Spotlight
by CeFEO

Why do successors feel less fulfilled than the founders they replace?

Decision-making freedom, not the role itself, explains the satisfaction gap

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Succession is often studied from the perspective of the firm: Will performance hold? Will employees stay? Will the strategy survive the transition? But this study asks a different question — one centered on the successor themselves. After taking over the family business, are successors as fulfilled in their work as the founders they replaced?

The answer, based on a sample of **1,388 family business owner-managers in 32 countries**, is no. Successors report significantly lower levels of job satisfaction than founders. The finding holds across cultures, industries, and firm sizes. But the study goes further than documenting the gap. It identifies a key mechanism: **perceived decision-making autonomy**. Successors who feel they have genuine control over the firm's strategic direction are nearly as satisfied as founders. Those who feel constrained — by the founder's shadow, family expectations, or governance structures that limit their authority — are markedly less so.

WHAT WE STUDIED

The data comes from the **STEP Project**, a global research initiative that collects survey data from family business owner-managers. The sample includes both founders and successors, enabling direct comparison. Job satisfaction was measured using a validated multi-item scale capturing overall contentment with the leadership role. Decision-making autonomy was measured by the extent to which the owner-manager felt free to make strategic decisions independently.

The theoretical framework draws on **self-determination theory**, which argues that autonomy is one of three basic psychological needs (alongside competence and relatedness) that drive intrinsic motivation and well-being. The study's hypothesis is that the satisfaction gap between founders and successors is explained not by the role itself, but by the degree of autonomy the role affords. Founders, having created the business, inherently possess full decision-making authority. Successors must negotiate, earn, or be granted that authority — and the extent to which they succeed determines their satisfaction.

KEY INSIGHTS

Successors are significantly less satisfied than founders

The baseline finding is clear and robust. Across the global sample, successors report lower job satisfaction than founders, controlling for firm size, industry, country, and personal demographics. The effect is not trivial — it represents a meaningful difference in work engagement and psychological well-being. This finding challenges the assumption that inheriting a successful business is inherently rewarding. The role comes with constraints, expectations, and psychological burdens that founders, who built the business on their own terms, did not face.

Decision-making autonomy explains the gap

The study's central contribution is identifying autonomy as the mediating mechanism. When successors perceive high levels of decision-making autonomy — when they feel genuinely free to set strategy, allocate resources, and make operational choices — their satisfaction levels approach those of founders. When autonomy is low, satisfaction drops sharply. The implication is that the satisfaction deficit is not inherent to the successor role. It is a function of governance and family dynamics that either enable or constrain the successor's authority.

The founder's shadow is a governance problem, not just a psychological one

Many succession studies discuss the "founder's shadow" as a cultural or emotional phenomenon — the lingering influence of the founder's personality, values, and relationships. This study reframes it as a governance issue. When founders retain informal veto power, when key employees continue to seek the founder's approval, when the board defers to the founder's preferences — these are structural conditions that reduce the successor's autonomy. Addressing the satisfaction gap requires governance changes, not just emotional adjustment.

Autonomy matters more than competence or resources

The study tests several potential mediators of the satisfaction gap, including perceived competence, resource availability, and social support. While all play some role, **autonomy emerges as the dominant mechanism**. A successor who feels competent but constrained is less satisfied than one who feels autonomous but still developing their skills. This finding is consistent with self-determination theory, which positions autonomy as the most fundamental of the three basic psychological needs.

The global consistency of the finding is striking

The sample spans 32 countries with diverse cultural norms around family authority, entrepreneurship, and intergenerational relationships. Despite this variation, the autonomy-satisfaction relationship holds consistently. Cultural context shapes the absolute levels of satisfaction and the specific forms that autonomy constraints take, but the core mechanism is universal: successors who feel they are truly running the business are more fulfilled than those who feel they are merely occupying the seat.

TAKEAWAYS

Succession planning must address autonomy transfer, not just role transfer

Handing over the title of CEO or managing director is not enough. Families must also transfer real decision-making authority — and do so visibly, so that employees, board members, and external stakeholders recognize the successor's mandate. A formal transition that leaves informal power with the founder creates exactly the conditions that suppress successor satisfaction.

Founders should design their own exit deliberately

The evidence suggests that the most common succession failures are not about the successor's readiness but about the founder's unwillingness to let go. Founders who remain involved in daily decision-making, who maintain informal authority over key employees, or who sit on the board with effective veto power are undermining the very succession they planned. Designing a clean, staged exit — with clear milestones for authority transfer — is a governance task, not an emotional one.

Governance structures should protect successor autonomy

Family councils, advisory boards, and shareholder agreements can all be designed either to support or to constrain the successor's authority. Families planning succession should audit their governance structures for autonomy implications: Does the board empower or override the new leader? Does the family council provide guidance or impose directives? Are key employees accountable to the successor or still loyal to the founder?

IMPACT

This study makes a significant contribution by connecting succession research with self-determination theory and by providing large-scale, cross-cultural evidence for the autonomy mechanism. The practical implications are direct: the satisfaction gap between founders and successors is not inevitable. It is a product of governance design. Families that deliberately transfer authority — not just responsibility — can close the gap and create conditions under which successors thrive. For scholars, the study opens a productive line of inquiry into how other psychological needs (competence, relatedness) interact with governance conditions during succession. For practitioners, it provides a clear diagnostic: if the successor seems disengaged, the first place to look is not their capability but their autonomy.

RECOMMENDATIONS

1. **For founders:** Hand over decision-making rights explicitly and early. Staying on as an informal veto point after the formal transition actively harms the successor's engagement — even if the intention is supportive.
2. **For successors:** Clarify expectations about your authority before accepting the role, not after. If autonomy matters to you — and this research suggests it should — negotiate for it with the same seriousness you would negotiate compensation.
3. **For advisors:** Incorporate psychological assessments into succession planning that measure not just business readiness, but compatibility between the successor's need for autonomy and the family's willingness to grant it.
4. **For policymakers:** Support programs that help successors develop leadership identity and autonomous decision-making capacity, particularly in family-owned SMEs where generational transitions are most frequent and

resources for external governance support are most scarce.

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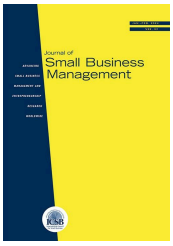
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