

Differences in the Leadership Styles of Founder and Successor Generations in Family Businesses: A Systematic Literature Review

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ABSTRACT

The sustainability of family businesses largely depends on the succession process, which often brings leadership challenges between founding and successor generations. Founders are typically characterized by paternalistic and communal leadership styles, emphasizing control, long-term orientation, and socioemotional values, whereas successors tend to adopt more transactional, transformational, participative, or laissez-faire approaches influenced by professionalism, trust, and modernization. This Systematic Literature Review (SLR) synthesizes findings from recent studies indexed in ScienceDirect, Emerald Insight, and Scopus (2014–2025) to identify differences in leadership styles and the factors shaping them. The analysis reveals that key determinants include education and experience, socioemotional wealth, organizational culture, trust in subordinates, succession process, and professionalization. While founders' leadership is often rooted in legacy and relational commitment, successors are more responsive to innovation, motivation, and collaborative work environments. These intergenerational distinctions highlight evolving leadership dynamics that affect business continuity and adaptation. The findings contribute to a deeper understanding of leadership transitions in family firms and offer practical implications for managing intergenerational succession effectively.

Key words: family business; family firm; leadership style; succession; intergenerational leadership.

INTRODUCTION

One of the main challenges in family business sustainability is the succession process, especially when there are differences in leadership styles between the founding generation and the successor generation (Sallay et al., 2024). Differences in values, vision, and leadership styles often cause internal conflicts that impact business performance and sustainability (Ardyan et al., 2023). These conflicts may emerge in the form of strategic disagreements, resistance to change, differences in risk preferences, and contrasting approaches to innovation and governance. However, the continuity of family businesses often faces major challenges when there is a leadership transition between generations, especially from the founders to the successors. The complexity of this transition is not only managerial but also emotional, as it involves family relationships, identity, and legacy considerations.

This generational transition brings about changes in leadership styles and strategic decision-making. The founding generation usually has a more centralistic and paternalistic leadership style, focusing on personal vision and complete control over the organization. Founders often rely on intuition, personal experience, and strong authority in directing the company's growth. In contrast, the successor generation tends to adopt a more participatory and professional leadership style, in line with changes in the global business context and the demands of modernization (van der Westhuizen & Garnett, 2014). Successors are generally more open to formal governance systems, digital transformation, collaborative decision-making, and external professional involvement. These differences in style can be both a source of strength and conflict in maintaining the sustainability of family businesses. When managed effectively, they can foster innovation and strategic renewal; however, if poorly managed, they may intensify intergenerational tensions and organizational instability.

Several studies show that the founding generation's leadership style plays an important role in shaping organizational culture and core company values (Mamatha & Geetanjali P, 2020). The founder's beliefs and leadership behaviors often become deeply embedded in organizational routines, norms, and long-term strategic orientation. However, other studies highlight that the succeeding generation often faces difficulties in balancing the preservation of the founding generation's legacy with the adaptation of modern leadership practices. Successors must navigate expectations from family members while simultaneously responding to competitive pressures and market dynamics. In addition, most previous studies have focused more on the succession process and factors for successful leadership transition than on direct comparisons between the leadership styles of the two generations. The lack of a systematic approach comparing the characteristics, managerial styles, and leadership implications of the two generations has resulted in limited academic and practical understanding of leadership dynamics in family businesses. Therefore, a Systematic Literature Review (SLR) is needed to identify common patterns, research gaps, and directions for the development of leadership theory in the context of cross-generational family businesses.

This study aims to analyze and synthesize the literature related to leadership style differences between founders and successors in family businesses by reviewing previous studies from various Scopus and ScienceDirect indexed international journals. Specifically, this study focuses on the characteristics of the leadership styles of founders and successors and the factors that influence these differences, including

organizational culture, generational values, governance structures, and external environmental pressures. The results of this study are expected to contribute theoretically by enriching the study of intergenerational leadership in family businesses, as well as contributing practically to family business practitioners in understanding leadership style dynamics, minimizing intergenerational conflict, and designing effective succession strategies to ensure long-term sustainability.

METHOD

This study uses the Systematic Literature Review (SLR) method to identify, evaluate, and synthesize previous research findings that discuss leadership style differences between the founding and successor generations in family businesses. The SLR approach was chosen because it provides a systematic, transparent, and measurable way of searching and analyzing literature, thereby generating evidence-based knowledge (Fries et al., 2021). The SLR method is considered relevant to this topic because studies on cross-generational leadership in family businesses still show varying results, both in terms of cultural context and leadership styles adopted.

The literature search process was conducted on international scientific databases such as:

1. Data was taken from ScienceDirect, Emerald Insight, and Scopus.
2. The search focused on articles published between 2014 and 2025.
3. Journals indexed at least Sinta 4 and above or Scopus Q1-Q4
4. Written in English and Indonesian.

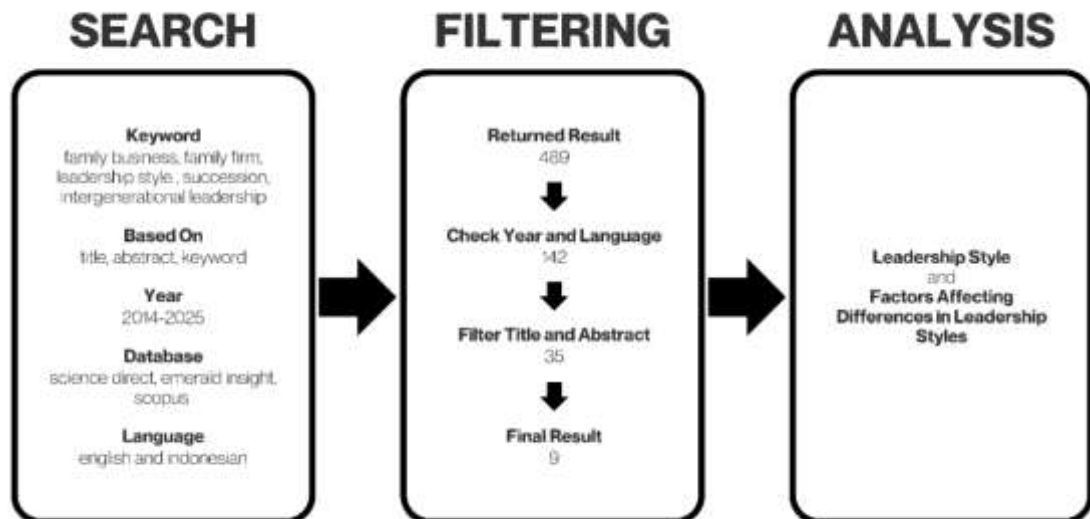


Figure 1. Research Procedure

RESULTS AND DISCUSSION

Based on the identification and analysis of the articles selected in this study, it was found that there are variations in the leadership styles used by the founding and successor generations in family businesses. Each leadership style reflects different contexts, values, and organizational dynamics. This analysis highlights how leadership styles not only influence the decision-making process but also play an important role in the success of succession and the continuity of family businesses. The following table summarizes the leadership styles discussed in each study, the factors that influence these differences, and the supporting research references.

| Leadership Style | Factors Affecting Leadership Styles | Research Reference |
|---|--|---|
| Paternalistic (Founder) | Education and Experience, Professionalisms of Organizations, Succession Process, Environmental Culture | Paternalistic leadership in family firms: Types and implications for intergenerational succession (Mussolino & Calabrò, 2014) |
| Transactional (Successor), Communal (Founder) | Socioemotional, Competitive, Capability, Business Strategy, | Competitive dynamics in family firms: Transactional versus communal approaches (Miller & Le Breton-Miller, 2025) |
| Laissez-Faire (Successor) | Relational orientation, Socioemotional Wealth, Organizational Culture, Relational Orientation | Laissez-faire leadership, trust in subordinates and problem-solving conflict management: A multigroup analysis across family and non-family businesses (Elgoibar et al., 2025) |
| Stewardship Leadership (Founder) | Long-term orientation, family interests & SEW, family governance culture. | A stewardship perspective in family firms: A new perspective for altruism and social capital (Azizi et al., 2022) |
| Servant Leadership (Successor) | Social capital, Relational ties, Family structure. | General manager servant leadership and firm adaptive capacity: The heterogeneous effect of social capital in family versus non-family firms (Gutierrez-Broncano et al., 2024) |
| Founders: Autocratic & Paternalistic (for control and emotional inheritance/SEW). Successor: Participative & Transformational (for adaption and change). | A Fundamental Shift in Leadership Paradigm | Leadership Styles and Leadership Behaviors in Family Firms: A Systematic Literature Review (Fries et al., 2021) |
| Bond: Emotional (Founder) vs. Professional (Successor) Values: Security & Tradition (Founder) vs. Openness & Freedom (Successor) Experience: Formal education and outside experience the Successor's perspective | Profound Psychological and Sociological Roots | Leadership Styles and Leadership Behaviors in Family Firms: A Systematic Literature Review. (Fries et al., 2021) The Intergenerational Succession of Leadership in the Family Business: The Change Succession Brings. (Dolar et al., 2024) What makes a successor? Values, personality, and succession intentions in family businesses. (Assenmacher et al., 2025) |
| Performance & Innovation: Transformational and Participative styles have a positive impact. Succession: Participative style facilitates; Autocratic style hinders. Employees: Participative style increases; Autocratic style decreases it. | Measurable Impact on Business Continuity | Navigating long-term orientation, adaptability and crisis response: a strategic view on family business resilience. (von Ritter et al., 2025) Leadership Styles and Leadership Behaviors in Family Firms: A Systematic Literature Review. (Fries et al., 2021) The Intergenerational Succession of Leadership in the Family Business: The Change Succession Brings. (Dolar et al., 2024) |
| Expert Leadership (Founder) | Education and Experience | Leadership Styles and Leadership Behaviors in Family Firms: A Systematic Literature Review. (Fries et al., 2021) |

Based on the synthesis results in the table above, several main leadership styles can be identified, such as paternalistic, transactional, communal, laissez-faire, transformational, participatory, and autocratic, which emerge in different contexts. In addition, a number of factors were found to influence leadership style differences, such as organizational professionalism, environmental culture, socioemotional wealth, relational orientation, and succession processes. Overall, these results show that the evolution of leadership styles in family businesses is not linear, but rather the result of complex interactions between family values, professionalism, and intergenerational dynamics.

CONCLUSION

This systematic literature review examined the differences in leadership styles between founding and successor generations in family businesses, synthesizing findings from studies published in Scopus- and ScienceDirect-indexed journals between 2014 and 2025. The review identified that leadership in family firms evolves dynamically across generations, influenced by changes in values, education, professionalization, and socioemotional priorities. The findings reveal that founders are more commonly associated with paternalistic, expert, stewardship, and communal leadership styles, emphasizing control, moral responsibility, long-term orientation, and commitment to family values. Their leadership is often rooted in experience, personal ownership, and emotional attachment to the business. In contrast, successors tend to adopt transformational, participative, referent, servant, or sometimes laissez-faire leadership styles, reflecting a shift toward professionalization, collaboration, empowerment, and openness to innovation. This transition illustrates how successors reinterpret the founder's legacy by incorporating modern managerial practices while maintaining core family values. Several key factors were identified as influencing these leadership differences, including education and experience, knowledge transfer, socioemotional wealth, organizational culture, environmental dynamism, and succession planning. These factors jointly shape how leadership identity and legitimacy are formed and sustained across generations. Specifically, knowledge transfer and professionalization emerged as critical mechanisms in transforming leadership orientation from founder-centered expertise to collective, relational, and trust-based leadership in the successor generation. Overall, this review contributes to the theoretical understanding of intergenerational leadership dynamics in family firms, showing that leadership evolution is not merely a generational replacement but a process of value adaptation and organizational learning. Practically, the findings highlight the importance of structured succession planning, intergenerational mentoring, and leadership development initiatives to ensure sustainable continuity in family businesses.

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