig into their emotional perception (Kvale & Brinkmann, 2009, pp. 124–136). Similarly, Corbin and Strauss (2015, pp. 109–110) and Flick (2018, pp. 205–213) argue that emergent insights often arise when participants go beyond predefined questions, producing richer and more valid data. In line with this reasoning, the interviews were deliberately kept flexible, enabling participants to reflect on their feelings and perceptions. This approach supported the study’s aim of capturing the dynamic character of governance as it is experienced in practice rather than as a fixed, static structure. Firms are treated as contextual backdrops rather than the analytical unit. The analytical unit is the individual actor's experience of governance in the succession context. Within-case triangulation is not present in this dataset; instead, cross-role aggregation is performed at the sample level through role comparison (IS/ES/EA/EC) and theory triangulation (agency, stewardship, SEW). Accordingly, it is not referred to as “case-oriented”; instead, it is characterized as a multi-perspective interview study in which the individual serves as the unit of analysis and the company serves as the contextual background.

The heterogeneity inherent in family businesses makes this design particularly suitable, as it can examine recurring patterns and, at the same time, the unique perspectives of stakeholders.

The study includes the perspectives of four different groups:

a. Owners who have previously gone through succession themselves are now preparing succession for the next generation. This group offers the opportunity to examine a reflective view of their own experience of succession as well as the current challenges.
b. External Managing Directors, who work closely together with family members and offer a less emotionally based view on the governance structure, which is set in place to balance family and corporate needs.
c. External Consultants who provide an outside perspective on the governance models they may have integrated themselves into, and how these mechanisms can moderate the tensions produced by SEW.
d. Advisory Board Members, which may or may not have decision power depending on the set rules, and have a more strategic-oriented view on governance.

This combination of the four groups allows for a broad assessment of the dynamics that arise during the handover by creating a four-dimensional level of analysis.

To illustrate the position in which the statement takes place and to refer them to the context, the quotes are coded as follows: (IS) Incumbent and former Successor, (EC) External Consultant, (EA) Family External Advisory Board Member, and (ES) Family External Managing Director.

3.3 Sampling and Participant Selection

Participants were selected through targeted sampling to ensure that only individuals with relevant expertise and practical experience in the areas of succession and corporate governance in family businesses were considered (Creswell & Poth, 2018). Others were recommended by participants who had already been interviewed or by researchers working on a similar topic.

The goal was to conduct approximately 12 to 15 interviews, which is in line with qualitative research standards for achieving thematic saturation (Flick, 2018). While the industries and revenue sizes varied, the geographical focus was on Germany. The Goal was to conduct 3-4 Interviews per perspective, to support variance and enable cross-role comparisons. To control the diversity of the gathered samples, specifications about generation, company revenue, and governance structure were documented where needed.

3.4 Sample Description

The study was based on a total of 12 semi-structured interviews with various actors who are or were involved in governance and succession processes in Germany. The different actors were intended to capture multiple perspectives on governance mechanisms, including both internal and external family viewpoints. In line with the focus of the study, four categories were included: incumbents, successors, external managing directors, consultants, and advisory board members.

The following table provides an overview of how the sample was composed. A more detailed form with information on each interview partner can be found in the appendix (Table Z 1). This ensures transparency and allows for contextualization of the findings while preserving the anonymity of participants.

Table X 1: Interview Group Role Description and Count

Group	Number of Participants	Role in Succession/Governance
Incumbents (owners)	4	Reflecting on succession and preparing next generation
External Managing Directors	2	Professional managers working alongside the family
Consultants / Advisors	4	External experts on succession, governance, and conflict moderation
Advisory Board Members	2	Formal governance role at family–firm interface

While the Design Target was 3-4 participants per Group, only two groups (IS(n=4) and EC(n=4)) achieved the minimum level. The limitations of the two groups (EA(n=2) and ES(n=2)) that did not reach the minimum level are that the smaller numbers limit within-stratum saturation and the granularity of contextual contrasts. Those limitations are mitigated through a thickened description of the mentioned perspectives. This yields a context-sensitive analysis; conclusions are contingent on the studied perspectives and reported as analytically generalizable patterns rather than population estimates. However, the two groups have a common core. Both groups come from outside the family and work with the family over a more extended period. Advisory board members are more or exclusively involved in strategic decisions, while external managing directors are involved in both strategic and operational decisions. The advisory board may have a more top-down view, while the external partner has an inside view of the company's day-to-day business.

3.5 Interview Instrument

Prior research has often treated governance prescriptively and as static. These guides were designed to address this gap by capturing how governance is experienced in practice across different roles. To examine the multifaceted characteristics of governance during succession in family businesses, four different interview guides were developed. The various actors who influence the functioning and structure of governance may have different perspectives on how it works and what purpose it serves. The questions were therefore structured differently depending on whether former successors and now incumbents, family-external managing directors, consultants, and advisory board members were interviewed. This allows governance to be described from all sides. A single actor does not experience succession; instead, it unfolds in the interaction between family members and non-family members, internal and external stakeholders, and formal and informal actors. The role-specific division of the interview guidelines ensured that all participants could reflect on how governance works from their point of view. In contrast, the general structure of the guidelines remained almost identical to guarantee the comparability of the different perspectives. Only the guide for the former successor and now owner was adapted so that they first reflected on their own succession in terms of SEW tensions, governance structure, and mode of operation, and then turned their attention to the current succession process to examine how far SEW tensions, governance, and mode of operation had developed. In addition, the study identifies which aspects of the company's own succession did not work and thus influenced the upcoming succession process.

The different interview guidelines (see Appendix Document B1-B4), however, have varying strengths in terms of coverage of the research sub-questions. The guide for incumbents and successors captures the generations' experience-based views on succession and governance. It highlights the perceived benefits and limitations of existing structures and reveals temporal nuances. The guide for advisory board members focuses on formal governance at the interface between family and business. It provides assessments of the conditions under which routines take effect and unfold their impact. The guide for consultants serves to identify patterns across cases. It structures references to factors that contribute to the success or failure of governance processes. The guide for external managing directors provides a non-family insider's view of everyday routines and questions of role clarity. It supplements the analysis with conditions and practical limitations that are less visible in the other groups.

Table X 2: Research questions covered by the interview guide

Guide	SQ1	SQ2	SQ3
IS	direct	direct	direct
EA	indirect	direct	indirect
EC	-	direct	direct
ES	indirect	indirect	indirect

The various interview guidelines were based on the same scientific assumptions. SEW-related tensions influence the succession process. This assumption is based on the theories of Gómez-Mejía et al. (2007) and Berrone et al. (2012). The SEW perspective emphasizes non-financial, family-centered goals such as control, family identity, and legacy. These goals have proven to be both stabilizing and destructive (Hauck & Prügl, 2015; De Massis et al., 2008). More recent research reveals that SEW is not static but develops dynamically across generations (Gil et al., 2024). These publications suggest that succession is one of the most critical contexts in which tensions related to SEW become visible and can potentially be disruptive. Each guide included a section exploring SEW-related tensions to find out how different actors perceive SEW, either as a resource or as a barrier in the succession process.

Another assumption is that governance is used as a mechanism to moderate SEW-related tensions. This assumption is based on the findings of studies by Kotlar and De Massis (2013) and Strike (2012). Minichilli et al. (2015) additionally describe the importance of board quality for the compatibility of family and career. More recent studies refer to the social and cultural dimensions of governance structures. Neubaum et al. (2016) argue that governance functions as a stewardship climate, while Azizi et al. (2022) emphasize that effectiveness results from interaction, trust, and transparency rather than from formal rules alone. Each guide, therefore, includes a section that explores how governance behaves in a moderating function, whether governance structures are perceived as a moderating force that transforms SEW tensions into constructive dialogue, or whether they fail and allow SEW to escalate into destructive conflict.

Also included in the interview guide is the assumption that the effectiveness of governance depends on its legitimacy and acceptance. This was again based on the research of Strike (2012), who argues that advisory boards only work if they are accepted as legitimate by family members. In addition, Schlepphorst and Moog (2014) found that unclear roles undermine legitimacy, while Cesaroni and Sentuti (2017) emphasized the risk that governance will degenerate into mere symbolism if it is introduced too late or is not firmly established. A recently published study by Hurtado and Herrero-Chacon (2025) found that governance creates psychological security, but only if it is both recognized and internalized by the family. This suggests that legitimacy does not automatically result from governance but is a prerequisite for effectiveness. In order to investigate whether governance functions as a binding authority in practice or remains formal but ineffective if it is not accepted by those involved, questions were formulated with this aim in mind.

The last set of questions in the interviews assumes that governance must be perceived as a dynamic process and not as a static tool. Previous studies have tended to approach governance from a structural and perspective-based perspective (Nordqvist et al., 2009; Jaskiewicz & Dyer, 2017). In contrast, more recent studies emphasize governance as a relationship- and process-oriented practice (Azizi et al., 2022). As governance is continuously renegotiated and adapted through interactions, the view of it as a purely formal construct changes to that of a living mechanism that is transformed and shaped over time and across generations. Thus, questions were added at the end of the interview that take a reflective look at the experiences, revealing whether governance is perceived as a living system or whether it remains a static framework of rules to which the practical benefits are tied.

Table X 3: Assumptions in Interview Guide

Assumption	**Theoretical grounding**	**Operationalization in interview**	**Goal**
1. Succession in family firms is shaped by SEW tensions	SEW theory: non-financial family goals such as identity, control, legacy (Gómez-Mejía et al., 2007; Berrone et al., 2012). SEW can stabilize or obstruct succession (De Massis et al., 2008; Hauck & Prügl, 2015). SEW is dynamic across generations (Gil et al., 2024).	Questions on family values, traditions, emotional attachments (e.g., *"Which traditions or family values did you feel pressured to preserve?"*).	Explore how actors perceive SEW as a resource or a barrier in succession.
2. Governance mechanisms moderate SEW tensions	Governance clarifies roles and reduces conflict (Kotlar & De Massis, 2013; Strike, 2012; Minichilli et al., 2015). Recent work: governance as stewardship climate (Neubaum et al., 2016); effectiveness from interaction, trust, and transparency (Azizi et al., 2022).	Questions on formal mechanisms: boards, family constitutions, shareholder agreements (e.g., *"Which governance structures supported or hindered the process?"*).	Examine whether governance transforms SEW tensions into constructive dialogue or fails.
3. Governance effectiveness depends on legitimacy and acceptance	Governance works only if accepted as legitimate (Strike, 2012). Unclear roles undermine legitimacy (Schlepphorst & Moog, 2014). Risk of symbolic governance when late/unused (Cesaroni & Sentuti, 2017). Psychological safety only if accepted (Hurtado & Herrero-Chacon, 2025).	Questions on legitimacy: *"Did governance structures strengthen your position?"*; *"Were rules bypassed?"*.	Assess whether governance functions as a binding authority or remains formal but ineffective.
4. Governance is a dynamic process, not a static instrument	Earlier: governance treated structurally (Nordqvist et al., 2009; Jaskiewicz & Dyer, 2017). Recent: governance as relational, processual, negotiated in practice (Neubaum et al., 2016; Azizi et al., 2022).	Reflective questions at end: *"What made governance effective over time?"*; *"Were adjustments necessary?"*.	Investigate whether governance is perceived as a living system or a static framework of rules.

By grounding the interview guides in established theory while tailoring them to different Stakeholders, the design ensured both comparability and depth. This methodological choice directly addresses the research gap and provides a robust empirical foundation for the analysis presented in Chapter 4. Findings.

3.6 Data Collection

The interviews were conducted using semi-structured protocols tailored to the four participant groups. The core topics, tensions related to SEW, governance mechanisms, perceptions of effectiveness or failure, and their dynamics, were the same for all groups; however, the wording and focus were tailored to the roles and experiences of the participants.

Either at the start of the interview or at the end, a standardized sociodemographic profile was collected, which included gender, age, educational level, and years in position. Aggregated participant descriptors are summarized in the Appendix Table Z1. Additional information was collected during the interview for the roles of Incumbent, Advisory Board Member, and non-family Managing Directors, regarding the current generation in succession, total years in the company in question, prior external experience, relation to family, and the role the participant took during the succession from a governance perspective. For consultants, the overall years in the succession consulting position and their primary area of expertise were also gathered.

Regarding the companies in which the succession took part, the firm age, industry, approximate revenue, ownership, and governance structure were documented. Aggregated firm-level descriptors are summarized in the Appendix Table Z2. These data are stored and are used to enable patterned explanations in the findings. However, the anonymized company data linked to the participants' gathered data might enable the identification of certain participants and can therefore only be presented in a strongly aggregated form.

In order to address sensitive topics, the context of the study was first described, and introductory questions about the company's history were asked. Situational questions about tensions related to socioemotional wealth (SEW) were then incorporated into the follow-up process. Confidentiality was assured in advance with a signed confidentiality clause (see appendix). Respondents were asked to describe their experiences instead of justifying their decisions, which reduced the changed framing of events due to social desirability bias.

All interviews were conducted via Microsoft Teams or by telephone, depending on the interviewee's preference. They lasted between 45 and 60 minutes. With the participants' consent, all interviews were recorded and then transcribed word for word. Ethical considerations included obtaining informed consent, ensuring confidentiality, and providing the option of anonymization.

3.7 Data Analysis

3.7.1 Analytical Approach

The data analysis followed an interpretative and consistently comparable logic (Charmaz, 2014). The aim was to understand how actors experience governance as it develops in the succession process, through the tensions associated with Sew. The analysis was conducted alternately, based on investigations within the role and cross-role comparisons, taking into account both data and theory (Gioia et al., 2013). Individual narratives were examined repetitively both within and between the four role groups (IS, ES, EA, EC) (see Appendix Table X5). Through this process, the set of first-order codes was stepwise refined and stabilized, preserving differences while consolidating repetitive patterns. On this basis, a thematic clustering phase was conducted, in which first-order codes were linked to second-order themes and finally to aggregated dimensions. This phase was guided by a condition-mechanism-outcome (CMO) logic (see Appendix Table Z3), which provided a structured approach to capturing the interactions between governance mechanisms and the FIBER dynamics of socioemotional wealth (SEW) (Berrone et al., 2012).

3.7.2 Coding Procedure

The coding scheme was initially developed based on the literature, with a focus on categories such as SEW, governance, challenges, and opportunities, which functioned as seed codes. During the analysis, additional codes were added to capture new themes that emerged from the data and were extended inductively as new patterns were observed. Each transcript was systematically coded line by line, and the codes were then compared between participants and groups.

In a final step, higher-level clusters were formed to identify patterns related to the effectiveness or failure of governance structures in SEW-related succession conflicts. This was achieved by connecting the relationships between conditions, mechanisms, and outcomes, which were then linked to the FIBER model (Berrone et al., 2012) (see Appendix Z3). The core themes that emerged from the data were aligned with the research questions. Integration was checked against negative or contrary evidence to avoid confirmation bias. Given the role-dependent design, the themes were compared between incumbents, external managing directors, consultants, and advisory board members. The identified patterns were then contrasted with the emerging themes to identify convergences and divergences. The coding process was documented in structured Excel tables. The added quotations from the interviews were partially coded twice, with a gap of approximately one or two weeks. The differences in the coding were documented with the emerging definition of the code, an example quote, and codes that could be synthesized. To further support the credibility of this study, the topics that emerged were discussed with other researchers and internal staff who deal with socioemotional wealth or succession processes in German family businesses and, where appropriate, provided critical feedback on alternative interpretations and distortions caused by researcher bias. This allowed the individual researcher's analysis to be questioned and refined by external input.

Throughout the analysis and the period in which the interviews were conducted, reflective notes were taken to account for the interpretive role of the researcher (Creswell & Poth, 2018). These notes ensured that assumptions and positionality were reflected to minimize their effect in the interviews and the following analysis.

The Findings are supported by contextual citations with details on the role that shapes their view. Additional information about the interviewed person can be found in the appendix (Table Z1).

3.8 Quality Criteria

To ensure accuracy, several quality criteria were applied. Transparency was achieved by documenting the coding scheme, interview guides, and methodological developments. Reliability was supported by the use of a uniform coding guide with clear definitions and anchor examples (Mayring, 2015). An aggregated version of the final code development can be found in the Appendix (see Appendix Table C2), with the emerging code, its definition, an example Quote, and the former codes. A subset of informants (n = 3) reviewed a one-page theme sketch (see Appendix C1). Feedback was minor (in terms of terminology/wording) and was integrated. However, given time constraints, the feedback was limited. The scope limits are acknowledged in the Limitations. Validity was strengthened by the four perspectives of Incumbents and former successors, external consultants, family external advisory board members, and family external managing directors (Yin, 2018). The researcher has no direct family ties to a family business, but does have distant relatives and known indirect contacts. This provides a reflexive understanding of the dynamics typical in a family business. None of the known contacts were interviewed in the study in order to avoid conflicts of interest. Previous impressions were continuously recorded in a reflection diary to identify and mitigate potential biases, ensuring analytical distance. In addition, a reflexivity diary was kept after the interviews to reflect on the course of the interview, identify questions that triggered particularly strong reactions, and consider where additional questions might have led to richer insights (Flick, 2018). Additionally, notes were made on how the wording of the question might have influenced the answer and which of the researcher's biases might have impacted the interview. The observations were then recorded. The insights gained were then used to reduce the distortion of information during data collection in the future.

3.9 Limitations

The study is subject to several limitations. With a sample size of 12 to 15 interviews, the results cannot be generalized statistically, but instead offer in-depth, context-specific insights. Furthermore, the data is based on subjective statements by participants, which may reflect personal views rather than objective facts. Finally, the geographical focus on German family businesses may limit the transferability of the results to other cultural contexts. Additionally, the different participants are part of different organisations, which limits the four-dimensional effect, as their descriptions are taken in different contexts. However, the overall picture created by participants can be generalized according to the matter at hand.

Although the sample design aimed for role-based triangulation, the limited number of external managing directors and advisory board members (n = 2 each) restricted the ability to draw systematic cross-role comparisons. Instead, the study enables an aggregated analysis of different perspectives and highlights various nuances where these become apparent. Although this approach allows for a multi-perspective view, it cannot be interpreted as a form of triangulation.

Despite these limitations, the study provides comprehensive insights into perceptions and practices related to corporate governance in family business succession, thereby contributing to both academic research and practical understanding.

4. Findings

The following chapter presents the results of the interviews in a structured manner. The results show that governance plays an ambivalent role in succession in family businesses. It can alleviate SEW-related tensions and act as a bridge, but it also has apparent limitations and depends on contextual conditions. Four topics are particularly noteworthy in the evaluation of the research questions.

The Findings are additionally illustrated with citations from the 12 Interviews, with a linked Role to bring the citation into context with the view from which it takes place. Table Z1 (see Appendix) provides further information on the context, including gender, age, education, and role-specific experience descriptions, in which the citation occurred. Table Z2 (see Appendix) is used to assess further information about the addressed company; however, it is strongly aggregated. These descriptors are used to contextualize quotations and assess transferability. However, in this sample, no consistent subgroup patterns by Participant age, firm size, industry, firm age, or generation were observed. Given strata sizes, this is non-evidence rather than evidence of absence.

The samples were designed to capture differences between incumbents as former successors, advisory board members, consultants, and external managing directors. However, the number of samples for external managing directors and advisory board members (n = 2) is too small to allow for systematic comparisons between all roles. Where apparent differences or contradictory statements were evident, these were explicitly mentioned, while perceptions that largely aligned were presented in an aggregated form.

Section 4.1 explains the extent to which governance functions as a moderating instrument, Section 4.2 examines governance as a bridge, Section 4.3 deals with the limits of governance, and Section 4.4 finally addresses the ambivalent nature of governance models, which can be both supportive and constraining.

4.1 Governance as Moderator of SEW-related Tensions

4.1.1 Control and Influence

The tensions surrounding control and influence were highlighted in 9 out of 12 (9/12) interviews. A recurring pattern was that although the owner had formally stepped down, they still wanted to influence important decisions. Successors often described how, even after the handover, their predecessors maintained symbolic authority and were perceived as an authority figure.

„Mein Vater hat sich sehr konsequent aus dem Alltag zurückgezogen, aber die großen Entscheidungen wollte er trotzdem nicht loslassen.“ (IS3/Q01)
“My father consistently withdrew from daily operations, but he still did not want to let go of the big decisions.”

A minority view (1/12) emphasized that withdrawal is possible, albeit rarely:

„Mein Vater hat sich wirklich zurückgezogen und uns freie Hand gelassen.“ (IS1/Q03)

“My father really stepped back and gave us free rein.”

The data clearly shows the tension associated with handing over control. The dominant pattern is that owners have problems relinquishing control as decision-makers, even if they have already symbolically completed the handover. This creates a dual authority in which the successor is the actual decision-maker, but the predecessor remains informally involved, advising or being approached by employees in their former position. This creates ambiguity and weakens the autonomy of the new generation.

Maintaining control is closely linked to SEW motives. Retaining influence not only represents the preservation of power within the family but also serves as an emotional protective mechanism. Control means responsibility for the family legacy and thus the preservation of one's own identity. Many participants describe this behavior as patriarchal, underlining its cultural and intergenerational embeddedness. Advisors reinforced that this is a structural trait of family firms, not an exception.

„Grundsätzlich tun sich Familienunternehmen extrem schwer, Verantwortung wirklich abzugeben.“ (EA2/Q15)

“Family businesses generally find it extremely difficult to truly hand over responsibility.”

At the same time, a counterexample shows that a conscious withdrawal can be successful. This demonstrates that the problem is not absolute, but conditional, depending on how willing the owner is to detach their identity from the company.

Overall, the results underscore that control tensions are not only operational in nature but are also deeply rooted in identity, heritage, and emotional attachment. Authority is not only about decision-making, but also about preserving meaning and a sense of belonging. This shows how SEW can simultaneously stabilize continuity and hinder renewal, making succession a negotiation of both formal roles and emotional power.

4.1.2 Identity and Belonging in Succession

Succession in family businesses is strongly influenced by family identity and a sense of belonging. Three topics were raised particularly frequently in the interviews, which can be grouped into one dimension. These three topics are emotional attachment, preservation of heritage, and identity formation. Although these topics were sometimes addressed individually, they overlap and reinforce each other, illustrating how SEW creates both commitment and limitations in the succession process.

The topic of emotional ownership came up in nine out of twelve interviews (9/12). Successors often described how the company is not only viewed as an economic entity but as part of themselves. This extreme connection fosters a particular loyalty to the company but also complicates the succession process.

„Den Vater loszulösen war emotional das Schwierigste für uns alle." (IS2/Q23)

"Detaching the father emotionally was the hardest part for all of us."

The sense of responsibility and loyalty go beyond the formal ownership relationship. The emotions associated with the company do not stem solely from the social environment within the company, but also from a sense of obligation to protect one's personal life and work, which defines who one is. Despite their motivation for a supportive and successful takeover, the owners find it challenging to let go of this part of their self-image, as their social status and self-esteem were tied to the company, which they now fear losing.

While this bond fosters exceptional commitment and resilience, it also exposes individuals to vulnerability. Decisions are not only made based on economic principles, but also on how they affect family ties and personal significance. The comments underscore that this blurring of boundaries makes professionalization difficult and can lead to emotional blockages during succession. The consultants reinforced this view by emphasizing the need for professional distance as a counterbalance to the personal fusion of family and business.

„Am Ende müssen Nachfolger professionell handeln können, auch wenn es die Familie betrifft." (EC3/Q12)

"In the end, successors must be able to act professionally, even if it concerns the family."

The preservation of family legacy and values was evident in 6 of the 12 interviews (6/12). The interviewees described how owners were determined to keep the company within the family, often without considering the financial consequences. These expectations create stability on the one hand, but also pressure, as these promises were treated as binding obligations by subsequent generations.

„Unsere Generation will die Werte bewahren, aber auch neue Themen wie Nachhaltigkeit einbringen.“ (IS2/Q25)

“Our generation wants to preserve the values but also bring in new themes such as sustainability.”

Legacy, in contrast to emotional ownership, does not refer to a personal attachment to the company but rather to a commitment to the family heritage. In companies with a long history, there is therefore sometimes a kind of moral contract that preserves the ethos of continuity. Successors are confronted with the conflict of either accepting this contract in order to maintain continuity or reinterpreting it, as new social challenges require different measures. Some successors view the family legacy as a means of preserving family values while reconciling them with current issues, such as sustainability and digitalization. This shows that legacy is not static, but can evolve with each generation, combining tradition with innovation.

Identity and self-definition were addressed in ten out of twelve interviews (10/12). Successors often described how they were introduced to the company at a young age, which influenced their own perception and role within the family. This strong identification with the company brings with it a confident self-image and legitimacy, but also means pressure and limited autonomy in shaping one's own career path.

„Ich bin im Unternehmen groß geworden, das hat mich geprägt.“ (IS1/Q01)

“I grew up in the company; it shaped me.”

In some cases, it has been reported that years of connection to the company generate a strong social and professional identification with the company. Family expectations and lifelong influences from the company strengthen the successor's commitment to preserving the company, thereby ensuring the family legacy. At the same time, internal family legitimacy emerges, which can, however, force successors into a binding role of embodying their parents' values and traditions, inevitably weakening the space for autonomy and the potential for their own development within the company.

„Wenn ein Geschäftsbereich die Legacy darstellt, fällt die Schließung extrem schwer." (EC1/Q04)

"When a business unit represents the legacy, closing it down is extremely difficult."

The interviewees' statements reveal both empowering and constraining aspects. On the one hand, it ensures that successors are genuinely committed to preserving the company and striking a balance between personal and business interests. On the other hand, however, the boundaries between family and business matters become blurred. This may reduce the ability to make tough, objective decisions, as advisors highlighted. This ambivalence is a hallmark of SEW. It transforms succession into more than just a managerial transition, becoming an existential discussion between leadership and family identity.

„Viele Familienunternehmen sehen das Unternehmen nicht nur als Business, sondern als Identität, das macht Entscheidungen extrem emotional." (EC2/Q22)

"Many family businesses see the company not just as a business but as an identity. This makes decisions extremely emotional."

In summary, identity, legacy, and emotional belonging are intertwined facets of belonging. These dimensions sometimes reinforce each other, as identity-related issues often stem from emotional belonging, in that the company is perceived as an integral part of one's own identity. Legacy and the urge to preserve it strengthen the perceived commitment to traditions. Emotional belonging can again be linked to legacy, as the owners' letting go is often portrayed as very emotional and as a part of the identity they have built up, which is connected to the company, meaning that a loss of their own identity occurs when the company is handed over. These overarching themes, which support each other, explain why SEW tensions are so prevalent in succession and create loyalty and cohesion, but at the same time represent the root of the problem when it comes to resistance to renewal and the blurring of boundaries between family matters and business decisions, for example. Whether governance structures can transform feelings of belonging, identity, and legacy preservation into constructive dialogue becomes a key condition for effective succession. Overall, emotional ownership highlights the double-edged nature of SEW. It is both a source of stability and a constraint on rational decision-making. Its effects spill over into other areas, reinforcing the urge to preserve heritage, strengthening identity-based expectations, and making it difficult to relinquish control. Emotional belonging, therefore, cannot be viewed in isolation, but is interwoven with the broader SEW dimensions of control, identity, and legacy.

4.1.3 Intergenerational Differences

Intergenerational differences were explicitly mentioned in six out of twelve interviews (6/12). Successors described how their own orientation toward change conflicted with the owner's need for stability and tradition. This highlights a paradoxical dynamic in the succession process, in which the next generation strives for innovation, while the senior generation seeks to preserve existing structures.

„Wenn du in die zweite Generation gehst, ist der Blick viel stärker auf Veränderung gerichtet, während die Eltern Stabilität wollen.“ (IS2/Q08)

“When you move into the second generation, the focus is much more on change, while the parents want stability.”

The same participant added that reverence for founders often reinforced this imbalance:

„Es gibt eine gewisse Ehrfurcht vor dem Gründer – dadurch halten Familien oft zu lange an alten Strukturen fest.“ (IS2/Q19)

“There is a certain reverence for the founder – this makes families hold on to old structures for too long.”

The prevailing pattern is a conflict between continuity and change. Incumbents value preserving heritage and stability, while successors push for renewal and adaptation. This divergence is often reinforced by symbolic reverence for the founder and the weight of family history, which slows down decision-making and innovation.

Consultants confirmed that this is not an isolated peculiarity, but a structural feature of family businesses. They emphasized how long-standing traditions and deeply rooted identities reinforce inertia and make change difficult, even when the need for it is obvious.

„Oftmals steht die Geschichte von hundert Jahren im Weg , das macht Veränderungen extrem schwer.“ (EC1/Q01)

“Often, the hundred-year history gets in the way; it makes change extremely difficult.”

At the same time, there are opposing voices (3/12) that argue that these differences do not necessarily have to be destructive. If approached constructively, these differing perspectives can complement each other and enrich the decision-making process. This interpretation highlights generational conflict as a potential resource for innovation, if it is moderated appropriately or a suitable framework is created that fosters a balance between the generations.

„Unterschiedliche Sichtweisen zwischen den Generationen können hilfreich sein, wenn man sie nicht als Bedrohung, sondern als Ergänzung begreift.“ (EA1/Q15)

“Different perspectives between generations can be helpful if they are seen not as a threat but as a complement.”

Generational conflicts, therefore, form the starting point for other dynamics related to SEW. The incumbent's need for control, the preservation of heritage, and identity expectations all converge in negotiations between the generations. Whether these differences lead to destructive conflicts or productive complementarity depends on how openly families deal with them and whether the leadership structures provide a framework for constructive dialogue.

4.1.4 Cross-Cutting Synthesis of SEW-related Tensions

All twelve interviews (12/12) confirmed that SEW has a significant influence on the succession process. The five areas of tension, control, emotional attachment, legacy, identity, and intergenerational differences, are closely interlinked and form overarching patterns rather than isolated problems.

In all cases, SEW proved to be ambivalent. It promoted loyalty and continuity but also delayed transfers and restricted professional decision-making. Control tensions (9/12) were reinforced by emotional attachment (9/12), as authority was linked to the incumbents' identities. Legacy (6/12) reinforced expectations that successors would embody family values, while generational differences (6/12) highlighted these contradictions between stability and renewal. There was no clear tendency by Role.

The different perspectives also explain the frustration of successors at their freedom of action being blocked by the patriarchal traditions of the previous owner. Consultants emphasized that these are structural characteristics of family businesses. Conversely, examples from respondents, such as conscious withdrawal, reinterpretation of the legacy, or constructive use of generational differences, show that tensions are not deterministic but depend on how families shape and negotiate them.

In summary, SEW makes succession not just a transfer of property rights, but a negotiation of meaning and identity. This underscores the importance of governance structures as arenas in which SEW logics can be moderated and balanced.

4.2 Governance as a Bridge

4.2.1 Formalization and Structuring

Formalization and the creation of organizational structures were identified as the most frequently mentioned bridging mechanisms, highlighted in 8 out of 12 interviews (8/12). In the various circumstances, successors, owners, and advisors described how written agreements, statutes, and clear role allocations reduced uncertainty and created stability during the transfer process. Governance was described as a framework that embeds the various emotionally charged dynamics in a predictable and legitimate process, preventing these tensions from escalating into open conflict.

„Wir hatten auf jeden Fall einen Beiratsvertrag, der uns geholfen hat, Zuständigkeiten klar festzulegen.“ (IS3/Q02)

“We definitely had a board agreement, which helped us to clearly define responsibilities.”

Instead of relying on informal agreements, formal agreements, such as shareholder agreements or board rules, created binding obligations that all parties could refer to. Consultants confirmed that ambiguities about who decides what often led to conflicts and that governance mitigated this risk by establishing clear responsibilities.

„Klarheit entsteht, wenn alle wissen: Wer entscheidet was und wo liegen die Grenzen.“ (EC1/Q29)

“Clarity emerges when everyone knows: who decides what, and where the limits are.”

External perspectives also revealed that formalization serves an internal purpose, but is also important for illustrating transparency and legitimacy to stakeholders. In one case described involving a successor, a partnership agreement was drawn up at the insistence of a business partner, illustrating how external pressure can accelerate the institutionalization process. For the family, this externally imposed regulation ultimately strengthened the trust of business partners and also the predictability within the succession process.

„Unternehmen X hat auf einen Gesellschaftervertrag bestanden, der uns in gewisser Weise auch Sicherheit gegeben hat.“ (IS3/Q17)

“Company X insisted on a shareholder agreement, which in a way also provided us with security.”

It was also often described how governance structures did not exist and had to be actively established, as the patriarchal structures of the owner hardly allowed for this. Successors often reported that they first had to establish decision-making processes from scratch in order to guide family members. This construction process was considered very labor-intensive and tedious, but necessary, because they only functioned as bridges when actually used in practice and did not remain merely symbolic. One interviewee explained how a culture guide was first used to establish the values that the company should practice at every level, and a governance structure was subsequently established based on this foundation.

„Am Ende ist es wichtig, dass Governance nicht nur auf Papier steht, sondern gelebt wird.“ (IS2/Q12)

“Ultimately, it is important that governance is not just on paper but is actually put into daily practice.”

Respondents also emphasized the importance of timing and long-term planning. Families that initiated the governance-led succession process earlier were better able to prevent crises and maintain stability within the company. In contrast, late or ad hoc implementation was associated with weak moderation possibilities, as the regulations introduced late were already under pressure at the time of introduction and were therefore questioned or ignored altogether.

„Also zum einen ist es schon so, dass wir ein bestimmtes Minimum an Konfliktfreiheit erarbeiten, bevor wir uns diesen strukturellen Themen widmen. Weil's einfach völlig unmöglich ist, gemeinsame Entscheidungen zu treffen, wenn der Streit beim ersten Wort sofort hochkommt.“ (EC4/Q25)

„So, on the one hand, it is true that we need to work toward a certain minimum level of conflict-free interaction before we can address these structural issues. Because it is simply impossible to make joint decisions when arguments flare up at the drop of a hat."

In eight interviews (8/12), formalization developed into the institutional backbone of corporate governance. Through binding agreements, transparent responsibilities, and predictable procedures, corporate governance ensured clarity and stability in an otherwise emotionally charged environment. The bridging effect was strongest when rules were introduced early on, accepted by all family members, and integrated into daily practice. Additionally, external stakeholders served as catalysts for structuring, thereby strengthening both internal discipline and external legitimacy.

In general, formalization and structuring serve as fundamental mechanisms for achieving this goal. They transform informal, potentially conflict-prone dynamics into institutionalized processes that offer reliability and continuity, thereby creating the conditions under which more advanced bridging functions such as legitimacy, professionalization, or mediation can unfold.

4.2.2 Legitimacy, Acceptance, and Professionalization

Legitimacy and professionalization were mentioned in six out of twelve (6/12) interviews as key functions of governance. Successors describe governance structures as an aid in establishing their own legitimacy in the succession process. Once they have taken on the role of managing director, concerns or doubts about their competence are often raised by family members, but also by employees. The question of whether the authority they now hold was earned or merely inherited was constantly raised. In this context, governance was mentioned as a legitimizing structure, providing formal recognition that supported the successor's position and reduced doubts.

„Wir haben klare Rollen definiert, um uns nicht gegenseitig im Weg zu stehen." (IS4/Q27)

"We have defined clear roles so that we do not get in each other's way."

Advisors emphasized that the legitimizing effect is particularly important in the early stages of the handover, when the next generation has not yet demonstrated its capabilities through performance. The support of the decision-making bodies served as an institutional signal that the successor was not only a family member but also a competent leader. This symbolic dimension illustrates that governance has the potential to transform kinship-based authority into organizationally accepted authority.

„Gerade am Anfang braucht die Next Gen diese Bestätigung, sonst fehlt ihr die Akzeptanz in der Familie und im Unternehmen.“ (EA1/Q16)

“Especially in the beginning, the next generation needs this confirmation, otherwise they lack acceptance within the family and the business.”

Professionalization was seen in part as a complementary function. External board members, advisors, or advisory boards were not primarily there as control agents, but as strategic sparring partners who contributed expertise, benchmarks, and an additional external perspective. Their presence in their roles helped to ensure that decisions were made based on expertise and analysis rather than family dynamics or emotional ties. Professionalization also had a preventive effect, as it curbed nepotism, ensured competence-based appointments, and set higher standards for management decision-making.

„Für mich ist ein Beirat strategische Ausrichtung, nicht Kontrolle.“ (EA1/Q05)

“For me, a board is about strategic orientation, not control.”

The combined effect of legitimacy and professionalization leads corporate management to redesign the conditions for succession. Instead of being considered a family privilege, the leadership role is embedded in transparent, competence-oriented processes. This dual role strengthens both the successor's position within the family and the company's credibility in the eyes of external stakeholders, such as employees, partners, and banks.

„Früher wurden Posten einfach nach Familienzugehörigkeit verteilt, heute gibt es klare Kompetenzprofile.“ (ES1/Q18)

“In the past, positions were simply assigned based on family affiliation; today, we have clear competence profiles.”

In half of the interviews, governance was described as a crucial bridge that facilitates legitimacy and professionalization. Successors gained symbolic and practical authority when their role was formally incorporated into the governance structure. At the same time, advisors emphasized that external expertise and competence-based processes build trust beyond the family. The bridging effect lies in governance's ability to elevate successors from being viewed as the boss's son/daughter to being accepted as a leader. At the same time, decisions are based on transparent and professional standards.

Legitimacy and professionalization thus function as complementary dimensions, as one stabilizes the successor's position, and the other strengthens the organization's credibility. The legitimacy and competence of the successors could be signalled through governance structures in which formal recognition took place. However, legitimacy alone was not enough. Participants reported that the governance structure had to be accepted and implemented in daily practice in order to be effective. This made it clear that governance enables the necessary consent for legitimacy, but that the general acceptance of stakeholders determines whether governance structures become effective or remain symbolic. Together, they transform succession from a potentially controversial process into one that is embedded in structures of acceptance, competence, and authority.

4.2.3 External Mediation and Impulses

External mediation and impetus were mentioned in eight out of twelve (8/12) interviews as another important bridging mechanism. Families often struggle to address specific, emotionally charged issues in direct conversation, such as the timing of succession, the distribution of shares, or performance evaluations. Governance structures that incorporated external partners provided a neutral framework in which these issues could be discussed without causing direct escalation. This mediating factor acted as an ear buffer, allowing conflicts to be reworked so that they could be treated as organizational problems rather than personal disputes within the family.

„Ein Beirat kann helfen, Streitigkeiten zu moderieren, die innerhalb der Familie sonst völlig eskalieren würden." (EC2/Q06)

"A board can help to moderate disputes that would otherwise completely escalate within the family."

The interviews also revealed that mediation can be effective on two levels. On the one hand, external board members or consultants were able to reduce existing tensions by moderating discussions and ensuring that all voices were heard. On the other hand, their presence often prevented conflicts from arising in the first place, as family members behaved more cautiously and constructively in the presence of outsiders. Governance, therefore, not only intervened in conflicts but also steered daily communication patterns toward constructiveness and professionalization.

„Das Wichtigste ist zu verstehen, dass es ein System sein muss, das Emotionen verhindert.“ (EA2/Q12)

“The most important thing is to understand that it must be a system that prevents emotions.”

The interviews also made it clear that external moderation only has an effect if it is incorporated into a systematic long-term plan that functions as a governance model. Repetitive structures such as regular strategy meetings, analytical reviews, and institutionalized training programs have proven essential for controlling emotional dynamics and building the succession process on a stable foundation. Governance, therefore, functions not only as a short-term moderation tool but also as a stabilizer that significantly increases the likelihood of a successful handover. The key insight is that governance must go beyond formal structures. External advisors with a clear neutral attitude toward the company and a systematic guideline are therefore indispensable for breaking down power asymmetries, legitimizing successors, and permanently defusing emotional tensions.

„Es gibt jedes Jahr Strategieworkshops, Budgetmeetings und Boardmeetings, Routinen verhindern emotionale Eingriffe.“ (EA2/Q08)

“Every year, there are strategy workshops, budget meetings, and board meetings, routines prevent emotional interventions.”

In addition to conflict mediation, external actors contributed strategic inputs and benchmarking. In several cases, it was noted how the influence of external voices affected the family's perspective, helping them to question long-held assumptions and avoid narrow-mindedness. Subsequent external input helped strengthen their own position, as new ideas were introduced through the governance structure, further reinforcing the drive for change and innovation. Interestingly, the data also showed that in some cases, the successors themselves initiated governance structures in order to gain credibility and neutral support in otherwise controversial environments.

„Es ist extrem wichtig, faktenbasiert zu argumentieren, um Emotionen rauszuhalten, sonst wären Veränderungen gar nicht möglich.“(ES1/Q02)

"It is extremely important to argue based on facts in order to keep emotions out of it; otherwise, change would not be possible at all."

The comprehensive understanding is that governance creates a space that mediates and allows emotional conflicts and emotional bonds, as well as generational differences and value conflicts, to be processed. Governance supports and connects the family with external expertise, promotes dialogue, and prevents the succession process from becoming an inward-looking process that neglects entrepreneurial responsibility. Instead, governance bridges the gap between family logic and organizational rationality by institutionalizing dialogue and innovation impulses. This dual function reduced destructive conflicts, strengthened the credibility of the successors, and promoted the exploration of new strategic directions. However, its effectiveness depended on being embedded in systematic and permanent governance routines, rather than just ad hoc measures.

4.2.4 Governance as a Bridge - Synthesis

In all interviews (12/12), governance was discussed as a key mechanism for bridging emotional tensions in the handover process. Governance takes many different forms and can function both formally and informally; however, it is often emphasized that institutionalized decision-making processes are most effective when dealing with SEW-related issues. Three core dimensions in particular emerged as particularly effective in the interviews. First, formalization and structuring provided clarity, predictability, and long-term stability, ensuring that emotional conflicts were channeled into transparent procedures. Second, legitimacy and professionalization strengthened the authority of successors, while curbing nepotism and raising competency-based standards. Third, external mediation and impetus created neutral platforms for dialogue, brought in strategic perspectives, and enabled successors to mobilize support for renewal.

Taken together, it is clear that governance works best when clarity, legitimacy, and neutrality work together. Rules alone are not enough if they are not actively lived. Legitimacy remains a fragile issue if professional standards do not exist. External impulses only generate added value if they are integrated into systematic routines. Governance as a bridge is therefore not a single mechanism that is activated as soon as it is implemented, but must be structured in a multidimensional way, thus transforming the succession process from a potential conflict into a structured process that guarantees organizational continuity and renewal.

4.3 Limits of Governance

4.3.1 Power and Emotional Barriers

One of the most significant limitations of governance mechanisms was the persistence of power asymmetries and emotional attachments. Some interviews (5/12) emphasized that, although governance structures were in place, the former owners retained a strong need for control and decision-making power. This refusal to let go meant that advisory boards, shareholder agreements, or other governance structures were regularly undermined by informal interference in the company. As a result, the successor was regularly unable to exercise their own authority and was unofficially stripped of their decision-making power. In these cases, governance remained largely symbolic and was thus unable to compensate for the entrenched pattern of patriarchal leadership.

„Mein Vater war wirklich ein klassischer Patriarch, der auch nach der Übergabe noch Anrufe von Mitarbeitern entgegengenommen hat." (IS3/Q08)

"My father was truly a classic patriarch who, even after the handover, still took calls from employees."

Closely linked to this dynamic are emotional ownership and identity concerns. Families often describe the company not as a pure economic entity, but as an inherited personal identity. This strong emotional connection leads to a fundamental rejection of decisions made within the governance structure due to perceived deviations from the continuity of the legacy, even if the strategic decision was objectively rational from a business perspective. Instead of promoting professionalization, corporate governance was sometimes seen as an encroachment on the family heritage, which limited its acceptance and effectiveness.

„Wenn ein Geschäftsbereich die Legacy darstellt, fällt die Schließung extrem schwer." (EC1/Q04)

"When a business unit represents the legacy, closing it down is extremely difficult."

Generational or intra-family conflicts are family-cultural barriers that hinder governance. Rivalries between siblings or disputes over the value of shares or different strategic orientations between generations often overshadowed formal procedures. Governance structures were often unable to resolve these conflicts when family members held on to views based more on identity, loyalty, or emotional hurt than on rational arguments.

„Aber es war dann einfach so, dass alte Verletzungen zwischen Vater und Söhnen an diesem Punkt so stark dazu geführt hat, dass er einfach nicht mehr bereit war, in irgend 'ner Form von sich aus was beizutragen. " (EC4/Q31)

"But it was simply the case that old wounds between father and sons had become so deep at this point that he was simply no longer willing to contribute anything of his own accord."

Taken together, these reports show that governance reaches its limits when power, identity, and emotions override institutional authority. In such cases, even a well-designed governance structure cannot fulfil its function, as deep-seated emotional and cultural dynamics cannot be separated from the established governance culture.

4.3.2 Structural and Functional Limits

Beyond power and emotional barriers, the interviews (7/12) also revealed several structural and functional constraints that hindered the effectiveness of governance. These constraints had less to do with the emotional component of letting go and more to do with the design, implementation, and acceptance of these governance mechanisms themselves.

A recurring problem was the lack of clarity regarding roles within the company. Although governance structures had been introduced, the roles of the various actors were not clearly defined, resulting in overlapping areas of responsibility. This ambiguity sometimes gave rise to new conflicts, causing uncertainty within the family as to who was responsible for some issues and who was the decision-maker in strategic or operational matters.

„Manchmal hätte ich mir mehr professionelle Strukturen und klare Zuständigkeiten gewünscht.“ (IS2/Q14)

"At times, I would have wished for more professional structures and clearly defined responsibilities."

Another problem is a legitimacy deficit. Successors regularly emphasize how governance mechanisms do not automatically guarantee autonomy or acceptance within the company. Formal structures create systematic decision-making, but legitimacy remains dependent on interpersonal relationships, trust, and demonstrated competence. Without the development of legitimacy, governance runs the risk of being perceived as a process shell rather than a meaningful source of authority.

„Ich hatte das Gefühl, ich muss beweisen, dass ich nicht nur die Tochter bin, sondern die Rolle verdient habe.“ (IS3/Q10)

“I felt like I had to prove that I wasn't just the daughter, but that I deserved the role.”

The data collected from the interviews also revealed that governance can be a trigger for conflict. Formal procedures such as share valuations, succession agreements, or committee decisions sometimes exacerbated disputes rather than resolving them, especially when the parties involved perceived the outcomes as unfair or incompatible with family traditions.

„Die Anteile meines Bruders mussten bewertet werden, das hat viele Diskussionen ausgelöst.“ (IS3/Q21)

„My brother's shares had to be valued, which sparked a lot of discussion.”

Finally, several cases highlighted the problem of weak or symbolic implementation. Governance mechanisms were often established late, introduced under pressure, or remained purely theoretical without being integrated into daily practice. In such contexts, governance lacked the authority to influence behavior and was easily circumvented by informal agreements. In extreme situations, succession processes even collapsed despite governance structures, showing that institutional design alone does not guarantee stability.

4.3.3 Limits of Governance - Syntheses

In summary, the results paint a picture that clearly defines the limits of governance in family businesses. Power and emotional barriers often remain in place despite formal regulations, as owners have too strong an emotional connection to the company and thus resist established structures, which ultimately leads to rivalries within the family that undermine business activities. At the same time, structural and functional weaknesses in the governance structure limit its effectiveness. Unclear roles, contested legitimacy, and structures that exist only on paper prevent rules from being taken seriously, which can spark new conflicts.

Overall, these findings show that governance is not a universal solution. The framework in which governance functions as a bridge depends on the family's willingness to relinquish power and on the consistent, credible implementation of rules. If these conditions are not met, governance can be viewed as a facade that exists formally but has no influence on socioemotional tensions.

4.4 Governance as an Ambivalent Environment

4.4.1 Conditional Effectiveness of Governance

The interviews revealed that governance in family business structures is neither a clear-cut solution nor an insurmountable barrier, but rather a dynamic mechanism that depends on various conditions. The data shows that the ability of governance to act as a bridge depends on several specific enabling conditions. This observation goes beyond the description of governance as a model for success (4.2) and as a misleading structure (4.3). It integrates these observations into a framework that explains when and why governance can act as a moderator in subsequent tensions.

Timing proved to be crucial. Governance introduced in the early years of the succession process had a stabilizing effect and allowed rules to be established that were actually lived by. Conversely, late or sudden implementation resulted in a lack of credibility and reduced acceptance among those involved. The general acceptance of the family is indispensable. Rules and structures only function as a kind of bridge if they are perceived as binding. Without the acceptance of all participants, governance remains symbolic and is circumvented by informal agreements. External neutrality fosters a balance of power that is essential for resolving conflicts. Participation in the decision-making process by individuals outside the family legitimizes decisions, moderates conflicts, and prevents escalations. Ultimately, the competence orientation of the individual participants is crucial for strengthening trust through governance and signals that leadership roles and decisions are made based on expertise and not out of SEW motivation.

„Die Strukturen helfen, Emotionen durch Fakten zu ersetzen und rationale Entscheidungen zu ermöglichen." (ES1/Q13)

"Structures help to replace emotions with facts and enable rational decisions."

Additionally, it is noteworthy to mention that in two cases, a similar approach was very successful in eliminating the patriarchal structure of the company. By splitting up the responsibilities previously held by one person into various, more minor divisions, a more professional structure was created. The leading positions in those departments were mostly given to employees who had worked in these departments for several years. That was only possible through a leadership training program, which is held continuously and therefore creates an institutionalized professionalization that splits up the power concentrations and ensures a competence-based positioning of Leadership. It prevents nepotism by mitigating the practical influence of family-related tensions and allows the company to grow while maintaining its familiar character and values.

„Wir haben regelmässige Meetings, in denen wir die Ziele besprechen und wie sie erreicht werden sollen, dabei werden alle Stimmen berücksichtigt, um logische Entscheidungen zu treffen.“ (ES2/Q02)

“We hold regular meetings to discuss our goals and how to achieve them, taking everyone's opinion into account to make logical decisions.”

Taken together, this paints a picture of governance not as a static instrument, but as a conditional mechanism. Success is not guaranteed by its mere existence, but rather by the extent to which it is contemporary, accepted, neutral, and competence-based. Its conditional perspective allows for a more nuanced understanding of governance, as it is neither inherently a bridge nor necessarily an obstacle, but can be either depending on the organizational and cultural context in which it is applied.

4.4.2 Governance as a Process, Not Instrument

The interviews make it clear that governance in family businesses cannot be seen as a static tool that guarantees conflict resolution. Instead, governance functions as an ongoing process that develops through interaction with family members, successors, and external actors. This processual character became apparent in cases where governance structures had to be adapted over time, rules gained authority once they were consistently practiced, and external advisors regularly redefined the facts that were being discussed.

„Es gibt jedes Jahr Strategieworkshops, Budgetmeetings und Boardmeetings, Routinen verhindern emotionale Eingriffe.“ (EA2/Q08)

“There are strategy workshops, budget meetings, and board meetings every year, routines prevent emotional interventions.”

Several participants confirmed that governance does not follow a straight line. Governance creates stability, which can be undermined as soon as friction arises. Rather than acting as a fixed instrument, it functions as a framework in which negotiations between competing interests, emotions, and identities are continuously balanced. Effectiveness changed depending on the composition of the actors and their willingness to work with existing structures.

"Es war entscheidend, Person X zu isolieren, damit seine Emotionen die Unternehmensentwicklung nicht blockieren." (EA2/Q07)

"It was crucial to isolate Person X so that their emotions would not hinder the company's development."

This perspective emphasizes once again that governance must be a dynamic and evolving construct. Its role is less to eliminate emotional conflicts and more to create a space in which emotionally charged conflicts can be resolved constructively without jeopardizing the continuity of business operations.

5. Discussion

The empirically collected data were presented in Chapter 4 and showed that governance plays a double-edged role in the succession process. On the one hand, governance functioned as a kind of bridge by establishing a formal contract, supporting legitimacy, moderating external participants, and creating clarity between the actors, which reduced uncertainty in the company and the family, thereby building trust between the stakeholders. On the other hand, the results showed that governance has its limits when emotional connections, power struggles, and weak implementation undermine the potential positive effects. These contradictory results suggest that governance is an ambivalent environment. This mechanism is neither universally applicable nor automatically fails, but rather depends on conditions such as timing, acceptance, neutrality, and competence orientation.

This result raises some questions for existing theories. The classic approach of Agency Theory views governance as a control mechanism, whereas Stewardship Theory emphasizes the importance of trust and a long-term orientation. The SEW perspective adds a socioemotional view to these theories. It explains why family members hinder or support governance structures depending on their identity and concerns about the family legacy. In contrast, more recent studies of paradox theory in this context place succession in family businesses in a constant state of balance, as change and consistency work themselves out.

The findings of this study contribute to the existing body of research by describing how governance is not a static instrument, but rather an evolving process mechanism. Governance can simultaneously reduce and exacerbate SEW-related tensions, depending on how the culture of interaction within the family, family relationships, and the structure of the company have been shaped. Patterns were robust across heterogeneous contexts (size, industry, region, and generation). Given thinner strata for EA/ES (n=2 each), cross-role nuances involving these groups should be read as indicative. In the following sections, these findings are discussed with existing literature and explain how they can contribute to our understanding of governance in succession processes in family businesses.

Table X 4: CMOxFIBER Extract

Theme	SEW FIBER Dimension	Condition (C)	Mechanism (M)	Outcome (O)
Formalization & Rules	F (Control) + E (Emotional attachment)	Clear mandate (advisory board/shareholder agreement), early introduction, family acceptance	Boundary setting & transfer of legitimacy; transparent decision-making boundaries	Fewer interventions by predecessors; faster, predictable decisions
Organizational Structuring	I (Identification) + R (Renewal)	Clarification of values/culture before structure; interface clarification; fixed responsibilities	Ambiguity reduction & orientation; clarification of roles strengthens self-identification/external identification	Fewer escalations; faster cross-functional decisions
External Mediation & Expertise	B (Binding ties) + E (Emotional attachment)	Neutrally moderated dialogue; fact-based working methods; embedding in board routines	Reframing, trust-building, change of perspective Family vs. management	Consensus & ability to act; relapse prevention through routines
Legitimacy & Role Definition	R (Renewal) + I (Identification)	Transparent selection criteria; board mandate; proof of competence of the next generation	Social validation; shift from kinship to role authority	Less second-guessing/micromanagement; higher acceptance
Limits: Power/Emotion	E (Emotional attachment) + F (Control)	Strong desire for control/patriarchal patterns; open informal channels of influence	Bypassing formal committees; shadow influence despite rules	Decision-making bottlenecks; symbolic governance; conflict displacement instead of resolution

5.1 Direct Answers to the Research Questions

The following section directly addresses the research questions with the results that emerged from the different perspectives of the groups and the CMO pattern (see Appendices X5 and Z3). The synthesis of cross-role evidence is supported by the most substantial evidence from IS/EC and indicative contributions from EA/ES, mapped to CMO chains in FIBER.

5.1.1 Main Research Question

How do governance structures moderate the resolution of socioemotional wealth-related tensions during succession in family businesses?

Governance moderates socioemotional wealth-related tensions equally across four different levels. Through formalization and rules, instruments such as advisory boards, shareholder agreements, and established routines with clear procedures can bring emotional conflicts into a framework that facilitates logical decision-making. External mediation and expertise, such as independent advisors or advisory boards, create a neutral framework with fact-based standards that avoid loss of face and facilitate compromise. Organizational structures, clear roles, and performance indicators can preserve the existing family identity while opening up space for renewal. Transparent selection criteria, such as competency profiles, increase the acceptance of successors and external managers. The limits of these mechanisms become apparent where informal positions of power and emotional ties continue to exert influence. In such cases, the solution mechanisms are circumvented or undermined despite their institutional anchoring.

5.1.2 Sub-Question I

How do Stakeholders perceive the role of governance structures in overcoming emotional and interpersonal challenges?

Across all roles, stakeholders agree that governance means psychological security and clarity of decision-making. Incumbents as former successors emphasize the importance of letting go and protecting established rules. Advisory board members and consultants emphasize accountability, continuity, and rigour in the process. External managing directors highlight how these effects are translated or undermined in their daily interactions with one another. Established routines and the involvement of independent third parties make it easier to let go without abandoning the boundaries relevant to the legacy. Clarification of roles and a gradual transfer of

Table X 5: Themes x Role

Theme	Incumbent and Successor	Family External Successor	Family External Advisory Board-Member	External Consultant
Formalization & Rules	Formal agreements (e.g., shareholder/advisory board agreements) create security; effective if rules are lived and introduced early on.	Routines and clear responsibilities reduce ambiguity; fact-based procedures keep emotions out of decisions.	Effectiveness depends on mandate/legitimacy; fixed cycles (strategy, budget, board meetings) prevent interference.	Clarity arises from defined decision-making boundaries; prerequisite: minimum level of conflict-free working environment before structural work.
Organizational Structuring	Reallocation of responsibilities + values/culture work before structural development; then governance as a sustainable framework.	Clarifying structures speeds up interface decisions; clarity of roles/processes reduces escalations.	Advisory board prioritizes and pools resources; rules of procedure define responsibilities.	Sustainable only with process/routine embedding; pure orgcharts are not enough.
External Mediation & Expertise	External parties create a neutral space and increase acceptance for uncomfortable topics.	Fact-based moderation prevents escalation; external sparring enables a change of perspective.	Effectiveness increases with connectivity (language/culture) and stabilizing routines.	External impulses/benchmarking question assumptions; without routines, there is a risk of relapse.
Legitimacy & Role Definition	Advisory board decisions transfer legitimacy to the next generation; kinship authority → role authority.	Clear role descriptions reduce micromanagement; proof of competence reinforces acceptance.	Transparent criteria + early confirmation increase acceptance; board as legitimacy amplifier.	Professionalization strengthens competence orientation and curbs nepotism.
Limits: Power/Emotion	Patriarchal shadow influence undermines formal rules; informal interventions remain.	Formalities do not work without emotional labor; escalations require moderation.	Loss of impact without access to familiar informal arenas; isolate blockers if necessary.	"Legacy" binds decisions; in the case of power asymmetries, governance remains symbolic.

responsibility reduce threats to identity and lessen resistance to change. Where routines are only symbolic and rules exist only on paper, emotional attachments to one's life's work quickly arise, and long-standing habits continue to influence the company, slowing down the succession process. External consultants and advisory boards confirm this pattern.

5.1.3 Sub-Question II

Under what conditions are governance mechanisms effective in resolving SEW-related tensions?

The effectiveness of governance structures is enhanced when routines are strictly enforced and do not merely exist formally in a contract. Regular procedures or systematic implementation can prevent this to a certain extent. External actors have a particular impact on the governance structure when they are accepted by all parties involved and are assigned clear tasks that are laid out transparently. Equally important is a clear distribution of roles within the management positions, with defined interfaces, defined decision-making powers, and performance indicators. The composition of governance from family and external parties, as well as a predefined culture of discussion, prevents the escalation of emotionally motivated debates. The early introduction of structures supported by competency profiles and transparent succession processes supports the acceptance of governance levels. Overall, effectiveness results from timing, transparency, and routine, which are consistently implemented over time.

5.1.4 Sub-Question III

When and why do governance mechanisms fail to resolve SEW-related tensions, and what boundary conditions limit their effects?

Governance mechanisms fail when informal power claims circumvent formal rules, and the decisions of the former Incumbent override those of the successor, as well as when spontaneous decisions disrupt established routines. When this happens, committees become symbolic, and conflicts within the company are carried over into the family and vice versa. The failure of structures also becomes more likely when positions within the company or control mechanisms are not clearly defined. In the participants' report, governance only regains influence when powers are redefined or reset. External mediation can help to strengthen the new routines and resolve conflicts along the way.

5.2 Theoretical Implications

5.2.1 Agency and Stewardship Perspectives on Governance

Agency theory introduces the concept that governance can prevent or reduce families from gaining an advantage from the company that could simultaneously harm the company strategically or operationally by aligning the interests of the family and managers through controlling and monitoring (Jensen & Meckling, 1976; Chrisman et al., 2004). In contrast to this theory is the Stewardship Theory, which emphasizes greater trust among members of the entrepreneurial family through cooperation and a shared goal, fostering a long-term orientation and intrinsic motivation (Davis et al., 1997; Eddleston & Kellermanns, 2007). Both theories are used to examine family businesses, but they enable contrasting approaches in which governance is presented as either control or trust-building.

„Über die Jahre bin ich kompetenter und ruhiger geworden [...] am Anfang war ich zu Hause ein anderer Mensch als im Büro.“ (IS3/Q11)

“Over the years, I have become more competent and calmer [...] in the beginning, I was a different person at home than I was at the office.”

The results of this study show that this comparison of these studies is not sufficient. Governance in the succession process oscillates much more between the two functions described, depending on which personalities are involved in the process and how they relate to each other. In some cases, governance structures were used as a classic agency control mechanism, in which the influence of the predecessor was clearly regulated in order to support the new decision-makers in their position. At the same time, governance structures can be used to support the successor in their claim to legitimacy by creating trust and a structure that promotes cooperation within the company, which aligns with Stewardship Theories. It is important to note that both structures were observed by participants in the same company at different points during the succession process.

„Gerade am Anfang braucht die Next Gen diese Bestätigung, sonst fehlt ihr die Akzeptanz in der Familie und im Unternehmen.“ (EA1/Q16)

“Especially in the beginning, the next generation needs this confirmation, otherwise they will lack acceptance within the family and the company.”

This observation supports the criticism of these two theories as being too prescriptive and inflexible (Nordqvist et al., 2009; Jaskiewicz & Dyer, 2017). Researchers such as Azizi et al. (2022) emphasized in their work that successful governance arises through joint interaction, trust, and transparency. In addition, Hurtado & Herrero-Chacon (2025) show that governance can only provide psychological security for the successor if the structure is accepted and a certain degree of legitimacy exists. The findings of this work thus support the claims that governance cannot be applied in the same way in every situation, but is conditioned by timing, acceptance, neutrality, and competence orientation.

By presenting governance as a conditional mechanism, this study confirms the ambivalence between agency and Stewardship Theory. At the same time, it supports more recent studies with a similar approach. Instead of attributing a disciplinary or empowering character to governance in family businesses, the dual effectiveness of both theories is strengthened depending on socioemotional, relational, and structural conditions. This expands the theory by showing that the effectiveness of governance cannot be reduced to its formal design, but must be understood as a dynamic balance of logics shaped by context.

5.2.2 Governance as a Filter for Socioemotional Wealth

Socioemotional wealth (SEW) theory emphasizes the importance of non-financial goals such as control, identity, and legacy in family businesses (Gómez-Mejía et al., 2007; Berrone et al., 2012). Further research has demonstrated the duality of SEW, as it can be considered both a blocking and a stabilizing factor in companies (Hauck & Prügl, 2015; Zellweger et al., 2011). More recent studies have suggested that SEW can be perceived dynamically and changes over generations through governance and learning processes (Gil et al., 2024). The resource orchestration view further supports the idea that governance mechanisms structure how families use and pass on resources such as reputation, identity, trust, and networks across generations (Chirico et al., 2011; Chirico & Nordqvist, 2010).

The results of this study support and expand on these theories. Governance could function as a kind of filter as long as the structure was deeply embedded in the company and accepted. In these cases, governance could use SEW as a resource for loyalty, stability, and legitimacy, turning identity into a source of cohesion and continuity. In addition, governance can create a space that enables successors to utilize SEW as a resource for renewal by linking legacy with strategic adjustments, which is consistent with the findings of Gil et al. (2024), who found that governance facilitates intergenerational learning. In contrast, when governance was introduced late or never accepted, it was not possible to control the influence of SEW. In these cases, emotional attachment to the company was a barrier that disrupted the succession process and exacerbated internal family conflicts.

„Hätten wir da nicht entsprechende Vorarbeit geleistet, wäre das gar nicht denkbar gewesen, weil das Unternehmen sehr stark mit persönlichen Bindungen der Familie verbunden war.“ (ES1/Q15)

“If we hadn't done the necessary groundwork, it would have been unthinkable, because the company was very closely linked to the family's personal ties.”

This perspective contributes to the current knowledge in SEW theory in three ways. The empirically collected data confirm the filter mechanism of governance, in which SEW acted as a stabilizing force or a hindering influence. In addition, the results expand the description of SEW as dynamic (Hauck & Prügl, 2015; Gil et al., 2024) by showing how governance further develops SEW in the succession process. Finally, by linking SEW to the Resource Orchestration View (Chirico et al., 2011), governance can be understood as a mechanism that, when properly implemented, not only manages financial and strategic resources but also organizes the use of social-emotional resources across generations rather than having a destructive effect.

5.2.3 Legitimacy and Acceptance as a Core Condition

A recurring theme in the literature, as well as in the findings of this study, was the legitimacy-driven success of governance. Previous studies show that advisory boards or family councils fail if they are not perceived as authoritative (Strike, 2012; Strike et al., 2017; Cesaroni & Sentuti, 2017). Governance, therefore, remains symbolic if it is introduced too late or if the family does not actively participate. Recently published research on the topic emphasizes the importance of legitimacy in enabling psychological security and acceptance of the successor (Hurtado & Herrero-Chacon, 2025).

The results of this study confirm and reinforce these findings. Successors regularly mentioned how the governance structure did not automatically guarantee stakeholder acceptance; instead, they had to work to earn it. Formal confirmation through governance structures was helpful, but ultimate success ultimately depended on family acceptance. In cases where governance lacked legitimacy, established rules were circumvented, informal agreements were made, or decisions were publicly questioned, thus exposing successors to scepticism and conflict.

„Wenn der Vater sich dann noch mal einmischt, ist das natürlich nicht gut für das Standing als neuer Geschäftsführer."

"If the father then interferes again, that's obviously not good for their standing as the new managing director." (EC2/Q04)

This suggests that legitimacy is not only the result of governance but must also be a prerequisite. Without acceptance, governance structures remain empty shells, but with acceptance, they can strengthen the authority of the successor and promote professionalism in decision-making. The findings contribute to previous studies by distinguishing between the decisive factors of legitimacy and acceptance. Legitimacy refers to the formal recognition of governance roles and structures, for example, through contracts, family constitutions, or official appointments (Schlepphorst & Moog, 2014; Strike, 2012). Acceptance, on the other hand, captures the extent to which these roles and structures are implemented in practice (Cesaroni & Sentuti, 2017; Hurtado & Herrero-Chacon, 2025). The observations from the interviews showed that legitimacy is a decisive factor, but it is not sufficient on its own. Governance can be formally legitimate and yet ineffective if stakeholders do not accept it. To enable an effective structure, both conditions, acceptance and legitimacy, must therefore work together. This underscores that the effectiveness of governance in family business succession depends on cultural and interpersonal acceptance rather than formal rules and processes.

5.2.4 Governance in the Continuity and Change Paradox

The paradox theory has become increasingly prevalent in succession research within family businesses, highlighting that these businesses often face problems that are contradictory yet closely interrelated (Smith & Lewis, 2011). In the context of family businesses, a paradox arises when tradition and continuity are opposed to change and innovation, or when family control is opposed to professionalization (De Massis & Kotlar, 2014). Further research has found that governance structures do not resolve this paradox, but rather make it visible and change how those involved reconcile these different requirements (Schad et al., 2016). Governance structures, therefore, play a crucial role in how this paradox manifests within a company.

„Ich habe oft gesehen, dass die zweite Generation sofort investieren will, während die erste bremst.“ (EC1/Q19)

“I have often seen that the second generation wants to invest immediately, while the first generation puts the brakes on.”

The results of this study illustrate how the paradox of continuity and change also places the effectiveness of governance in a paradoxical context. On the one hand, governance can bring tradition into a formal structure that defines the identity of the company and stabilizes it with value-bound rules. At the same time, governance can use the exact mechanism to create space for innovation and renewal by creating an arena for external and new ideas that operate within the established value coordinate system. In this way, governance can bring duality into an institutional framework that balances both opposing forces.

„Die größte Herausforderung ist, emotionale Themen zu erkennen und in rationale Diskussionen zu überführen.“ (ES1/Q17)

“The biggest challenge is recognizing emotional issues and turning them into rational discussions.”

At the same time, the interviews provide insight into how governance can exacerbate these paradoxical tensions. In the examples referred to, such as share evaluation or succession agreements, conflicts within the family can escalate if those involved believe that the inheritance has been distributed unfairly. In this situation, governance can bring the disputes to the negotiating table, which may exacerbate them if there is a lack of trust or acceptance.

„Gleichheit zum Beispiel auf die geschäftsführenden Gesellschafter anwende, dann ist es sinnvoll, dass einem Geschäftsführer mehr Anteile gebe als einem, der als nicht aktiver Gesellschafter dabei ist.[..] Und da kommt natürlich richtig Dynamit in die Diskussion, weil wir sicherstellen wollen, dass alle das Gefühl haben, wir behandeln sie gleich.“ (EC4/Q34)

“If we apply equality to managing partners, for example, then it makes sense to give a managing director more shares than someone who is a non-active partner. [...] And that's where the discussion really gets heated, because we want to ensure that everyone feels they are being treated equally.”

This perspective ties in with recent theories by Smith and Lewis (2011), which emphasize that governance mechanisms not only reflect decisions but also influence the tensions associated with them. The contribution of this study is to empirically demonstrate how governance can play both roles, as a stabilizer and as a trigger for conflict, depending on how the opposing positions are negotiated. Thus, governance is not a solution for paradoxical positions in succession processes, but rather opens up an arena in which opposing opinions can be debated, which can sometimes be productive and sometimes destructive.

5.2.5 Governance as a Process, not a Tool

Much of the earlier literature conceptualized governance as a set of formal structures such as boards, family councils, or shareholder agreements, assuming that the mere presence of these structures guarantees effectiveness (Nordqvist et al., 2009; Jaskiewicz & Dyer, 2017). This prescriptive view treated governance as a static tool, describing various design features rather than analyzing how they work in practice.

More recent studies address this issue and examine how governance behaves. Neubaum et al. (2016) explore the concept of governance as part of a stewardship climate, highlighting the importance of trust and continuous support. Azizi et al. (2022) argue that governance is not even implemented but is regularly and continuously renegotiated by all stakeholders. Recent research by Hurtado and Herrero-Chacon (2025) adopts a similar approach. It supports the claim that governance only provides psychological security when the structures are integrated into ongoing routines, thereby maintaining their effect.

"Es gibt jedes Jahr Strategieworkshops, Budgetmeetings und Boardmeetings, Routinen verhindern emotionale Eingriffe." (EA2/Q08)

“Every year there are strategy workshops, budget meetings, and board meetings; routines prevent emotional interventions.”

The results of this study support this process-oriented perspective. Governance proved successful in the long term, primarily when it included regular processes, such as continuous meetings, the adaptation of rules, and the further development of institutionalized structures. The institutionalization of entrepreneurial developments enables the professionalization to be structurally integrated, resulting in the replacement of patriarchal power concentrations with newer management approaches that emphasize horizontal, collective, and competence-based management. This shift leads family businesses from personalized dominance to professionalized organizational management.

„Durch die restrukturieung des unternehmens hatten wir die möglichkeit unsere besten Mitarbeitern zu halten und führungspositionen aufsteigen zu lassen.“ (ES2/Q01)

"The restructuring of the company allowed us to retain our best employees and promote them to management positions."

Structures that remained symbolic or existed only on paper were quickly circumvented or were unable to moderate conflicts. In addition, governance evolved during the handover. Mechanisms that were initially considered stabilizing later became arenas in which conflicts and innovations were discussed and debated. This dynamic character underscores that governance is not a one-time effort, but a continuous process of institutional strengthening and adaptation.

This study aims to contribute to the understanding that governance is perceived as a living system rather than a static tool. This perspective expands on recent research and goes beyond prescriptive models by examining governance as a process that shapes and is shaped by socioemotional as well as organizational dynamics in succession.

5.3 Contribution to Literature

Based on the above findings, the study adds to previous research in several ways. From an agency and stewardship perspective, it contributes to debates that governance mechanisms in family businesses do not only work through controls or trust, but also through other mechanisms. Instead, it supports studies that claim that governance can take on both roles depending on the context, timing, and acceptance. This further expands the assumption that governance should be viewed as an ongoing mechanism that adapts to interpersonal relationships and structural conditions, rather than taking on a general function that is universally applicable.

Additionally, this study contributes to the research on the socioemotional wealth perspective. While SEW has long been perceived as both a resource and a liability, the results of this study suggest that governance models can actively filter these aspects, thereby reinforcing the positive effects, while negative aspects can be mitigated through institutionalized mechanisms. When governance was accepted and fully integrated, SEW was transformed into a source of loyalty, stability, and legitimacy. When governance acceptance was lacking or introduced too late, SEW-related tensions could harden and act as a kind of barrier that tended to intensify conflicts. These results contribute to previous research and confirm that governance not only moderates but also shapes whether SEW promotes or hinders productivity. This reinforces the link between SEW and the resource orchestration view.

Finally, this study expands the process-oriented perspective of governance. Early studies treated governance as a static tool, assuming its effectiveness without considering its limitations. Newer studies, supported by these findings, show that governance achieves its full effectiveness only when a living mechanism is established. This effect can be achieved through routines, adaptation over time, and repeated negotiation of conditions. Through this living process, it is possible to institutionalize professionalization and, over time, develop patriarchal structures into a more horizontal, competence-based leadership system. These findings shift the tenor of governance from a static construct to a dynamic process that actively transforms leadership structures in family businesses.

Overall, the added insights go beyond the structural and prescriptive studies of governance in family-owned businesses. By bringing together the emotional and subjective perspectives of the various stakeholders, a condensed, qualitative, and thus almost objective body of evidence emerges on how governance works and is perceived in practice. This methodological and conceptual approach combines previous studies that have focused more on the formal design of the governance structure, thereby offering a deeper understanding of governance as conditional, paradoxical, and process-oriented. However, Patterns are only analytically generalizable within the German context, a statistical generalization is not claimed.

6. Conclusion

This chapter summarizes the study and its findings, emphasizing both theoretical and practical contributions, and defines the limitations of this work, which opens up scope for further research. Whereas the previous chapter discussed the findings in relation to existing theories, this chapter distills the findings and confirms their relevance for theory and practice.

6.1 Contribution to Theory and Practice

This study aimed to examine the influence of governance structures in the succession process of family businesses, with a particular focus on socioemotional influences and how these change between generations. The empirical results show that governance plays two equally important roles. Governance can act as a bridge, creating clarity, legitimacy, and a neutral space for open and productive dialogue. However, governance reaches clear limits when power struggles, emotional ties, or weak integration undermine the aforementioned effects. This explains how identical structures can have different outcomes and why SEW can turn from liability to an asset and vice versa.

The analysis suggests that governance is best understood as an evolving mechanism. Its effectiveness depends on factors such as timing, acceptance, external neutrality, and the competence of relevant actors. Governance can be used as a kind of filter, through which SEW-related aspects, such as emotional connection and identity, are transformed into resources, including stability. Conversely, governance structures themselves can exacerbate tensions if there is no acceptance of the structures introduced. In addition, governance can institutionalize paradoxical conflicts in order to reconcile demands for continuity and change and thus make them manageable, even if this sometimes gives rise to conflicts.

Ultimately, the results emphasize that governance cannot be viewed as a static tool, but rather as a dynamic process. Furthermore, it can only be effectively continued if governance is integrated into routines and develops with the company, thus gaining strength in the succession process. In this sense, governance can not only moderate tensions inherent in the succession process itself but also help to develop the company from a patriarchal structure with a vertical leadership model and micromanagement at the top management level into a horizontal system. This increases the competence-based filling of management positions and the professionalism with which governance is implemented.

Practical implications can also be drawn from the results. First, governance should generally be introduced as early as possible in the succession process, and thus already be in place before it begins. Families that only introduce structures once conflicts arise often perceive them as ineffective, which automatically becomes self-fulfilling due to this perception. However, if structures can be implemented early on, routines and acceptance naturally become established over time.

Following on from the previous recommendation, governance must be accepted and lived. Rules and structures lose their value if they only exist on paper. Families should therefore ensure that their governance structure is visible or tangible in their daily business. In this way, the authority of these structures is explicitly perceived, and successors can more easily find their place in these structures and thus draw support from them.

A sensible step is to integrate external neutral advisors. This promotes general legitimacy and acceptance. These advisors can act as mediators or provide strategic impetus without being emotionally biased, which strengthens confidence in the final decisions. The presence of individuals from outside the family not only helps to mediate internal family conflicts but also promotes professional credibility from the perspective of stakeholders.

Governance structures should promote competence-oriented leadership. Decisions should be based on experience and analytical results and not influenced by family ties. This enhances the professionalization of standards, prevents nepotism, and fosters greater acceptance among employees.

Finally, governance can be understood as a continuous process. In practice, this means that the structures introduced must be self-monitoring and, if necessary, adapted or strengthened in order to remain effective. Families should therefore view governance as a self-expanding system that will accompany them over generations, rather than as a one-time intervention.

6.2 Limitations

Like all qualitative research, this study is subject to certain limitations. The results of this study were collected from a limited number of cases in Germany. Despite the different perspectives of the respondents, including incumbents, external managing directors, consultants, and advisory board members, the results cannot be generalized to all family businesses and cultural circles. Two strata (EA/ES) are thin (n = 2 each) and without within-firm dyads/triads, the dynamic interplay is inferred across roles rather than observed within cases. It also limited the study's ability to capture role-based differences. As a result, role differences were only highlighted when they were clearly evident, and the findings were mainly aggregated by emerging themes across roles. It is essential to emphasize that this study is exploratory and does not aim to test hypotheses. The available data are therefore constrained, requiring future studies with a larger sample size and a balanced sample size per group, which would then enable more accurate comparisons between roles and the identification of differences. Findings are therefore analytically generalizable, not statistically generalizable. The national factor, institutional framework, and cultural norms inevitably shape the form of governance and how it is implemented, which limits the transferability of the results to other cultural circles.

To provide more trustworthiness, a member check was conducted. A subset of informants (n = 3) reviewed a one-page theme sketch. The Feedback was minor (terminology/wording) and was integrated, but given time constraints, feedback was limited, which lowers the effectiveness of this procedure.

In addition, this research is based on the respondents' own perceptions. Although this may provide valuable insights into the perceived effects of governance, these insights may be influenced by retrospective bias, personal agendas, or selective memory. Owners, in particular, have looked exclusively at their own succession in retrospect as they prepare for the upcoming succession process. This reflective standpoint offers a rich and comparable view, but cannot capture the immediate emotional experiences in a current succession process, so this standpoint is underrepresented in the data.

The addition of managing directors, consultants, and advisory board members from outside the family also influenced the data collected. The views of these respondents are less emotionally charged and include a more strategically oriented perspective, which broadens the data collected but has the potential to push the intensity of intra-family dynamics into the background. Nevertheless, they are inevitably affected by the dimensions of socioemotional wealth.

In methodological terms, this study is based on a cross-sectional design and perceives governance at a specific moment in time. However, while governance is repeatedly described in this work as a dynamic and evolving process, this work can only capture how governance adapts across generations to a limited extent, as described above. In addition, the focus is on governance and socioemotional wealth, which is necessary to answer the research question, but this leaves out other relevant dimensions such as financial performance, industrial dynamics, and macroeconomic pressure, which may also influence the functioning of governance.

Finally, it is important to mention that governance itself is a broad term that describes a variety of structures that can look and function differently. This study did not aim to capture how the different structures function but instead developed a highly theorized perspective that abstracts from individual cases. Therefore, the results may not fully reflect the specifics of the respective governance arrangements in which the participants were involved.

6.3 Future Research

Based on the limitations mentioned above, some gaps can be addressed by future research. The perspectives of successors currently involved in a succession process could be examined with greater focus. Although this study has benefited from the retrospective perspective of the owners, it lacks the current and immediate impressions that reflect emotional experiences as successors actually experience them. This would enormously enrich our understanding of how governance supports or hinders the succession process.

As already mentioned in the limitations section, further research would be necessary to conduct a multi-stakeholder design study, but with a significantly larger sample size and a more balanced representation of the roles. This would enable a systematic comparison between the roles, ultimately providing the depth necessary to capture the diverse experiences that occur within a governance structure. In addition, it would be possible to capture how differences arise between companies that design governance structures with or without advisory boards and external stakeholders. The differences between generations within the company could also be explored in greater depth, and the contextual reference could play a more significant role. These points could not be sufficiently considered in this study due to the small sample size mentioned above; however, expanded research would strengthen the theoretical approaches by clarifying when governance functions as a common framework across roles and when governance structures represent a mechanism that influences SEW dynamics.

In addition, a longitudinal research design is recommended to accompany the dynamic process of change in governance structures. The succession process goes through several stages in the handover between generations, and this would provide a better understanding of how governance loses or gains effectiveness over time.

More attention can be paid to the cultural and institutional context. The results of this study are specific to Germany, which entails certain traditions, values, and legal frameworks. Comparing similar studies from other cultural circles could examine how they are applied and how the cultural context influences this.

In addition, there are a variety of applicable structures that have different effects. This study developed a highly theorized representation of corporate governance without systematically distinguishing between forms such as family councils, advisory boards, or shareholder agreements. Future studies could examine how the specific design of different structures influences the moderating effect of socioemotional tensions.

As mentioned before in the limitations, the transferability is bound to the German context. Even though patterns are analytically generalizable, the cultural context could change the relative salience of mechanisms. Therefore, a comparative design between southern and northern Europe could give further insight into the differences between cultures.

Finally, future research could additionally incorporate factors that go beyond socioemotional wealth, such as financial performance, industry characteristics, or macroeconomic shocks. The inclusion of these variables would enable a more holistic understanding of how governance interacts with socioemotional and economic constraints, thereby influencing the outcomes of succession.

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Appendix

Appendix X: In-Text Tables

Table X 1: Interview Group Role Description and Count

Group	Number of Participants	Role in Succession/Governance
Incumbents (owners)	4	Reflecting on succession and preparing next generation
External Managing Directors	2	Professional managers working alongside the family
Consultants / Advisors	4	External experts on succession, governance, and conflict moderation
Advisory Board Members	2	Formal governance role at family–firm interface

Table X 2: Research questions covered by the Interview guide

Guide	SQ1	SQ2	SQ3
IS	direct	direct	direct
EA	indirect	direct	indirect
EC	-	direct	direct
ES	indirect	indirect	indirect

Table X 3: Assumptions in Interview Guide

Assumption	**Theoretical grounding**	**Operationalization in interview**	**Goal**
1. Succession in family firms is shaped by SEW tensions	SEW theory: non-financial family goals such as identity, control, legacy (Gómez-Mejía et al., 2007; Berrone et al., 2012). SEW can stabilize or obstruct succession (De Massis et al., 2008; Hauck & Prügl, 2015). SEW is dynamic across generations (Gil et al., 2024).	Questions on family values, traditions, emotional attachments (e.g., "*Which traditions or family values did you feel pressured to preserve?*").	Explore how actors perceive SEW as a resource or a barrier in succession.
2. Governance mechanisms moderate SEW tensions	Governance clarifies roles and reduces conflict (Kotlar & De Massis, 2013; Strike, 2012; Minichilli et al., 2015). Recent work: governance as stewardship climate (Neubaum et al., 2016); effectiveness from interaction, trust, and transparency (Azizi et al., 2022).	Questions on formal mechanisms: boards, family constitutions, shareholder agreements (e.g., "*Which governance structures supported or hindered the process?*").	Examine whether governance transforms SEW tensions into constructive dialogue or fails.
3. Governance effectiveness depends on legitimacy and acceptance	Governance works only if accepted as legitimate (Strike, 2012). Unclear roles undermine legitimacy (Schlepphorst & Moog, 2014). Risk of symbolic governance when late/unused (Cesaroni & Sentuti, 2017). Psychological safety only if accepted (Hurtado & Herrero-Chacon, 2025).	Questions on legitimacy: "*Did governance structures strengthen your position?*"; "*Were rules bypassed?*".	Assess whether governance functions as a binding authority or remains formal but ineffective.
4. Governance is a dynamic process, not a static instrument	Earlier: governance treated structurally (Nordqvist et al., 2009; Jaskiewicz & Dyer, 2017). Recent: governance as relational, processual, negotiated in practice (Neubaum et al., 2016; Azizi et al., 2022).	Reflective questions at end: "*What made governance effective over time?*"; "*Were adjustments necessary?*".	Investigate whether governance is perceived as a living system or a static framework of rules.

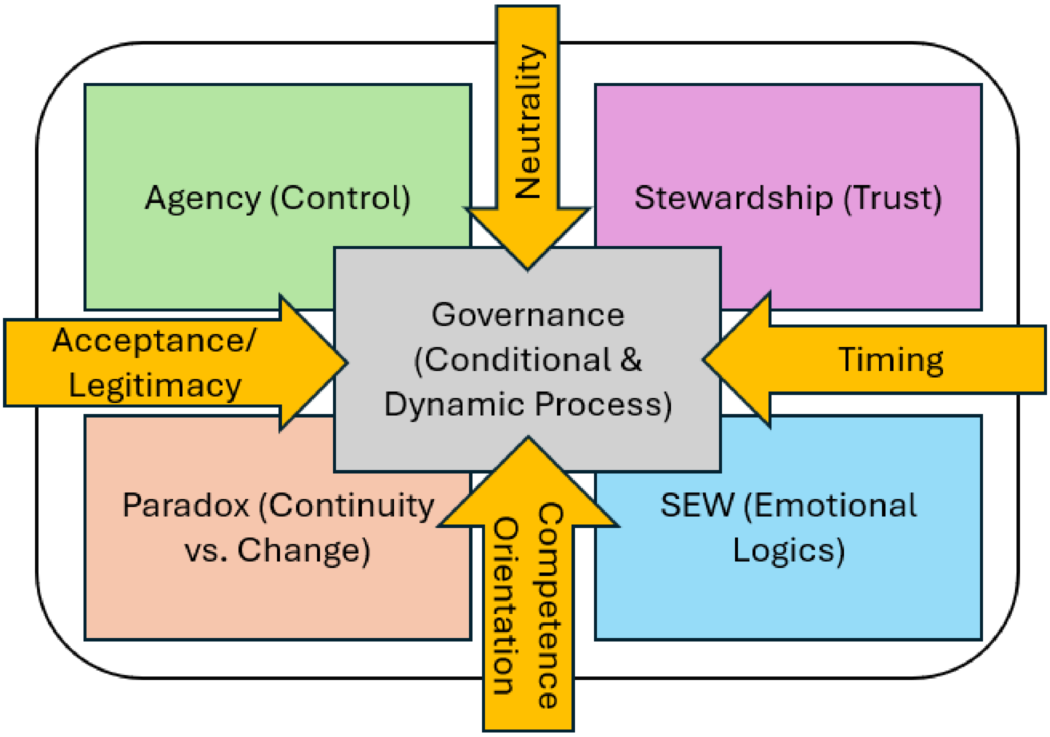
Table X 4: CMO x FIBER Extract

Theme	SEW FIBER Dimension	Condition (C)	Mechanism (M)	Outcome (O)
Formalization & Rules	F (Control) + E (Emotional attachment)	Clear mandate (advisory board/shareholder agreement), early introduction, family acceptance	Boundary setting & transfer of legitimacy; transparent decision-making boundaries	Fewer interventions by predecessors; faster, predictable decisions
Organizational Structuring	I (Identification) + R (Renewal)	Clarification of values/culture before structure; interface clarification; fixed responsibilities	Ambiguity reduction & orientation; clarification of roles strengthens self-identification/external identification	Fewer escalations; faster cross-functional decisions
External Mediation & Expertise	B (Binding ties) + E (Emotional attachment)	Neutrally moderated dialogue; fact-based working methods; embedding in board routines	Reframing, trust-building, change of perspective Family vs. management	Consensus & ability to act; relapse prevention through routines
Legitimacy & Role Definition	R (Renewal) + I (Identification)	Transparent selection criteria; board mandate; proof of competence of the next generation	Social validation; shift from kinship to role authority	Less second-guessing/micromanagement; higher acceptance
Limits: Power/Emotion	E (Emotional attachment) + F (Control)	Strong desire for control/patriarchal patterns; open informal channels of influence	Bypassing formal committees; shadow influence despite rules	Decision-making bottlenecks; symbolic governance; conflict displacement instead of resolution

Table X 5: Themes x Role

Theme	Incumbent and Successor	Family External Successor	Family External Advisory Board-Member	External Consultant
Formalization & Rules	Formal agreements (e.g., shareholder/advisory board agreements) create security; effective if rules are lived and introduced early on.	Routines and clear responsibilities reduce ambiguity; fact-based procedures keep emotions out of decisions.	Effectiveness depends on mandate/legitimacy; fixed cycles (strategy, budget, board meetings) prevent interference.	Clarity arises from defined decision-making boundaries; prerequisite: minimum level of conflict-free working environment before structural work.
Organizational Structuring	Reallocation of responsibilities + values/culture work before structural development; then governance as a sustainable framework.	Clarifying structures speeds up interface decisions; clarity of roles/processes reduces escalations.	Advisory board prioritizes and pools resources; rules of procedure define responsibilities.	Sustainable only with process/routine embedding; pure orgcharts are not enough.
External Mediation & Expertise	External parties create a neutral space and increase acceptance for uncomfortable topics.	Fact-based moderation prevents escalation; external sparring enables a change of perspective.	Effectiveness increases with connectivity (language/culture) and stabilizing routines.	External impulses/benchmarking question assumptions; without routines, there is a risk of relapse.
Legitimacy & Role Definition	Advisory board decisions transfer legitimacy to the next generation; kinship authority → role authority.	Clear role descriptions reduce micromanagement; proof of competence reinforces acceptance.	Transparent criteria + early confirmation increase acceptance; board as legitimacy amplifier.	Professionalization strengthens competence orientation and curbs nepotism.
Limits: Power/Emotion	Patriarchal shadow influence undermines formal rules; informal interventions remain.	Formalities do not work without emotional labor; escalations require moderation.	Loss of impact without access to familiar informal arenas; isolate blockers if necessary.	"Legacy" binds decisions; in the case of power asymmetries, governance remains symbolic.

Figure 1: Theoretical Model of Governance as Conditional and Dynamic



Appendix Z: Information referred to in the Text

Table Z 2: Participant sociodemographics by role

Participant	Participant Role	Gender	Age Range	Generation in Company	Education	Years in Role	Total Years in Firm	Prior External Experience	Family Relation	Role in Succession Governace	Notes
IS1	Incumbent and Successor	Male	61-65	4	Apprenticeship in Business Education and Engineering Diploma	27	27	no	Son of prior Incumbent	ı succession and preparing ne:	For long tim ein current position
IS2	Incumbent and Successor	Male	46-50	3	Apprenticeship in foreign Trade	5	30	no	Son of prior Incumbent	ı succession and preparing ne:	Reflecting on past succession, preparing next
IS3	Incumbent and Successor	Female	61-65	2	Diploma in Business Administration	25	29	no	Daughter of prior Incumbent	ı succession and preparing ne:	Former HR Manager
IS4	Incumbent and Successor	Male	56-60	2	Diploma in Business Administration	15	31	Sales Manager	Son of Founder	ı succession and preparing ne:	Gathered Managing experience befor entering Company
EC1	External Consultant	Male	36-40	-	Master in Management	5	-	-	No relation	External expert on succession, governance, and Change Management	Working on Phd regarding conflict management in Family Businesses
EC2	External Consultant	Male	41-45	-	Diploma in Auditing	13	-	-	No relation	External expert on succession, governance, and Change Management	Focus on succession processes, mediation, and strategic support for family businesses
EC3	External Consultant	Male	51-55	-	Diploma in Business Administration	11	-	-	No relation	External expert on succession, governance, and conflict moderation	Focus on succession processes, mediation, and strategic support for family businesses
EC4	External Consultant	Male	61-65	-	Diploma in Business Administration	22	-	-	No relation	External expert on succession, governance, and conflict moderation	Succession strategy, succession planning, cultural change, leadership development
EA1	Family External Advisory Board-Member	Male	46-50	-	Master in Business Administration	12	16	Advisor/Sales Manager/Managin g Director	No relation	Formal governance role at family–firm	Experience in Structural Change Management
EA2	Family External Advisory Board-Member	Male	66-70	-	Diploma in Business Administration	12	12	Managing Director	No relation	Formal governance role at family–firm	Experienced in Change Managemnt and Leadership Development
ES1	Family External Successor	Male	41-45	5	Apprenticeship in Event Management	2	23	Managing Director	Former Employee	Professional managers working alongside the family	Grew into Position inside the Company
ES2	Family External Successor	Male	61-65	4	Diploma in Business Administration	20	25	Managing Director	Former Employee	Professional managers working alongside the family	Grew into Position inside the Company but had Prior Managing Experience

Table Z 1: Firm Descriptors

Participant	Participant Role	Firm Age	Generation in Control	Revenue	Described Governce structure	Abstract form of Governance
IS1	Incumbent and Successor	over 130 Years	4	Approx. 35 million	No active formal structure, clear tho informal role assingment	Partnership Agreement
IS2	Incumbent and Successor	over 125 Years	3	Approx. 5.8 Billion	No active family Council	Executive Board & Supervisory Board
IS3	Incumbent and Successor	over 30 Years	2	Approx. 3 million	Partnership Agreement	Partnership Agreement
IS4	Incumbent and Successor	over 30 Years	2	Aproxx. 40 million	Culture Guide and informal role agreement	Shared Ownership/Partnership agreement
EA1	Family External Advisory Board-Member	over 120 Years	4 & 5	Approx. 120 million	Generational overlapping Partnership Agrrement	family Council + Partnership Agreement
EA2	Family External Advisory Board-Member	over 130 Years	5	Approx. 40 million	Strategic and operational Dvisions	Shareholder + Partnership Agreement
ES1	Family External Successor	over 130 Years	5	Approx. 25 million	Shared Ownership with asymmetrical share distribution	Shareholder + Partnership Agreement
ES2	Family External Successor	over 100 Years	4	Approx. 30 million	Shareholder agreement + external advisory board	Shareholder + Partnership Agreement + Advisory Board

Table Z 3: Extended CMO x FIBER with Example Quotes

Theme	SEW FIBER Dimension	Primary	Secundary	Condition (C)	Mechanism (M)	Outcome (O)	Example Quotes
Formalization & Rules	F (Control) + E (Emotional attachment)	F	E	Clear mandate (advisory board/shareholder agreement), early introduction, family acceptance	Boundary setting & transfer of legitimacy; transparent decision-making boundaries	Fewer interventions by predecessors; faster, predictable decisions	[IS2/Q12]: "Ultimately, it is important that governance is not just on paper, but is actually practiced." [ES2/Q02]: "We have regular meetings where we discuss the goals and how they should be achieved, taking everyone's opinions into account in order to make logical decisions." [EC2/Q18]: "An advisory board can help to mediate disputes that would otherwise escalate completely within the family."
Organizational Structuring	I (Identification) + R (Renewal)	I	R	Clarification of values/culture before structure; interface clarification; fixed responsibilities	Ambiguity reduction & orientation; clarification of roles strengthens self-identification/external identification	Fewer escalations; faster cross-functional decisions	[IS2/Q14]: "Sometimes I would have liked to see more professional structures and clear responsibilities." [ES1/Q13]: "The structures help to replace emotions with facts and enable rational decisions." [EC1/Q04]: "When a business area represents the legacy, closing it down is extremely difficult."
External Mediation & Expertise	B (Binding ties) + E (Emotional attachment)	B	E	Neutrally moderated dialogue; fact-based working methods; embedding in board routines	Reframing, trust-building, change of perspective Family vs. management	Consensus & ability to act; relapse prevention through routines	[ES1/Q02]: "It is extremely important to argue based on facts in order to keep emotions out of it—otherwise, change would not be possible." [EA2/Q08]: "Every year, there are strategy workshops, budget meetings, and board meetings – routines prevent emotional interference." [EC3/Q12]: "Ultimately, successors must be able to act professionally, even when it affects the family."
Legitimacy & Role Definition	R (Renewal) + I (Identification)	R	I	Transparent selection criteria; board mandate; proof of competence of the next generation	Social validation; shift from kinship to role authority	Less second-guessing/micromanagement; higher acceptance	[IS4/Q10]: "Especially in the beginning, the next generation needs this confirmation, otherwise they will lack acceptance in the family and in the company." [EA1/Q01]: "Successors often describe themselves as entrepreneurs, but in very few cases are they actually entrepreneurs." [EC1/Q07]: "Sometimes innovation fails because the successor has no standing in the company."
Limits: Power/Emotion	E (Emotional attachment) + F (Control)	E	F	Strong desire for control/patriarchal patterns; open informal channels of influence	Bypassing formal committees; shadow influence despite rules	Decision-making bottlenecks; symbolic governance; conflict displacement instead of resolution	[IS3/Q20]: "My father still received calls from employees even after he was no longer officially the managing director." [ES1/Q17]: "The biggest challenge is recognizing emotional issues and turning them into rational discussions." [EA2/Q12]: "The most important thing is to understand that it has to be a system that prevents emotions."

Appendix B: Interview Instruments

Appendix B 1: Interview guide - Consultant (EC)

Interview guide – Consultant

Part 1 – Background

1. Can you tell me something about your professional background and your experience with succession processes in family businesses?

2. To what extent have you encountered situations in which socio-emotional bonds have influenced decision-making?

Part 2 – Observations on SEW-related tensions

3. In your opinion, what types of SEW-related conflicts occur particularly frequently in succession processes (e.g., control, identity, tradition vs. renewal)?

4. What effects do such tensions typically have on succession decisions and on openness to innovation or change?

Part 3 – Governance structures

5. Which governance mechanisms (e.g., advisory board, family constitution, external consulting) do you find particularly effective in moderating SEW-related tensions?

6. Can you give an example where governance not only resolved conflicts but also paved the way for innovation?

7. Have you also experienced cases in which governance structures have failed? What do you think was the reason for this?

Part 4 – Recommendations & Best Practices

8. Which factors are crucial for governance structures to be accepted and actually implemented by the family?

9. At what point in the succession process should governance ideally be introduced or strengthened?

10. What recommendations would you give to families who want to preserve their SEW on the one hand, but also want to ensure innovation and sustainability on the other?

Appendix B 2: Interview Guide - Family External MD (ES)

Interview guide – Family external managing director

Part 1 - Background and role

1. Could you briefly describe your professional career and how you came to your current role as managing director in a family business?

2. How does your role as a non-family managing director differ from that of a family member in management?

Part 2 - Perception of governance structures

3. What formal or informal governance structures exist in your company (e.g., advisory board, family constitution, regular family meetings)?

4. How do you experience the impact of these structures in the daily collaboration between family members and management?

5. In your view, are there differences in the perception of these structures by you as an external managing director and by the family members?

Part 3 - Conflict between emotion and rationality

6. Where do you experience the greatest tensions between emotional family ties and rational business decisions?

7. How do governance structures help to moderate these tensions or make them resolvable?

8. Can you describe situations in which these structures reach their limits?

Part 4 - Role of the managing director without family ties

9. What particular opportunities or challenges do you see in the fact that you yourself are not part of the entrepreneurial family?

10. How does this influence your position in discussions about SEW-related* topics (e.g., control, tradition, identity)?

Part 5 - Future potential

11. What role should governance structures play in future succession processes?

12. In your opinion, are there any adjustments or new formats that could help to better balance emotional and business interests?

Appendix B 3: Interview guide - Advisory Board Member (EA)

Interview guide - Advisory Board Members

Part 1 – Background

1. Please tell me briefly about your role as an advisory board member in this company
2. How long have you been supporting the family/company in this role?
3. How have you experienced or supported the succession processes so far?

Part 2 – Perception of SEW tensions

4. In which situations have you experienced tensions related to family values, traditions, or emotional ties?
5. How have these tensions affected decision-making processes in the company?
6. Were there any differences between the generations (e.g., preservation vs. renewal) that you perceived particularly strongly?

Part 3 – Role and impact of governance

7. What role does the advisory board play in moderating these tensions?
8. Can you give examples of situations in which the advisory board was able to moderate conflicts or facilitate decision-making processes?
9. Were there situations in which governance structures (including the advisory board) were ineffective or even exacerbated tensions?
10. How do you experience the interplay between formal governance rules (e.g., advisory board agreement) and informal dynamics within the family?

Part 4 – Effectiveness & Recommendations

11. In your opinion, what makes the advisory board effective in supporting succession?
12. Under what conditions does an advisory board reach its limits?
13. What recommendations would you give to other companies that use advisory boards or similar structures to moderate succession?

Appendix B 4: Interview guide - Incumbent/Successor (IS)

Retrospective: Review of your own succession (role as successor)

Part 1 - Background

1. Please tell me something about your role in the company before you became the successor.
2. How did you grow into the role of successor, and how did you prepare for the takeover (training, external experience, mentoring)?

Part 2 - SEW-related tensions

3. Which traditions, values, or emotional aspects did you feel most pressure to preserve at that time?
4. Did these considerations make it difficult to introduce changes? Can you give an example?
5. How were disagreements with your predecessor typically resolved?

Part 3 - Governance structures

6. What governance mechanisms (e.g., family council, family constitution, advisory board, mentoring programs) did you experience during your transition?
7. To what extent did these structures support you?
8. Were there situations in which governance structures did not protect your position or resolve conflicts?

Part 4 - Effectiveness & reflection

9. What made governance effective in your succession process?
10. Looking back, what would you change about your company's governance approach?
11. What advice would you give to other successors facing similar SEW-related challenges?

Present - Looking at the current succession (role as owner/predecessor)

Part 1 - Background

12. How long were you or are you involved in the management of the company before the current succession planning began?
13. What triggered the start of succession planning in your role as owner?

Part 2 - SEW-related tensions

14. Which family values, traditions, or aspects of the legacy are non-negotiable for you today?
15. Have there been situations where these values have conflicted with the successors' proposals? How did you deal with this?
16. How do you personally feel about relinquishing decision-making authority?

Part 3 - Governance structures

17. What governance structures are currently in place during the transition process?
18. To what extent do these structures help you balance family expectations and business interests?
19. Have there been cases where governance has not functioned as intended?

Part 4- Effectiveness & recommendations

20. In your view, what makes governance effective in managing SEW tensions today?
21. If you could start the process again, what would you do differently?
22. What advice would you give to other entrepreneurs in a similar situation?

Appendix C: Trustworthiness

Appendix C 1: Translated Email - Membercheck

Hello, Person X/Y
Thank you again for the interview.

I am sharing with you a brief summary of the key topics from all the discussions on the question of how governance resolves or fails to resolve SEW-related tensions in succession. Could you please provide brief feedback in 3–5 sentences (keywords are also sufficient) on where you agree or disagree, and where something may need to be added?

Topic outline – Governance & SEW tensions in succession

Formalization & rules

Pattern: Structures anchored in regular processes (agenda/minutes) and predefined negotiation frameworks make conflicts decidable and depersonalize them.
Implication: Only effective if routines are practiced; without practiced cadence, rules remain symbolic.

External mediation & expertise

Pattern: Independent third parties enable a neutral framework, set standards of evidence, reduce loss of face, and promote compromise.
Implication: Requires a clear mandate and visible independence; external parties with unclear mandates are ineffective.

Organizational tailoring

Pattern: Explicit roles, interfaces, and KPIs enable renewal/professionalization and weaken identity-related tensions.
Implication: Vague mandates reactivate turf wars; precise interfaces accelerate handover and implementation.

Legitimacy & role definition

Pattern: Transparent selection criteria and competency profiles increase acceptance and reduce identity threats.
Implication: Lack of transparency or symbolic titles without authority undermines legitimacy; early integration of structures smooths transitions.

Limits: Power/Emotion

Pattern: Informal power and strong emotional ties circumvent formal rules (shadow veto); decisions slip back into old, emotionally motivated decision-making.
Implication: Effectiveness only when authority is reestablished (bylaws/shareholder agreement), external mediation is empowered, and formalities are enforced.

Appendix C 2: Aggregated Code evolution

New code	Definition	Example quote	Prior Code
Acceptance	Legitimacy within the company	I would have found it awful to just be the boss's daughter... I wanted to earn acceptance in a natural way.	Legitimacy Successor; Legitimacy
Innovation & renewal	Change in the Company	For example, parents or fathers naturally tended to have a certain leadership style, giving instructions, involving employees very little, showing little transparency in the company, and perhaps also having a strong focus on security. And then the children come along and want to take more risks. Of course, they also want to lead differently, where people have much more say. (Q16,/EC4)	Innovation; Innovation & Digitalization; Innovation Boost; Incremental Innovation; Need for Innovation; Hidden Innovation
Structure & security	Structure brings continuity and a sense of security	Over the years, I have become more competent and calmer ... in the beginning, I was a different person at home than I was at the office. (Q11/IS3)	Psychological Safety; Structural Advantages; System Effect; External Perspective
Mediation	Use of external managers as a solution to family conflicts. Informal discussions take place instead of formal structures.	In smaller companies, there are no governance structures such as advisory boards, but rather discussion and mediation processes. (Q05/EC3)	External Mediation; Informal Agreements
Formal & symbolic rules	Culture guide, rules of procedure, and shareholder agreement as formalized structures and values	We have written a Culture Guide to record our values. (Q04/IS4)	Formal Rules; Lack of Formal Rules; Lack of Formalization; Symbolic Rules
Advisory board & external parties	External stakeholders in governance structures. Externals bring emotional distance	Yes, So, as I said, it's very important that it's done together, that it's accompanied by an external moderator who not only has the necessary skills in moderation, conflict management, and guiding discussions, which is of course important, but who also understands what a family business is, how a family business works, and how the family is intertwined with the business, so to speak. (Q33/EC4)	Advisory board; Advisory board as mediator; Effectiveness of advisory board; External appointments; External moderation; External position; External exchange; External pressure
Organization & processes	Clear responsibilities accelerate decisions.	We had to establish these structures in order to create clarity for the employees: Who is now responsible for which areas of responsibility? (Q04/IS3)	Efficiency; Decision-making blockages; Decision-making mechanisms; Competence orientation; Consensus principle; Long-term planning; Organizational development; Professionalization; Process orientation; Strategic role
Roles & responsibilities	Boundaries between family, ownership, and management.	So all these findings show that this socio-emotional aspect is actually the most important factor in determining whether family businesses can continue or not. That's why I would say treat them equally. I would even go so far as to say that the socio-emotional aspect should be given top priority, because it's no use to me if I have good ideas for the second answer. (Q52/EC4)	Confirmation function; Participation; Next Gen impetus; Role clarification; Role ambiguity; Self-commitment; Social responsibility; Protection of the company; Code of values
Symbolism & resistance	Formal structures without implementation remain ineffective. Partner rejects formal governance.	There are certain topics that you cannot discuss with your fellow board members—for example, succession or tensions between family and company. (Q05/IS2)	Symbolic governance; Defense against external influences; Resistance to governance; Taboo topics; System logic; Corporate protection
Planning & preparation	Succession was not prepared in a structured manner. Succession is not addressed at an early stage.	My father never prepared me for succession—I learned a lot by doing. (Q22/IS4)	Lack of planning; Lack of preparation; Voluntariness
Emotional influences Strategy	Emotional attachment blocks necessary decisions.	When a business area represents the legacy, it is extremely difficult to close it down. (Q04/EC1)	Strategic paralysis; Strategic blockage
Timing	Recommended starting point and timeline for succession. Lack of succession planning leads to chaos in the event of death.	Right? Some say that you should start this process at the latest when you turn 55. It's also true that banks now send letters to people aged 55 and over in their governance guidelines, pointing out that succession planning should actually be addressed now. (Q45/EC4)	Timing; Time Pressure
Emotional influences Processes	Strong identification with the company and impact on processes	If we hadn't done the necessary groundwork, it would have been unthinkable, because the company was very strongly linked to personal family ties. (Q01/ES1)	Emotional attachment; Emotional attachment to what one has; Lifelong commitment, Decision-making gridlock; Family pressure
Tradition & legacy	Adherence to the ideological notion that the family must lead. Protection of the family name and brand as an emotional value.	It played a huge emotional role that my father really, really wanted there to be a second generation from the family. (Q05/IS3)	Entrepreneurial spirit & family influence; Founder cult; Legacy; Legacy & preservation of values; Attachment to tradition; Brand identity
Social relationships	Strong emotional attachment to the workforce influences decisions. Trust as a core value in family businesses.	The respectful, family-like interaction with employees has remained particularly important to me. (Q04/IS1)	Employee loyalty; Trust
Rejection of formal structures	Preservation of informal culture versus formal hierarchies.	I would not approve of family-like interaction being replaced by bureaucracy. (Q09/IS1)	Rejection of bureaucracy