

## Goal Adjustment Capacities of Retiring Family Business Leaders

– *Marylène Gagnè, Carsten Wrosch, and Stephanie Brun de Pontet*

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Interlaced challenges at family and business fronts make leadership transition a complicated issue and deter the family business leader from properly planning the retirement. The transition is likely to succeed if the successor and the retiring leader are both mutually ready for it. For the retiring leader this change requires readjustment of goals, which is not easy. Family business researchers Marylène Gagnè, Carsten Wrosch, and Stephanie Brun de Pontet probed why the incumbent leader often cannot ‘let go’ the leadership role. They studied 117 Canadian family controlled firms over a two-year period to examine the effects of goal adjustment capacities of retiring family business leaders on their retirement planning.

The authors suggest that the retiring leader’s capacity to **disengage from current goals** and **reengage in new goals** greatly influences the retirement process. They argue that the retiring leader needs to **let go the business goals** and **set new retirement goals**. It is this goal adjustment capacity of the outgoing leader that will define how effectively he/she plans for and deals with retirement from family business.

**Difficulty in ‘letting go’:** The authors identify several reasons that make ‘letting go’ difficult for incumbent leaders –

- **Unacceptable current state of business** - ‘Letting go’ becomes difficult if the incumbent leader is not able to come to terms with the current state of business. In such a scenario, he/she is unable to disengage and wishes to have ‘one more go’ to set things right and prove themselves.
- **Desire for control** - Control over business, its resources and people is not easy to give up.
- **Lack of trust in the successor** - If the successor is perceived as incompetent or lacking motivation, then the retirement may be deferred indefinitely.
- **Inability to reengage in other pursuits** - Not being able to see themselves beyond the domain of business is another factor that makes letting go difficult.

**Influence of goal disengagement capacity on retirement:** Over the two year period of their study, the authors found that the family business leaders who had higher goal disengagement capacities (i.e. ability to withdraw commitment and effort in a pursuit) had more positive retirement expectations and were able to take more concrete steps towards retirement. Their capacity to disengage from goals frees up the cognitive space to think more about their future.

On the other hand, if the person is unable to disengage from the current business goals and if that is accompanied with lack of trust on successor, they are not able to form positive expectations from retirement and are likely to defer it.

**Influence of goal reengagement capacity on retirement:** The authors found that incumbent leaders who were able to identify and pursue new meaningful goals for themselves had more positive expectations from retirement. They had set more concrete steps for their retirement compared to those who had poor reengagement capacities. In cases where these incumbent leaders also had trust on successor's competence, they were found to set an even earlier retirement date.

Interestingly, retirement planning was found to be more influenced by personal and business characteristics than with age, as many of the older leaders responded that they were not even planning for retiring, thus reflecting their difficulty to let go.

The implications of this study are – i) the incumbent leaders can overcome the issues of 'letting go' through self-regulation of goal adjustment, ii) leaders with low goal adjustment capacity must begin planning about retirement earlier and choose a successor whom they can trust and iii) try to view themselves beyond the realms of their business. These measures will help them in letting go the control of business leadership.

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