Succession in Family-owned SMEs: The Impact of Advisors

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ABSTRACT

We theorize and empirically confirm the positive influence of an advisor's tertius iungens behavior on individual- and firm-level succession-related factors. Furthermore, we explore the moderating influence of two central advisor characteristics, namely, their type and process involvement. We find that the relationship between an advisor's tertius iungens behavior and an incumbent's and a successor's satisfaction with the advisor tends to be stronger when the advisor is of formal (versus informal) nature. Furthermore, the relationship between an advisor's tertius iungens behavior and firm performance is stronger when the advisor is involved in the full succession process, compared to being only involved in parts of it. Our study thus contributes to the literature on advising and family-owned SME succession by introducing the tertius iungens concept as a crucial advisor behavior and by highlighting how important advisor characteristics support the satisfaction with the advisor and post-succession firm performance.

Keywords: Succession, Family-owned SME, Tertius Iungens Behavioral Orientation, Firm Performance, Advisor

JEL classifications: C31, C83, L20, L26, and M10

INTRODUCTION

One of the most crucial and therefore frequently addressed events in the life cycle of a family-owned SME is that of succession, as it often has a major impact on future firm success (Miller, Steier and Le Breton-Miller 2003; Molly, Laveren and Deloof 2010; Morris, Williams and Nel 1996). Succession refers to the transfer of both leadership and ownership from the incumbent generation to the successor generation (De Massis, Chua and Chrisman 2008; Handler 1994). Previous studies show that a large portion of family-owned SMEs disappear between the first and the third generations, mostly owing to poorly managed succession processes (Le Breton-Miller, Miller and Steier 2004), the reasons for which being closely related to family firm idiosyncrasies.

First, family-owned SMEs usually lack knowledge on how to proceed with succession, as this is a "once-in-a-lifetime" project for them (Sharma 2004). Second, such firms often rely on fewer talents that they can promote as successors compared to non-family-owned firms, which often have a broader management pool (Aronoff 2004). Third, family-owned SME successions are particularly challenging because of emotional hurdles stemming from the often conflict-prone incumbent-successor relationship (Lansberg 1999; Miller et al. 2003). A poorly managed succession process can have a negative impact at both the individual level, such as the lower satisfaction of the involved actors (Sharma, Chrisman, Pablo and Chua 2001; Sharma, Chrisman and Chua 2003) and at the firm level, such as weaker future performance (Miller et al. 2003; Molly et al. 2010).

Owing to the great challenges associated with the management of the succession process in family-owned SMEs, the recent literature has increasingly emphasized the importance of advisors (e.g., Blair and Marcum 2015; Reay, Pearson and Dyer 2013; Salvato and Corbetta 2013; Strike 2012; 2013; Strike, Michel and Kammerlander 2018). Advisors are defined as a third party that is asked to provide advice on a certain problem (Strike 2012). Academic studies found that an advisor can enhance, among others, decision quality, collaboration among family members, family dynamics, learning orientation, innovativeness, and the strategic planning process by providing an external perspective and high-quality feedback (Davis, Dibrell, Craig and Green 2013; Reay et al. 2013; Strike 2012). Through mediation activities, for example, the advisor might be able to improve the development of a successor, a particularly difficult task in family-owned firms (Salvato and Corbetta 2013), to enhance the commitment of and relationships between the actors involved (Distelberg and Schwarz 2015) by unearthing and alleviating their latent emotions (Bertschi-Michel, Kammerlander and Strike, 2019) and to facilitate mediated sensemaking, thereby allowing for new perspectives (Strike and Rerup 2016). In contrast, an advisor could also lead to an increase in agency costs, for example, if s/he provides biased advice that might result in conflicts (Michel and Kammerlander 2015). Therefore, the presence of an objective, well-qualified advisor is important, as it may affect the satisfaction with the advisor (Powell and Eddleston 2017; Sharma et al. 2001; Sharma et al. 2003) and postsuccession firm performance (Dekker, Lybaert, Steijvers and Depaire 2015; Molly et al. 2010; Naldi, Chirico, Kellermanns and Campopiano 2015; Sirmon and Hitt 2003)—two variables that might affect the successor's ability and willingness to continue in the business and eventually firm survival (Barbera and Hasso 2013; Habbershon, Williams and MacMillan 2003).

Although the prior research has shown that the presence of a third party advisor affects crucial processes in family-owned SMEs (e.g., Salvato and Corbetta 2013) and that this type of firm is particularly critical when engaging advisors and considers a wider range of advisor characteristics important (Perry Ring and Broberg 2015; Strike 2013), to date, no academic study has examined how and under what conditions the *advisor's specific behavior* (Strike 2012; 2013) affects important succession-related variables.

To contribute to filling this research gap, we introduce the "tertius iungens"[1] orientation (Obstfeld 2005) to the research on family-owned SMEs, a well-established behavioral orientation in the general management literature. In doing so, we build on the ideas of Strike (2013) that the tertius iungens orientation is an appropriate concept to describe an advisor joining a family-centered group to unite group members by strategically connecting group members to one another to facilitate their collaboration and the pursuit of common goals. Accordingly, we adopt the established tertius iungens scale from the general management literature (Obstfeld 2005) and investigate the relationship between advisors' tertius iungens behavior (TIB) and two core aspects of succession, as outlined above: the incumbent's and successor's satisfaction with the advisor (e.g., Powell and Eddleston 2017) and post-succession firm performance (e.g., Naldi et al. 2015).

Furthermore, we investigate two important advisor characteristics (cf. Strike et al. 2018; Reay et al. 2013) that the extant literature has assumed to affect the advisor-advisee relationship and firm-internal processes. First, *the type of advisor*, meaning whether s/he is formally engaged (a firm- and family-external person who is paid for his/her advisor services) or informally engaged (a person who is either a family member or has a close relationship with key actors and is not officially hired and paid; see Strike 2012) (Perry et al. 2015; Strike 2012). Second, we examine the duration of *the advisor's process involvement,* meaning whether s/he is involved in all stages of the succession process or only in specific parts of it (e.g., in the form of shorter, temporarily limited engagements to solve a certain problem) (Sharma, Chrisman and Chua 1997; Michel & Kammerlander, 2015). These characteristics are important because, for instance, a formal advisor that is involved in all process steps of succession is perceived to facilitate communication,

[1] The *tertius iungens* behavior is defined as the behavior of the "third who joins" in an existing group (here, for example, the incumbent and successor). In contrast to the *tertius gaudens,* where the third party takes advantage of the disconnection among group members, the *tertius iungens* aims to connect group members with one another to increase the whole network's advantages and not just "the third's" advantage (Obstfeld 2005).

coordination, and information among all actors (Michel and Kammerlander 2015). Therefore, we suggest that the type and process involvement of the advisor might affect the magnitude of the main involved relationships—a potential effect that existing research has overlooked so far, despite its possible relevance.

Taken together, while succession is crucial for the long-term survival of family-owned SMEs and while scholars are aware of advisors' essential role in the succession process, how exactly advisors' behavior affects the relevant succession-related variables—and what the important contingency factors are—still remain unanswered questions. Addressing these questions, in turn, will be of great value for both scholars and practitioners.

Testing our hypotheses on a sample of 102 incumbents and successors of family-owned SMEs from Switzerland, who recently completed their management and ownership succession processes, reveals that an advisor's tertius iungens behavior is indeed positively related to the incumbent's and successor's satisfaction with the advisor and to the SME's post-succession performance. Additionally, a formal advisor strengthens the relationship between tertius iungens behavior and satisfaction with the advisor compared to an informal advisor, and the tertius iungens-performance relationship is stronger when the advisor has been involved in the full succession process (and not only in parts of it).

Our study contributes to two main streams of academic research. First, we advance existing theory on advising family-owned SMEs by adapting and introducing the tertius iungens behavioral orientation (Obstfeld 2005) to that context. This approach proves to be appropriate to capture the dynamics of a mediating source among different actors within a family firm environment. More specifically, we address the current blind spot in the literature about *precisely how* an advisor can add value to a family-owned SME. Building on the tertius iungens concept allows us to theorize on specific value-adding activities by the advisor. As a whole, this contributes to a more nuanced understanding of the advising process and an advisor's value within such process. These findings not only might be constrained to advising family-owned SMEs but also might be insightful for advisors in general, independent of the type of organization. Second, we contribute to the literature on SME succession. In particular, we provide evidence of the impact of advisors in family-owned SME successions on important individual- and firm-level factors such as satisfaction with the advisor and post-succession firm performance. Moreover, we advance the literature on family-owned SME succession by showing which type of advisor (formal vs. informal) and which type of involvement (partial vs. full involvement) strengthens the positive effects of tertius iungens advising. Hence, we also contribute to the emergent stream of research investigating the contingency factors for effective family firm advising in the succession context (Strike 2012; Strike et al. 2018).

THEORETICAL BACKGROUND

Family-owned SME Succession and the Importance of Advisors

Succession is one of the most crucial and thus frequently discussed events for a family-owned SME (Sharma 2004). Succession is widely seen as the process that transfers ownership and management responsibilities from one incumbent generation to a younger successor generation (Le Breton-Miller et al. 2004). Sooner or later, almost every family-owned SME is confronted with the issue of succession, especially when they are operated and owned by one sole leader (e.g., Handler 1994). Moreover, SMEs, in particular, face the problem of possessing limited human resources because of relying on a small (family) management team (Gedajlovic, Cao and Zhang 2012). This becomes especially salient during an intense period of succession, in which capabilities that are different from those of successfully leading an SME, such as process management or specialist knowledge concerning finance or taxes, are required (Lansberg 1999; Morris, Williams, Allen and Avila

1997). In addition, family-owned SMEs have a higher probability of conflicts among family members during the transition process due to family owner-managers' typically high emotional attachment to the firm (Zellweger and Astrachan 2008). Particularly, different opinions among family members about priorities and procedures often cause negative feelings that result in frustration and a poor outcome of the succession process (Eddleston, Otondo and Kellermanns 2008). Thus, it is crucial to actively manage relationship issues to smoothen the succession process (Davis and Harveston 1999; Morris et al. 1997).

Within this often complex process of succession, an advisor might provide support to the family and firm by helping to clarify the ownership and management goals, organizing a succession task group, providing support in defining the successor selection criteria, or setting a time plan for the succession to take place (Chrisman, Chua, Sharma and Yoder 2009). For example, after a successor is selected, he or she has to be trained and prepared for the new role. In family-owned SMEs, this developmental process is often more personal and relationship-oriented than in other firms, which often prefer a more formalized and task-oriented approach (Fiegner, Brown, Prince and File 1994). In pursuing such a personal-oriented approach, advisees are actively involved in the succession process with the advisor. A successor, for example, will be encouraged to gain outside experience before entering the family firm (Thomas 2002) to acquire leadership abilities that often, despite formal training, are still lacking in the early stages of successions (Barach, Gantisky, Carson and Doochin 1988; Salvato and Corbetta 2013). In such a situation, an advisor might even temporarily take over leadership responsibilities and support the successor in managing the company, modeling his or her own role and endorsing leadership. After this phase, the advisor typically withdraws from the task, and the successor fully takes over (Salvato and Corbetta 2013). Given these constructive and value-providing interferences, an advisor can positively influence the succession process (e.g., Reay et al. 2013; Strike 2012; Salvato and Corbetta 2013; Su and Dou 2013).

In contrast, other studies also assume that an advisor might have, at least to some extent, a negative effect on the succession process by increasing complexity and the need for goal adjustment within the triadic relationship among the incumbent, successor, and advisor (Davis et al. 2013; Michel and Kammerlander 2015). Moreover, to bring latent emotions to the surface within the succession process, an advisor frequently has to engage in activities targeted at unearthing and subsequently alleviating negative emotions. This often results in, at least temporarily, an amplification of the negative feelings among incumbents and/or successors, reducing overall satisfaction and endangering the continuation of the process (Bertschi-Michel et al., 2019). Hence, to date, the academic research on advising succession has found mixed evidence on whether advisor involvement affects succession in a positive or negative way; because of this lack of a clear understanding, it is important to engage in an in-depth investigation of an advisor's role in guiding a family-owned SME through a succession and his or her influence on the important related aspects at different levels (Strike et al. 2018).

Consequences of Advising in Family-owned SMEs

Research from multiple disciplines has indicated that advisor involvement can affect variables at various levels; however, this topic has not yet been systematically studied (Strike et al. 2018). Prior studies have found that in a succession context, advisors can affect important individual-level outcomes such as the commitment of the advisee (Dhaenens, Marler, Vardaman and Chrisman 2018), mentoring benefits (Distelberg and Schwarz 2015), as well as the satisfaction of the involved parties (Powell and Eddleston 2017; Sharma et al. 2001). Sharma and colleagues (2003), for instance, examined the antecedents of post-succession satisfaction with the process by revealing that the incumbent's and successor's acceptance of their new roles are important determinants of their individual-level satisfaction (Sharma et al., 2003). A recent case-based study on advising family-owned SMEs has found that advisors can effectively support incumbents and successors in their role transition and achieve increased levels of satisfaction through engaging in emotion mediation activities (Bertschi-Michel et al. 2019). This indicates that an advisor's behavior and the resulting advisor-advisee relationship might eventually affect satisfaction. However, to date, it remains unclear as to how specific advisor behaviors are related to the corresponding satisfaction with the advisor himself or herself. In a similar vein, the prior research on SMEs in general has shown that, for example, the type of advisor or how tailored the advice is affects the advisee's satisfaction with the advisor (Bennett and Robson 2005). Hence, when investigating an advisor's individual behaviors and characteristics in the context of family-owned SMEs, the advisee's resulting satisfaction with the advisor is an important variable to study.

At the firm level, financial aspects (Holt, Pearson, Carr and Barnett 2017), particularly firm performance, have been among the most frequently studied outcome variables of family-owned SMEs' advisor involvement (Strike et al. 2018). The literature generally agrees that financial performance is essential for SMEs to ensure their survival (e.g., Habbershon et al. 2003; Westhead and Howorth 2006). However, family-owned SMEs often face the challenge of balancing financial and nonfinancial goals (Sharma 2004; Chrisman, Chua, Pearson and Barnett 2012), a task for which an advisor can provide support (Strike et al. 2018). Moreover, the generational stage also appears to influence firm performance in the context of a succession, as later-generation successions have been found to reduce debt rates, which, in turn, increases performance compared to successions from the first to second generation (Molly et al. 2010). Additionally, the presence of an advisor seems to improve firm-level outcomes such as sales growth and survival (Barbera and Hasso 2013), export intensity (Calabro and Mussolino 2013), and eventually performance (Gordini 2012; Lee 2006; Naldi et al. 2015).

However, so far, we lack theoretical and empirical knowledge on how important succession-related variables are affected by the *advisor's specific behavior* (Strike 2012; 2013); in fact, the extant research has mostly investigated the influence of the mere *presence* of advisors, including their specific attributes (i.e., trustworthiness; Feng and Feng 2013) or activities (i.e., sensemaking; Strike and Rerup 2016) in a family-owned SME, ignoring the potential influence of his or her specific *behavior* (Strike et al. 2018). Moreover, how this influence may depend on the type of advisor and his or her process involvement as key contingency factors (cf. Strike et al. 2018; Reay et al., 2013; Perry et al. 2015; Strike 2012; Michel and Kammerlander, 2015) has not yet been investigated, although there is agreement in the extant literature that those aspects affect interpersonal relationships and firm internal processes.

Tertius Iungens Behavior (TIB) of Advisors

The general management literature describes an advisory approach based on a behavioral orientation that aims to increase trust, collaboration, and benefits among others within a group: *tertius iungens* behavior (Obstfeld 2005; Simmel 1950). This concept relies on the assumption that the behavior of a third person who joins a group—such as an advisor who starts working with the incumbent and/or successor—with the goal of shaping the outcomes of a specific process (such as a succession)—should be beneficial for the whole group. Hence, *tertius iungens behavior* is related to the aim of improving a situation overall, thereby maximizing the utility of the entire group and thus paying attention to the goals of all group members (Obstfeld 2005; Simmel 1950).

The well-established construct, initially developed by Obstfeld (2005), to capture the tertius iungens behavior consists of six elements: *introduction, communication, collaboration, moderation, network,* and *coordination.* Introduction refers to a behavior where an advisor introduces people with potentially common interests to each other. Communication behavior refers to using neutral language that supports the facilitation of diverging interests. Collaboration represents the introduction of new possibilities of working together in synergistic ways. Moderation is needed in cases of diverging interests to find a consensus, whereas network and coordination refer to the extension of the prior network and the forging of a connection between different parties, respectively (Obstfeld 2005). In this paper, we introduce tertius iungens behavior into the succession context of family-owned SMEs for two main reasons. First, it captures an advisor's behavior in more detail and likely increases our understanding of the impact of the advisor's behavior on the important consequences for family members and firm performance (Strike 2013). Second, it offers insights into how an advisor builds and increases trust within a group, which eventually affects the process outcomes (Bertschi-Michel et al. 2019; Strike 2013).

The literature on advisors in family-owned SMEs mainly clusters advisors into three different categories: formal advisors, informal advisors, and advising boards (Strike 2012). Formal advisors are usually externally hired professionals who provide expert knowledge in areas such as law, finance, products, or process management (Hilburt-Davis and Senturia 1995; Salvato and Corbetta 2013). Thus, they are mainly expertise-based advisors (Strike et al. 2018). In contrast, informal advisors are often not officially hired for the advising process. They can be key employees, close friends, mentors, family members, spouses, or business partners who have profound long-term knowledge of the firm and its owners (Kim and Aldrich 2017; Naldi et al. 2015; Strike 2013). These advisors may provide their external perspective, support, and empathy (Strike et al. 2018). As a third type of advisor, boards—such as advisory boards—belong to group-based advisors (Strike 2012). In the remainder of this study, we focus on individual formal and informal advisors only because they usually provide advice only in connection with a specific project or task (for example, a succession), which is often also limited for a certain period. Boards, in contrast, have an established legal standing within the organization that follows the corporate governance rules more strictly (Strike 2012; Bammens, Voordeckers and Van Gils 2008).

The previous literature on advisors found that for both formal and informal advisors, it is crucial to gain trust among advisees (e.g., Michel and Kammerlander 2015; Strike 2012; 2013). Trust-based advisors are considered among the most effective types of advisors for family-owned SMEs, as they consider not only the tasks but also the soft factors related to the emotional value of the firm (Perry et al. 2015; Strike et al. 2018; Zellweger and Astrachan 2008). Typical attributes of such advisors include honesty, integrity, loyalty, humanity, predictability, trustful personality, and empathy to understand the subliminal needs of their advisees (Reay et al. 2013). Gaining trust is especially important for newly hired advisors because they often become involved in crucial events such as a succession, for which families lack sufficient, own resources (Jaffe and Lane 2004) and thus need a close mentor (Distelberg and Schwarz 2015). In doing so, the advisor has to apply specific behaviors to capture the attention of family members regarding certain issues to subsequently facilitate collective action toward a defined goal (Strike 2013).

DEVELOPMENT OF HYPOTHESES

Advisor's Tertius Iungens Behavior and Its Effect on Satisfaction and Firm Performance

At the individual level, we argue that the advisor's tertius iungens behavior is positively related to the incumbent's and successor's satisfaction with the advisor, which has been found to increase the overall satisfaction with the succession process (Bertschi-Michel et al. 2019), for the following reasons. First, succession is characterized by high levels of uncertainty and fear concerning the future roles of both the incumbent and the successor (Michel and Kammerlander 2015), which potentially lowers their general satisfaction (Sharma et al. 2001). An advisor that coordinates the process and communicates effectively can alleviate such feelings of fear and uncertainty by ensuring that the succession process is well structured, that milestones are clearly defined and that they are achieved within a certain timeline (Le Breton-Miller et al. 2004; Strike 2012). Such a coordinated and closely guided process is perceived to provide security to both actors—the incumbent and the successor—which fosters their role transfer (Handler 1994; Salvato and

Corbetta 2013). This means that the incumbent fully adjusts his or her role from a sole operator at the beginning of the process to a firm consultant at the end of the process. The successor, in contrast, develops from having no role at the beginning to becoming the new leader of the family-owned SME (Handler 1994). These role transfers, in turn, are facilitated by having an advisor with tertius iungens behavior who closely mentors the succession process (Strike 2013). Thereby, the advisor with tertius iungens behavior moderates the process in which the incumbent clearly steps back from business operations after the transfer and the successor acquires the needed competences to take over as a leader (Michel and Kammerlander 2015; Salvato and Corbetta 2013). Both role transfers increase incumbents' and successors' respective levels of satisfaction (Sharma et al. 2003). Moreover, a structured process itself was found to be positively related to satisfaction, as the insecurities among the involved parties are reduced (Lumpkin and Brigham 2011).

Second, to achieve high levels of satisfaction with the advisor, it is at least equally important that the advisor improves the communication of the involved parties, increases the collaboration between the two actors, and moderates upcoming (role) conflicts. Such activities are at the core of tertius iungens behavior (Obstfeld 2005; Strike 2013). Specifically, an advisor with tertius iungens behavior is more likely to closely coordinate the succession process in general (Strike 2013). This includes the ability to effectively moderate upcoming conflicts between the incumbent and successor by improving their communication, gaining their trust, and enhancing the collaboration among the actors, which in turn enhance satisfaction with the advisor (Bertschi-Michel et al. 2019; Michel and Kammerlander 2015; Obstfeld 2005; Strike 2013; Sundaramurthy 2008). Taken together, we formally propose the following hypothesis:

> *H1: An advisor's tertius iungens behavior (TIB) is positively related to the incumbent's/successor's post-succession level of satisfaction with the advisor.*

At the firm level, succession might endanger the firm's future value creation and thus its performance (e.g., Miller et al. 2003; Molly et al. 2010). We suggest that the tertius iungens behavior of the advisor is positively related to the family-owned SME's post-succession firm performance for the following reasons. First, numerous authors have acknowledged that the advisor can play a crucial role in achieving a smoother and eventually a faster transition process (Reay et al. 2013; Salvato and Corbetta 2013; Strike 2012). Specifically, Strike (2013) assumes that an advisor with tertius iungens behavior is able to increase the collaboration and planning activities within the succession process, openly communicate a timeline, and moderate conflicts to speed up the succession process (Le Breton-Miller et al. 2004; Morris et al. 1997; Strike 2012). Thus, the succession process will not only be faster but also smoother for all parties involved due to such enhanced planning. As a result, delays in the hand-over of management responsibility and ownership are reduced, which allows the involved actors to concentrate earlier on their core business (Michel and Kammerlander 2015) and to work on business issues using their full resources (Morris et al. 1997; Sharma et al. 2003). Therefore, the advisor's tertius iungens behavior should result in higher post-succession performance (Chittoor and Das 2007; Sharma et al. 1997).

Second, owing to tertius iungens behavior, the advisor is able to coach the incumbent and the successor in a more sensitive way by providing subtle advice. This results in a deliberate sensemaking process that expands the evaluation of possible succession options (Strike and Rerup 2016). The provision of support in evaluating a wider range of succession options, including further external candidates, will eventually result in a smoother transfer of ownership and management from the incumbent to the successor (Strike 2013) and generally low levels of destructive disruptions in business operations (Salvato and Corbetta 2013). Thus, these implications of the advisor's tertius iungens behavior, in turn, are also likely to increase the family-owned SME's post-succession performance. This leads us to propose the following hypothesis:

H2: An advisor's TIB is positively related to the family-owned SME's post-succession performance.

Moderating Effect of the Type of Advisor: Formal vs. Informal

The earlier research on advisors has repeatedly stressed the fact that the type of advisor, whether formal or informal, might affect the advising process (Strike et al. 2018). We propose that the positive effect of tertius iungens behavior is even stronger in the case of formal advisors. During a succession, formal advisors might be particularly effective in increasing the communication and social interaction among family firm members, which is an important component of tertius iungens behavior. They do so, for example, through the establishment of regular meetings as well as by setting up rules for how to communicate (De Massis et al. 2008). Furthermore, by ensuring that meetings become more frequent, have a formal structure and are followed by meeting minutes, the general exchange of information among the involved parties is improved (Lane, Astrachan, Keyt and McMillan 2006), further strengthening the positive effects of tertius iungens behavior. Thereby, a formal type of advisor leads to an incumbent's and successor's stronger feelings of "being informed" than an informal type of advisor (Daspit, Holt, Chrisman and Long 2015), which further increases the positive effect that an advisor with tertius iungens behavior has on the overall communication within the succession process.

Furthermore, as family-owned SMEs, in particular, have less formalized rules and processes, a formal advisor can be an important aid for structuring the succession process, extending planning activities (Davis and Harveston 1999), and reducing the uncertainties associated with the succession (Michel and Kammerlander 2015). Additionally, he or she can further increase coordination in general. Reduced uncertainties and increased coordination, in turn, might make tertius iungens behavior more effective and increase its positive effects. Consequently, we propose that when the advisor is formal, the tertius iungens-related effects on the levels of satisfaction with the advisor will be stronger than when the advisor is informal, advising the firm more on an occasional, friendly turn (Sharma et al. 2003).

Moreover, we expect a formal advisor to have advantages over an informal advisor in regard to handling emotional conflicts within the family. The prior succession literature has revealed that succession events often bring latent, negative emotions and conflicts to the surface (Bertschi-Michel et al. 2019; Jaffe and Lane 2004). Advisors who exhibit tertius iungens behavior should generally possess the willingness and skills to tackle such problems and engage in seeking constructive solutions. However, formal tertius iungens advisors should be even better able to effectively mediate such conflicts than informal tertius iungens advisors because they are mostly seen as objective persons who are not biased by prior knowledge about the family and its dynamics. Therefore, they are less likely to be blamed for preferring one party over the other compared to informal advisors. Moreover, formal tertius iungens advisors are able to build on their tertius iungens skills to gain the trust of all family members and to acquire intimate knowledge on family relationships. This, in turn, allows them to act as trusted, neutral arbitrators.

Additionally, a formal advisor is also a provider of external information about the succession process (De Massis et al. 2008). In adopting an external perspective and experience gained, for instance, in prior succession processes, the formal advisor is able to provide the view of an independent outsider, which results in a more objective judgment of the situation (Lane et al. 2006), compared to an informal advisor who was already closely related to the firm prior to the succession (Strike 2012). This opens up the horizon of the involved parties to other perspectives (Strike and Rerup 2016) and thus strengthens the positive effects of the tertius iungens behavior. Moreover, a formal advisor increases the range of succession options that are considered (Morris et al. 1997), broadening it, for instance, from merely family-internal succession candidates to family- and firm-external candidates (Dehlen, Zellweger, Kammerlander and Halter, 2014). In the case of such tailored additional options, the succession process, as induced by the tertius iungens advisor, might become smoother, faster and ultimately more successful. Hence, the involved parties can focus on actual business issues more quickly after a succession and with more attention and available resources. Consequently, with a formal advisor, compared to an informal advisor, the positive relationship between tertius iungens behavior and post-succession performance will also be strengthened. Accordingly, we propose the following hypotheses:

> *H3a: The type of advisor moderates the relationship between an advisor's TIB and the incumbent's/successor's post-succession level of satisfaction with the advisor, such that the relationship is stronger when the advisor assumes a formal (vs. informal) role.*

> *H3b: The type of advisor moderates the relationship between an advisor's TIB and the family-owned SME's post-succession performance, such that the relationship is stronger when the advisor assumes a formal (vs. informal) role.*

Moderating Effect of the Role of the Advisor: Full vs. Partial Involvement

We argued above that an advisor with tertius iungens behavior is able to provide support in coping with the role transfer that both the incumbent and the successor are going through (Handler 1994; Strike 2013). We also discussed that the advisor with tertius iungens behavior moderates role conflicts within the various process steps by improving the communication and collaboration between the incumbent and the successor (Obstfeld 2005; Strike 2013). We extend our theory by arguing that the advisor with tertius iungens behavior is even more effective in doing so when he or she is involved in *all* process stages compared to only shorter, temporarily more limited engagements (see also Michel and Kammerlander 2015). Specifically, in such a case, the advisor with tertius iungens behavior better understands the specific situation of the family and family-owned SME and is thus more likely to contribute to harmony among the actors, which should ultimately increase the level of satisfaction with the advisor.

Moreover, as we have previously outlined, by effectively mediating potential conflicts and increasing the understanding between the main actors (Bertschi-Michel et al. 2019; Jaffe and Lane

2004; Strike 2013), the advisor with tertius iungens behavior is also able to address the emotional blockades of incumbents and/or successors. This speeds up the succession process (Michel and Kammerlander 2015) and positively affects firm performance (Naldi et al. 2015). If the advisor with tertius iungens behavior ensures open communication, ongoing collaboration, and efficient coordination between the incumbent and the successor throughout the *entire* succession process—and not only in some parts of it—the succession process will become even smoother and faster. Consequently, when the advisor is involved throughout the entire succession process, the positive effects of his/her tertius iungens behavior on firm performance are strengthened, as an earlier refocusing on business- and performance-relevant topics is possible. To more formally state this, we propose the following hypotheses:

> *H4a: Advisor involvement moderates the relationship between an advisor's TIB and the incumbent's/successor's post-succession level of satisfaction with the advisor, such that the relationship is stronger when the advisor with tertius iungens behavior is involved in all stages of the succession process than when he or she is only involved in parts of it.*

> *H4b: Advisor involvement moderates the relationship between an advisor's TIB and the family-owned SME's post-succession performance, such that the relationship is stronger when the advisor with tertius iungens behavior is involved in all stages of the succession process than when he or she is only involved in parts of it.*

Figure 1 visualizes and summarizes our research model.

Insert Figure 1 about here

METHODOLOGY

Sample and Data Collection

To test our hypotheses, we conducted a survey among family-owned SMEs in Switzerland in 2015.[2] A large Swiss bank provided us with unique contact data of SMEs that are family-owned,

[2] The data collection took place from September to November, with some late responses coming in December.

that is, they are private firms, are majority-owned by a family and are also managed by at least one family member as the CEO. As a further criterion and according to the theoretical definition that a succession is only fully completed after both management and ownership have been transferred (Le Breton-Miller et al. 2004), we excluded all firms that had only completed either management succession or ownership succession. We further excluded those firms for which succession had not taken place within the last five years at the time when the survey was sent out to reduce the problem of retrospective bias. All family-owned SMEs in our sample are located in the German-speaking part of Switzerland. Therefore, the questionnaire had been developed in German. Whenever we used established English measurement instruments, we translated them into German. Then, two independent, bilingual experts translated the items from German back into English. The original English versions of the scales were then compared with the translation, with no major differences being found. In the first part, the survey contained questions about whether the family-owned SME had been advised in the succession process or not: if yes, by what kind of advisor(s) (e.g., lawyer, accountant, or bank advisor) and which advisor had been perceived as most important. To define the most important advisor, we introduced the respondents to the definition of the *most trusted* advisor (according to Strike 2012) and asked them to choose which of the advisor(s) was their most trusted one. In the second part of the survey, we asked the participants to solely refer to this most trusted advisor. In doing so, we collected unique information about the succession process and the most trusted advisors' individual behaviors and characteristics.

We sent the questionnaire to 180 family-owned SMEs that met our abovementioned selection criteria. In approximately 30 percent of the cases, we were able to send the questionnaire to both parties—the incumbent and the successor. In the other 70 percent of the cases, we only had access to the successor, as the incumbent, for instance, had left the country or had already passed away. Both incumbents and successors can be regarded as credible key informants for details on the succession process and the role of the advisor. In fact, they have the deepest insights into the succession process, as they are the individuals most affected by it. In total, we sent out 240 questionnaires. In the majority of the cases, we sent an invitation to participate and a link to the online version of the survey by email. In cases where no email address was available, we sent paper versions of the survey by postal mail. Four weeks later, a postal follow-up reminder was sent to each firm. In the next step, we contacted all the firms that had not yet responded or that had provided incomplete data by phone. After a 13-week data collection period, the final sample consisted of 102 questionnaires with complete information (individual-level response rate of 42.5 percent). Among these 102 responses (63 from successors and 39 from incumbents), there were 18 "double" responses, meaning that we were able to retrieve responses from both the successor and the incumbent from the same firm.[3] Interestingly, no single respondent indicated he/she had no advisor support during the succession at all; in other words, in all successions in our sample, at least one advisor had been present.

To evaluate the representativeness of our sample, we first compared it to the data on the entire Swiss firm population provided by the Swiss Federal Statistical Office (cf. Kammerlander, Burger, Fust and Fueglistaller 2015). In our sample, microfirms (those with 0-9 employees) accounted for 16 percent of the firms, compared to 92 percent in the entire Swiss firm population; small firms (those with 10-49 employees) accounted for 51 percent of the firms, compared to 6.7 percent in the entire population; and medium-sized firms (those with 50-249 employees) accounted for 33 percent of the firms, compared to 1.3 percent in Switzerland. Thus, the medium-sized firms seem overrepresented in our sample.

[3] Several of the double respondents indicated different most trusted advisors (i.e., each of them relied on a different trusted advisor). Therefore, we decided to keep all 18 response pairs in our main analyses.

Measures

Dependent Variable: Satisfaction with Advisor. In our study, we assessed satisfaction with the advisor as opposed to the approach of prior studies that measured satisfaction with the succession process. Satisfaction with the advisor is considered superior in our research setting, as satisfaction with the succession process might be influenced by variables beyond the advisor's behavior (see Sharma et al. 2003). In this study, however, we aim to investigate the direct effect of certain advisor behaviors on the individual satisfaction of the advisees, which is why we focus on satisfaction with the advisor. To the best of our knowledge, and despite its earlier outlined importance, no study has measured satisfaction with the advisor or its antecedents (i.e., certain advisor behaviors) in the context of family-owned SMEs. Similar to Sharma and colleagues (2003), who measured satisfaction with the succession process, we measure satisfaction with the advisor by asking the following: "How satisfied are you personally with the performance of your advisor?". The responses are captured using a Likert-type scale, ranging from 1 (not satisfied at all) to 5 (completely satisfied).

Dependent Variable: Post-Succession Performance. We assess the family-owned SME's performance after a succession as perceived by the respondent. We build on a scale that was initially developed by Dess and Robinson (1984) and that has been validated in numerous subsequent studies (e.g., Eddleston, Kellermanns and Sarathy 2008; Sieger, Zellweger and Aquino 2013). We asked respondents to rate their company's performance as of today compared to the time when the succession took place in regard to five dimensions: sales volume, market share, profit, number of employees, and profitability. The 5-point Likert-type scale ranged from 1 (much worse) to 5 (much better). The five items loaded on one component only, with factor loadings of

0.771 or higher. The average variance extracted (AVE) was 73.144 percent, which is clearly above the suggested threshold of 0.5 (Christmann and van Aelst 2006). Cronbach's alpha was 0.91.[4]

Independent Variable: Tertius Iungens Behavior. To operationalize the attributes describing the behavior of the most trusted advisor, we used and adapted the six elements of the established scale to capture the *tertius iungens* construct of Obstfeld (2005). It measures the behavioral orientation through which the advisor connects the incumbent and the successor for collaboration, introduces them to others, facilitates stronger ties between them, and coordinates when different opinions occur. Table 1 shows how we adapted the scale of Obstfeld (2005) to the triadic relationship among the incumbent, the successor, and the advisor. We labeled the six elements as follows: *introduction, communication, collaboration, moderation, network,* and *coordination;* we asked participants to indicate how much they observed those attributes in their most trusted advisor. All elements were assessed with a 5-point Likert-type scale, ranging from 1 (not at all observed) to 5 (very much observed). A factor analysis revealed that the six items loaded on two distinct components. The items for introduction and network showed not fully satisfactory loadings on component one (0.56 and 0.545, respectively) and high cross-loadings on component two (0.42 and 0.71, respectively; cf. Henson and Roberts 2006). Conceptually, this can be explained because these two items clearly refer to initiating the succession process by connecting the incumbent and the successor as well as other people. The other four items, in turn, clearly refer to the advisory process as such. As it is the latter that we are interested in for our study purposes, we built a corresponding four-item measure including *communication*, *collaboration*, *moderation*, and *coordination*. The four items loaded

[4] For the 18 firms with answers from both the incumbent and the successor, we analyzed whether the subjective assessments of post-succession performance were consistent. A comparison between incumbents and successors revealed that there is no significant mean difference ($p > 0.5$).

unidimensional, with factor loadings of 0.772 or larger, an AVE of 73.93 percent, and a Cronbach's alpha of 0.88.

Insert Table 1 about here

Moderating Variable: Formal vs. Informal Advisor. The information on this advisor characteristic was retrieved in two steps. First, we asked the respondents about the type of most trusted advisor that they relied on during the succession process. The answer options included the following: *family, friend, employee, individual board member, bank advisor, accountant, lawyer, psychologist,* and *other.* As mentioned before, advisors of the first category are typically paid for their services and are family- and firm-external individuals; the advisors of the second category are typically not paid for their recommendations and are either firm-internal or family-internal individuals. Therefore, and in line with previous research (e.g., Strike 2012; Strike et al. 2018), we categorized the four types of *bank advisor, accountant, lawyer,* and *psychologist* as formal advisors (coded "1") and the remaining types as informal advisors (coded "0"). Interestingly, in the majority of cases, the accountant—and thus a formal advisor—was the most trusted advisor. We note that while the accountant often builds a trustful relationship with family members over the years, he or she remains a family-external party that is paid for the services/advice provided and is thus treated differently than relatives or friends (Barbera and Hasso 2013).

Moderating Variable: Full vs. Partial Involvement. We asked the respondents in which of the four main phases of the succession process—(1) process start of the succession process, (2) process planning/preparation, (3) decision for a succession solution/selection, and (4) actual handover of the firm (see De Massis et al. 2008; Michel and Kammerlander 2015)—the (most trusted) advisor was involved. When the advisor was present in all phases of the succession process, we coded the dummy variable as "1" (indicating full involvement) and "0" otherwise (indicating partial involvement). The interaction terms for assessing moderation were calculated by multiplying the standardized versions of the respective main variables (cf. Aiken and West 1991).

Control Variables. To account for the effects on our dependent variables beyond our variables of interest, we added several control variables. We used a dummy variable to control for the respondent's *role*, meaning whether he or she was the successor (coded "1") or the incumbent (coded "0"), as this might affect both satisfaction with the advisor and subjective performance assessments. Next, we included a variable labeled *time distance*, referring to the number of years since the succession had taken place, to account for any potential retrospective and time-related biases. In addition, we added several advisor-related control variables. The *age* of the advisor is measured with a categorical variable, with "1" indicating 29 years or younger, "2" indicating 30-39 years, "3" indicating 40-49 years, "4" indicating 50-59 years, and "5" indicating 60 years or older. Advisors' *gender* was assessed with a dummy variable indicating male (coded "0") or female (coded "1"). Moreover, we controlled for whether the successor and the incumbent relied on the *same advisor* by asking the following: "Has the advisor advised both parties (the successor and the incumbent)?" The answers were coded "0" for no and "1" for yes.

For the models using firm performance as the dependent variable, we chose to add several firm-level control variables that likely affect firm performance (e.g., Acquaah 2012; Naldi et al. 2015), while there is no theoretical reason to assume that they affect satisfaction with the advisor. More specifically, we controlled for the industry sector in which the firm is mainly active. The manufacturing sector accounted for the majority (55.9 percent) of all firms, with the remaining 44.1 percent being dispersed over six other sectors. Thus, we added a dummy variable indicating whether the firm is a manufacturing firm ("1") or not ("0"). Additionally, we accounted for *firm age* (2015 minus the year of establishment, as indicated by the respondent) and *firm size* (number of full-time employees of the company at the time of the survey); we used the logarithm of the respective variables, as they were not normally distributed.

Data Quality Tests

Social desirability concerns are mitigated because most of our questions were formulated in a neutral and fact-based manner (whether an advisor was involved, type of advisor, and in which phases he/she was involved), which leads to unbiased and reliable responses (c.f. Bäckström, Björklund and Larsson 2009). Moreover, we assured strict confidentiality and anonymity, which should further mitigate social desirability and social consistency issues (Podsakoff, MacKenzie, Lee and Podsakoff 2003). To assess the potential presence of common method bias, we first applied Harman's single-factor test (Harman 1967; Podsakoff et al. 2003). A factor analysis with all items used in our study leads to a 6-factor solution, accounting for 67.06 percent of the variance, with the first factor accounting for only 17.58 percent. Hence, no factor explains the majority of the variance, which signals that our measures are empirically distinguishable, which can be interpreted as a first indication that common method bias is not a major concern. In addition, we performed a confirmatory factor analysis (CFA) with all our variables. The corresponding factor structure exhibits an acceptable fit (χ^2 (103) = 168.533, CFI = 0.908, RMSEA = 0.079). The results for a factor structure where all items load on only one factor are significantly worse (χ^2 (172) = 1066.693, CFI = 0.345, RMSEA = 0.227; difference in χ^2= 898.16, df = 69, $p < 0.001$).[5] Taken together, this makes us confident that common method bias is not a serious concern.

To test for potential multicollinearity, we assessed the variance inflation factors (VIFs, see Aiken and West 1991) and found that they did not exceed a value of 1.992, which is clearly below the commonly applied threshold of 3 (Hair et al. 2006). Due to the data collection procedure, we

[5] CFI = comparative fit index, RMSEA = root mean square error of approximation. A CFI of at least 0.9 (Hu and Bentler 1999) and a RMSEA value of 0.08 or smaller indicate acceptable fit (Browne and Cudeck 1993).

were not able to compare early respondents with late respondents to test for potential nonresponse bias (Oppenheim 1966). Specifically, as outlined above, the respondents were contacted either by postal mail or email, and we sent out invitations in several temporally lagged waves. Similarly, the responses were partly delayed because some were sent back to us directly by postal mail, and some were collected at the central mail department of the bank (who then forwarded them to us). Therefore, it is impossible to assess when the respondents actually received the survey invitation and when they responded, which implies that we cannot distinguish early respondents from late respondents in a reliable way.

Results

Table 2 depicts the means, standard deviations, and Pearson correlations of our study variables. With very few exceptions, all correlations are smaller than 0.3 in magnitude and can thus be regarded as small (Cohen 1988). The highest correlation is 0.554, which still does not raise any concerns about apparent shared variance (cf. Cohen 1988; Hair et al. 2006).

Insert Table 2 about here

We tested all our hypotheses with linear regression analyses (OLS). For both dependent variables and for both moderators, we followed a separate stepwise procedure, where we first entered our control variables, then our independent variable, followed by the main term of the moderator, and finally, the interaction term of independent and moderator variable. Table 3 shows the corresponding Models 1 to 6, with “satisfaction with advisor” as the dependent variable; Table 4 shows Models 7 to 12, with “post-succession performance” as the dependent variable.

Insert Tables 3 and 4 about here

Hypothesis 1 about a positive relationship between tertius iungens behavior and satisfaction with the advisor is supported. Our analyses reveal a positive and significant relationship (coeff = 0.293, p = 0.017, Model 2 in Table 3). The main relationship between tertius iungens behavior and satisfaction with the advisor remains positive and significant, regardless of which moderator variables and interaction terms are added (Models 3 to 6). Hypothesis 3a about a moderating effect of having a formal vs. informal advisor is partially supported. The corresponding interaction term is positive (coeff = 0.171) and marginally significant (p = 0.099, see Model 4). Hypothesis 4a, referring to a moderating effect of full vs. partial involvement, is not supported because the interaction term in Model 6 is not significant (p = 0.727).

Hypothesis 2 about a positive relationship between tertius iungens behavior and post-succession performance is supported. The coefficient is positive and significant (coeff = 0.266, p = 0.030, Model 8 in Table 4) in Models 9 to 12. Hypothesis 3b is not supported, as the interaction term of having a formal vs. informal advisor and tertius iungens behavior is not significant (p = 0.482, Model 10). Hypothesis 4b is supported, as the interaction term of full vs. partial involvement and tertius iungens behavior is positive and significant (coeff = 0.234, p = 0.046, see Model 12).[6] Our (marginally) significant interaction effects are plotted in Figures 2 and 3.[7]

Insert Figures 2 and 3 about here
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[6] For both dependent variables, we also specified regression models where we included both corresponding moderators (main terms and related interaction terms) at the same time. The results remained very stable.

[7] Because we have 18 firms with responses from both the incumbent and the successor (see above), we assessed the robustness and validity of our findings with two separate corresponding tests. First, we excluded all the 18 corresponding incumbents and re-estimated all our regression models (N=84); second, we did the same while excluding all the 18 corresponding successors (N=84 as well). In both scenarios, our findings remained very stable. Tertius iungens behavior remained significant in all corresponding models; advisor type (formal vs. informal) remained marginally significant in Model 4; and process involvement (full vs. partial) remained significant in Model 12.

DISCUSSION

In our study, we argue and show under which circumstances advisors of family-owned SMEs positively influence the important individual- and firm-level factors related to the succession process (Powell and Eddleston 2017; Sharma et al. 2003). In particular, we reveal a positive effect of tertius iungens behavior on both individual-level satisfaction with the advisor and firm-level post-succession performance. Moreover, we reveal that the tertius iungens-satisfaction relationship is strengthened when the advisor is formal rather than informal and that the tertius iungens-performance relationship is stronger when the advisor is involved in the full process (as opposed to only being involved in parts of it).

Contributions to Theory

First, we contribute to the research on advising family-owned SMEs in several ways. Most importantly, we introduce the concept of tertius iungens behavior of Obstfeld (2005) to this context. Our study is, to the best of our knowledge, the first to introduce the well-established construct of "tertius iungens" behavioral orientation (Obstfeld 2005) that has been applied and validated in several management, marketing, and network-related studies (Shi, Markoczy and Dess 2009; Singh 2008; Garriga 2009) in the field of family-owned SMEs. This can be considered an important extension of the literature, given the need to advance our theoretical understanding of advising in family-owned SMEs (see Strike et al. 2018). In fact, earlier research on advisors has dedicated substantial time and effort to highlighting the desirable attributes of advisors, such as trustworthiness (Kaye and Hamilton 2004), honesty and integrity (Strike 2012), and competence and sympathy (Feng and Feng 2013; Feng and MacGeorge 2006), or to emphasizing specific advisor activities such as capturing attention, facilitating action (Strike 2013), or mediating sensemaking (Strike and Rerup 2016). Our results go beyond these studies by supporting the assumption that not only an advisor's attributes or activities but also his or her behavioral orientation, i.e., tertius iungens, have significant implications for the advising process. In particular, an advisor's behavioral orientation affects *how* he/she provides advice and adds value to the family-owned SME, which ultimately affects multilevel advising results in family-owned SMEs (Strike et al. 2018). Moreover, while family-owned SMEs are often particularly critical when engaging third-party advisors and have a stronger need for advisor characteristics related to the tertius iungens behavior to preserve family-specific aspects such as, for example, their socioemotional wealth (Perry et al. 2015; Strike 2013), our findings might also hold true in a non-family-owned firm context. Therefore, our study also contributes to advising in the more general management literature. For instance, the previous research has shown the importance of interpersonal trust as a necessary precondition for the advising process (Feng and Feng 2013; Strike 2013). How advisors gain trust to eventually affect multilevel advising results, in turn, is regarded as an important research gap (Holt et al. 2017; Strike et al. 2018). Our study helps to close this gap by suggesting that the advisor's tertius iungens behavioral orientation might be a helpful mechanism in that regard. Additionally, the concept of tertius iungens might also be useful for family firm literature in general. Similar to the original concept of Obstfeld (2005), one can apply our concept not only to advisors but also to stakeholders in general. As such, certain family members—including those not formally involved in the business—might be characterized as either tertius iungens or tertius gaudens, with diverging implications for the family and family business.

Second, our study offers a wide range of contributions to the research on family-owned SME succession. In particular, we advance the knowledge about the circumstances under which advisors positively affect important succession-related success factors. As such, we contribute to answering open questions of how and why advisors generate value in that context (Strike et al. 2018). Our study extends the prior research on advisors in family-owned SME successions by showing that advisors need to adopt certain behaviors—namely, the tertius iungens orientation—to be particularly effective in their work. This finding also expands the current succession literature that has neglected an advisor's own behavioral orientation affecting the succession process. Moreover, our findings show that within the succession process, formal advisors might be more effective than informal ones with regard to increasing satisfaction with the advisor. This resonates well with existing literature, stating that formal advisors, who are often simultaneously content experts and process consultants, help address issues at the nexus of the firm and the family (Strike 2012), improve planning activities (De Massis et al. 2008), and thereby increase satisfaction (Sharma et al. 2003) at the individual level. Interestingly, and contrary to our theorizing, we find that there is no significant positive effect of having a formal advisor on firm performance. This nonfinding contradicts the prior research results that a formal advisor positively affects future firm performance by providing an external perspective and a wider range of succession options (De Massis et al. 2008). We thus assume that the increased agency costs that go along with having a formal instead of an informal advisor might neutralize the formal advisor's benefits from a performance perspective at the firm level (Michel and Kammerlander 2015). Ultimately, our study shows the benefits of involving an advisor throughout the entire succession process. While cost reduction rationales and benefits tied to specialization might lead to the conclusion that advisors should only be hired for specific parts of the succession process and the idiosyncratic challenges therein, our study advances the extant research by supporting the opposite conclusion. Advisors are apparently most able to improve post-succession performance if they are involved in the entire succession process. In this case, they can mitigate potential conflicts as soon as they emerge, speed up the transfer process and, thus, increase performance at the firm level. However, unlike what we expected, no positive effect could be detected on satisfaction with the advisor. Again, this nonfinding advances extant theory. It shows that full advisor involvement is not favorable per se in regard to the satisfaction of the advisees with their advisor. A potential reason might be that by being involved in all process steps and actively pushing the incumbent's and successor's role adjustment, the fully involved advisor also unearths fears and negative feelings (Bertschi-Michel et al. 2019). Those (temporary) negative feelings might neutralize the positive effects that full advisor involvement has regarding satisfaction with the advisor at the individual level.

Contributions to Practice

Our findings also provide important insights for practitioners. First, they might guide incumbents and successors anticipating succession on what criteria to use for selecting advisors. Specifically, family-owned SME actors should seek advisors with strong tertius iungens behavioral orientation, as those advisors might be most effective in their advising. Moreover, family-owned SME incumbents and successors need to carefully evaluate whether they aim to involve a formal instead of an informal advisor and whether this advisor should be fully involved in the process or not. Each option and respective combination can have specific advantages and disadvantages of which the concerned parties should be aware. As examples for potential disadvantages, for instance, a formal advisor may increase agency costs, and a fully involved advisor may unearth fears and negative emotions. By being aware of these potential downsides, however, family-owned SME actors can potentially mitigate or prevent them from occurring. Second, the findings might guide advisors in their behavior when advising incumbents and successors of family-owned SMEs. Our study demonstrates the necessity to become aware of and apply a tertius iungens behavioral orientation, which may lead to more trust on behalf of the advisees and better advice. Ultimately, this will enhance client satisfaction and firm performance and increase the likelihood that the advisor is recommended to other family-owned SMEs.

Limitations and Future Research

As with any empirical work, our study has some limitations, most of which indicate fruitful avenues for further research. First, our sample is not fully representative of the entire firm population, as medium-sized firms are overrepresented. Moreover, as in many other studies on succession, our sample potentially suffers from survivor bias. However, this shortcoming can also be considered a strength of our sample, as microfirms might be seen as a "one-man show" and therefore often do not even start a succession process but rather simply close down the firm. Hence, these firms do not disappear because of an unsuccessful advising process but rather because they never started the succession process. Nevertheless, future research might investigate whether our findings also hold true for samples with the smallest firms.

In a similar vein, our responses are from German-speaking Swiss family-owned firms only, so one might wonder about the study's generalizability to other cultural and institutional settings. We believe that this is not a major concern, as Switzerland represents a highly developed and industrialized country in central Europe. Future research could confirm whether our proposed relationships also hold in other countries and contexts.

Moreover, we are aware that our sample is relatively small. Generating a larger sample was hampered, unfortunately, by the type of data we needed to collect given our theoretical setup. Specifically, we needed to investigate privately owned SMEs that had completed the succession process, had advisors involved in the process and were willing to provide detailed information about all related aspects. Such data are quite difficult to collect; nevertheless, we encourage other scholars to engage in further data collection efforts to address this limitation. In general, however, we are convinced that the sample size is not a major problem.

Additionally, we classified advisors as either formal or informal. While this approach follows those of prior research (e.g., Strike 2012; Strike et al. 2018), one might still argue that some formal advisors, for instance, those with long-lasting business relationships with the family, are closer to the family than other advisors (Barbera and Hasso 2013; Strike 2013). While it is extremely difficult for them to truly belong to the "inner circle" and to be treated in the same way as relatives, the distinction between formal and informal advisors might not necessarily be binary. Therefore, we encourage fellow researchers to develop and use a continuous measure capturing the “degree of formality” of advisors, which might lead to further theoretical and empirical insights.

Furthermore, we used subjective evaluations to assess post-succession performance. This is a very common approach in the research on family-owned SMEs (see, for example, Molly et al. 2010; Naldi et al. 2015) because family-owned firms are usually not publicly listed; therefore, objective financial data are not available. In addition, the same objective performance indicator (for example, 5 percent return on equity) might not be evaluated in the same way by different respondents (that is, one might perceive it to be satisfactory, and another might believe it is insufficient).

Finally, our study on the specific type of a tertius iungens advisor also suggests new variables that future research might investigate. As potential independent variable, for example, the duration of the relationship between an advisor and the incumbent and/or successor might be interesting to examine. Specifically, we could expect that relationship building over time positively affects the advisor’s tertius iungens behavior; by investigating this, future research could advance extant knowledge that has regarded tertius iungens behavior as a rather static concept. Regarding potential moderating variables, there might be additional individual-level advisor characteristics that play a role. For instance, our understanding of the relationship between an advisors’ tertius iungens behavior and corresponding satisfaction of the advisees could be enhanced by investigating the advisor’s empathy as a relevant contingency factor. Here, we would assume that higher empathy strengthens the positive main relationship. Finally, a potential dependent variable of interest for future research might be the probability of successful generational transfers as one could assume that a tertius iungens advisor increases the probability that a family-owned SME is able to complete an effective succession processes.

Conclusion

We build on and extend existing literature on family-owned SMEs, succession, and advisors by introducing the tertius iungens approach to investigate how the advisor's behavior during the succession process affects both satisfaction with the advisor and firm performance. Specifically, we find that the more the advisor exhibits tertius iungens behavior, the higher the satisfaction with the advisor at the individual level and the stronger performance at the firm level. Moreover, we investigate important advisor characteristics (i.e., type and involvement of the advisor) and reveal that they have mixed effects on our proposed main relationships.

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TABLE 1: Adaptation of the Tertius Iungens Behavior Construct

Original Construct	Adaption to Advisors in the succession process
I introduce people to each other who might have a common strategic work interest.	***Introduction**** *The advisor introduced incumbent and successor to each other.*
I will try to describe an issue in a way that will appeal to a diverse set of interests.	**Communication** The advisor tried to describe an issue in a way that appealed to incumbents' and successors' interests.
I see opportunities for collaboration between people.	**Collaboration** The advisor enforced collaboration between incumbent and successor.
I point out the common ground shared by people who have different perspectives on an issue.	**Moderation** The advisor was able to point out the common ground shared by incumbent and successor if they had different perspectives on an issue.
I introduce two people when I think they might benefit from becoming acquainted.	***Network**** *The advisor introduced incumbent and successor with people from whom they could benefit.*
I forge connections between different people dealing with a particular issue.	**Coordination** The advisor forged connections between incumbent, successor and specialists within the succession process.

Notes: * = removed later as the items do not clearly refer to the advisory process as such. See also Obstfeld (2005, p. 111).

TABLE 2: Means, Standard Deviations, and Pearson Correlations

	Variable	Mean	S.D.	VIF	1	2	3	4	5	6	7	8	9	10	11	12
1	Respondent‘s role	0.62	0.49	1.265	1											
2	Time distance	4.96	1.50	1.237	.249*	1										
3	Advisor‘s age	3.58	0.81	1.086	-0.061	0.059	1									
4	Advisor‘s gender	0.04	0.20	1.146	0.055	-0.130	0.105	1								
5	Shared advisor	0.72	0.45	1.702	-0.037	0.038	0.029	0.012	1							
6	Manufacturing	0.56	0.50	1.203	0.154	0.122	-0.121	-.227*	-0.097	1						
7	Firm age (ln)	3.94	0.59	1.236	0.076	0.038	0.127	0.055	.215*	0.080	1					
8	Firm size (ln)	3.47	1.25	1.227	-0.173	-.204*	-0.034	-0.013	-0.179	0.158	0.189	1				
9	TIB	3.48	1.26	1.992	-.213*	-0.131	0.035	-0.027	.554**	-0.037	0.182	-0.039	1			
10	Formal/informal advisor dummy	0.70	0.46	1.382	-0.125	-0.074	0.103	0.024	.402**	-0.029	.231*	0.003	.379**	1		
11	Full/partial involvement dummy	0.82	0.38	1.865	-.198*	0.133	0.113	-0.036	0.071	0.104	0.051	0.003	.341**	-0.015	1	
12	Satisfaction with advisor	4.34	0.92	1.214	0.008	-.206*	-0.003	0.090	0.107	0.053	0.019	0.133	.266**	.202*	0.059	1
13	Post-succession performance	3.23	0.85	1.520	0.088	0.176	0.032	-0.056	0.104	-0.175	0.092	0.010	0.188	0.061	0.002	0.066

Notes: N=102. * = $p < 0.05$, ** $p < 0.01$. S.D. = standard deviation.

TABLE 3: Results of Regression Analyses - Satisfaction with Advisor

	Model 1		Model 2		Model 3		Model 4		Model 5		Model 6	
	Beta	***Sign. (p)***	***Beta***	***Sign. (p)***	***Beta***	***Sign. (p)***	***Beta***	***Sign. (p)***	***Beta***	***Sign. (p)***	***Beta***	***Sign. (p)***
Constant		***		***		***		***		***		***
Control variables												
Respondent's role	0.065		0.111		0.119		0.113		0.114		0.113	
Time distance	-0.219	*	-0.184	†	-0.178	†	-0.179	†	-0.188	†	-0.188	†
Advisor's age	0.004		-0.002		-0.014		-0.014		-0.003		-0.005	
Advisor's gender	0.056		0.069		0.067		0.069		0.068		0.062	
Shared advisor	0.117		-0.045		-0.085		-0.070		-0.043		-0.040	
Independent variable												
TIB			0.293	*	0.266	*	0.300	*	0.286	*	0.281	*
Main terms moderator variable												
Formal/informal advisor					0.136		0.167					
Full/partial involvement									0.015		0.038	
Interaction terms												
Formal/informal advisor * TIB							0.171	†				
Full/partial involvement* TIB											0.041	
Adjusted R^2	0.014		0.062		0.068		0.086		0.053		0.044	
R^2 change			0.055*		0.015		0.025†		0.000		0.001	
F-value	1.294		2.122†		2.057†		2.182*		1.802†		1.578	
Model for comparison			Model 1		Model 2		Model 3		Model 2		Model 5	

Notes: N = 102. Standardized beta coefficients reported. † = p < 0.1, * = p < 0.05, ** = p < 0.01, *** = p < 0.001.

TABLE 4: Results of Regression Analyses - Post-Succession Performance

	Model 7		**Model 8**		**Model 9**		**Model 10**		**Model 11**		**Model 12**	
	Beta	***Sign. (p)***	***Beta***	***Sign. (p)***	***Beta***	***Sign. (p)***	***Beta***	***Sign. (p)***	***Beta***	***Sign. (p)***	***Beta***	***Sign. (p)***
Constant		**		*		*		*		*		*
Control variables												
Respondent's role	0.103		0.150		0.150		0.147		0.134		0.132	
Time distance	0.185	†	0.218	*	0.219	*	0.218	*	0.236	*	0.236	*
Advisor's age	0.000		-0.004		-0.004		-0.006		0.004		-0.011	
Advisor's gender	-0.097		-0.088		-0.088		-0.089		-0.085		-0.124	
Shared advisor	0.083		-0.060		-0.061		-0.057		-0.074		-0.062	
Manufacturing	-0.250	*	-0.262	*	-0.262	*	-0.271		-0.252	*	-0.265	*
Firm age (ln)	0.065		0.042		0.041		0.054		0.042		0.052	
Firm size (ln)	0.106		0.112		0.112		0.110		0.111		0.098	
Independent variable												
TIB			0.266	*	0.265	*	0.279	*	0.301	*	0.270	*
Main terms moderator variable												
Formal/informal advisor					0.005		0.017					
Full/partial involvement									-0.081		0.055	
Interaction terms												
Formal/informal advisor * TIB							0.075					
Full/partial involvement* TIB											0.234	*
Adjusted R^2	0.030		0.068		0.058		0.053		0.064		0.094	
R^2 change			0.045*		0.000		0.005		0.005		0.037*	
F-value	1.386		1.823†		1.623		1.513		1.687†		1.958*	
Model for comparison			Model 7		Model 8		Model 9		Model 8		Model 11	

Notes: N = 102. Standardized beta coefficients reported. † = $p < 0.1$, * = $p < 0.05$, ** = $p < 0.01$, *** = $p < 0.001$.

FIGURE 1: Conceptual Model

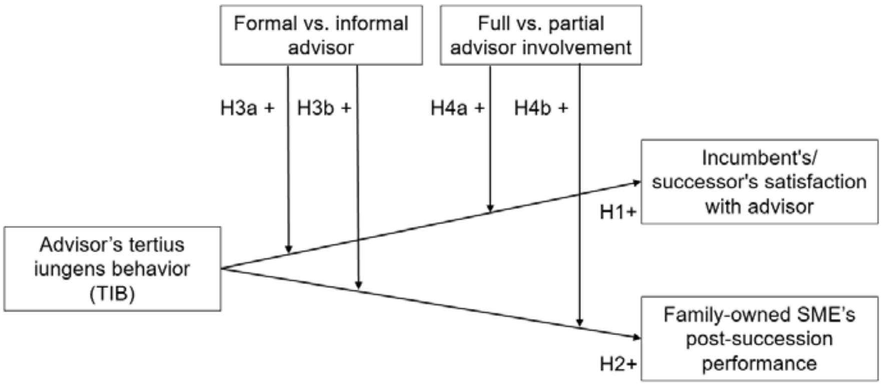

FIGURE 2: Incumbent's/Successor's Satisfaction and Formal vs. Informal Advisor

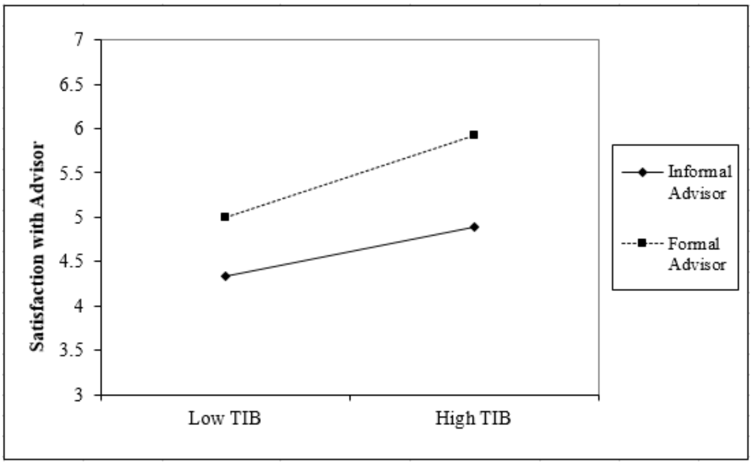

FIGURE 3: Family-owned SME's Performance and Full vs. Partial Involvement