Retiring From the Family Business: The Role of Goal Adjustment Capacities

Marylène Gagné, Carsten Wrosch, and Stephanie Brun de Pontet

Abstract
A longitudinal study of family business leaders nearing retirement age examined the effects of goal adjustment capacities (disengagement and reengagement) on retirement planning. Goal disengagement predicted taking concrete steps to prepare retirement, whereas goal reengagement was related to having positive retirement expectations. Family business leaders with high goal reengagement capacities who trusted their successor’s abilities set an earlier retirement date than others. Leaders with poor goal disengagement capacities who did not trust their successor were unable to improve their retirement expectations over time. This study shows the importance of psychological variables in the retirement planning process of family business leaders.

Keywords
family business succession, retirement, goal disengagement, goal reengagement, trust

We report the results of a longitudinal quantitative survey study that examined the role of a psychological factor—goal adjustment capacities—that may help explain the family business leader’s retirement planning, which has been shown to affect succession outcomes (Gersick, Davis, McCollom Hampton, & Lansberg, 1997; Lansberg, 1999; Sharma, Chrisman, & Chua, 2003). Though normative expectations about retirement (Neugarten, 1979) as well as the aspirations of the potential business successor (who is typically gaining increasing levels of control over the business; Brun de Pontet, Wrosch, & Gagné, 2007) may push a family business leader to think about retiring, the intermingling of family and business makes leadership transition a particularly complicated matter (Olson et al., 2003) and often stops the family business leader from appropriately planning his or her retirement. Retirement planning also depends on the incumbent and successor being in sync in the timing of their mutual readiness for this transition (Davis & Taguiri, 1989; Dyck, Mauws, Starke, & Mischke, 2002). These issues are particularly pressing for family businesses that are eager to retain leadership within their family, as nonfamily entrepreneurs can choose a successor or buyer from a larger pool of candidates.

This study focuses on business leaders’ preparation of their own retirement by examining their expectations about retirement (beliefs) and if they have set a retirement date and taken concrete steps to plan it (behavior). We focus on beliefs because they are a determinant of attitudes toward retirement (Jones & Gerard, 1967) and, thus, likely to influence behaviors (Ajzen, 1991). In this regard, we focused on two behaviors that constitute the preparation of retirement: (a) setting a retirement date, which creates a specific goal for the leader, something that has been shown to increase the

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likelihood of goal attainment (Locke & Latham, 1990) and (b) making progress with subaspects of the overall retirement goal (i.e., concrete steps toward retirement), which should facilitate goal attainment (Gollwitzer & Brandstätter, 1997).

We examined a psychological construct that represents a stable dispositional tendency, which has been shown to facilitate individuals’ coping with changing life conditions and affect the psychological well-being of individuals: the capacity to adjust goals that can no longer be pursued (i.e., goal disengagement and goal reengagement; Wrosch, 2011; Wrosch, Amir, & Miller, 2011; Wrosch, Scheier, Miller, Schulz, & Carver, 2003). Since, as we mentioned above, retirement involves goal management, this psychological construct is likely to affect retirement planning. Finally, this study examined whether goal adjustment capacities may interact with trust in the successor, a variable that has been associated with succession progress (de Massis, Chua, & Chrisman, 2008).

We start by reviewing goal adjustment theory and explain what it can bring to our understanding of retirement planning. After stating hypotheses regarding goal adjustment capacities, we discuss the potential moderating role of trust in the successor. In the next section, we present the methodology used and the results obtained from this quantitative longitudinal study. We end with a discussion of our results and of future considerations.

Goal Adjustment Capacities

A recurrent theme in the family business literature involves trying to understand why the incumbent leader often cannot “let go” of his or her leadership role (e.g., Aronoff, 2003; Dyer, 1986; Handler, 1990; Lansberg, 1988). Previous studies have focused on leader-related factors, such as his or her identification to the business, or successor-related factors, such as intentions and competence (Chrisman, Chua, & Sharma, 1998; Handler, 1992; Sharma, Chua, & Chrisman, 2000), relational factors, such as stakeholder resistance (Davis & Taguiri, 1989; Lansberg & Astrachan, 1994), and contextual factors, such as business performance (Cespedes & Galford, 2004). These studies provide valuable knowledge about family business succession. We seek to further our understanding of factors that may influence the succession process by focusing on psychological characteristics of leaders, specifically their capacity to disengage from current goals and reengage in new goals.

Many family business leaders struggle to come to terms with the state of the business as they approach retirement, still longing for “one more chance to prove themselves” (Sonnenfeld & Spence, 1989, p. 363). Nonetheless, some family business leaders are able to successfully retire, as evidenced from examples of long-lived family firms highlighted in the literature (e.g., D. Miller & Le Breton, 2005), which makes it important to examine what differentiates them.

Theories that focus on the self-regulation of behavior, such as social learning theory and control theory, typically focus on self-efficacy expectations (Bandura, 1986) and monitoring goal progress (Carver & Scheier, 1981) to examine factors that facilitate goal attainment. A more recent and complementary theoretical approach—goal adjustment theory—may provide particularly useful information when examining the opposite process, that is, letting go of business goals and setting new retirement goals. From this perspective, goal adjustment capacities are based on individual differences in two different and independent tendencies associated with the management of personal goals: goal disengagement and goal reengagement (Carver & Scheier, 1990; G. E. Miller & Wrosch, 2007; Wrosch, Miller, Scheier, & Brun de Pontet, 2007; Wrosch, Scheier, Carver, & Schulz, 2003; Wrosch, Scheier, Miller, et al., 2003). Goal disengagement involves the tendency to reduce effort and psychological commitment from a goal that a person has to stop pursuing. Goal reengagement is composed of an individual’s tendency to identify, commit to, and pursue alternative meaningful goals, in situations where a desired goal needs to be abandoned (Wrosch, Scheier, Miller, et al., 2003).

Research from this line of work suggests that some people have an easier time than others disengaging from goals that can no longer be pursued and engaging in alternative goals (for a review, see Wrosch, 2011). These differences in individual tendencies, in turn, have been shown to predict more effective coping and high levels of subjective well-being, such as planning and positive reframing, low depression, high life satisfaction, or purpose in life (O’Connor & Forgan, 2007; Wrosch, 2011; Wrosch, Scheier, Carver, et al., 2003; Wrosch, Scheier, Miller, et al., 2003; Wrosch et al., 2007). In addition, goal disengagement capacities have been linked to beneficial biological and physical health outcomes, such as adaptive levels of cortisol secretion or markers of systemic inflammation, efficient sleep or physical health.
problems in a variety of populations (G. E. Miller & Wrosch, 2007; Wrosch et al., 2007).

We suggest that goal adjustment capacities may also optimize a family business owner’s transition into retirement. An owner who is generally able to disengage from goals that he/she can no longer pursue may have an easier time accepting that he/she cannot stay indefinitely at the helm of the business and start implementing concrete steps toward retirement. In contrast, poor goal disengagement capacities may make it more likely for an incumbent to resist the normative pressure to retire and keep control over the business. As goal disengagement capacities facilitate the abandonment of specific goals that can no longer be pursued (e.g., running the business indefinitely), we argue that the capacity for goal disengagement may optimize retirement planning, as evidenced through setting a retirement date in the near future and implementing concrete retirement steps. However, it is rather unlikely that goal disengagement capacities contribute to changes in individuals’ expectations about the nature of their retirement, as such changes are more likely to be facilitated by the adoption of new goals. We therefore do not expect goal disengagement capacities to influence business leaders’ beliefs about their future retirement.

Hypothesis 1a: Leaders’ goal disengagement capacities are positively related to the proximity of their planned retirement date.
Hypothesis 1b: Leaders’ goal disengagement capacities are positively related to taking more concrete steps toward retirement over time.

Goal adjustment theory also implies that business owners who are capable of developing new goals may look forward to the time after retirement because they are better able to create other meaningful ways to occupy their time and energy. Therefore, being able to adopt new goals in the context of approaching retirement age may improve a business leader’s beliefs about retirement goals. In addition, the adoption of such new goals and the associated positive beliefs may make it easier for a business leader to step down from the helm of the business, as evidenced through setting an earlier retirement date and implementing concrete steps toward retirement.

Hypothesis 2a: Leaders’ goal reengagement capacities are positively related to improvement of their retirement expectations over time.
Hypothesis 2b: Leaders’ goal reengagement capacities are positively related to the proximity of their planned retirement date.
Hypothesis 2c: Leaders’ goal reengagement capacities are positively related to taking more concrete steps toward retirement over time.

Trust in the Successor

Business leaders’ beliefs and behaviors about their future retirement may also depend on how they perceive the successor, which in the present study is their child. If the successor is perceived as competent and motivated to take over the business, it may help business leaders with poor goal adjustment capacities focus on preparing their retirement and disengage from business activities (Barach & Gantisky, 1995; Chrisman et al., 1998; de Massis et al., 2008; Goldberg & Wooldridge, 1993; Sharma, Chrisman, Pablo, & Chua, 2001; Sharma et al., 2000; Sharma et al., 2003; Venter, Boshoff, & Maas, 2005). In contrast, if the successor is perceived as less competent, business leaders with low goal adjustment capacities may further resist retirement planning. This implies that trust in the successor could moderate the adverse effect of poor goal adjustment capacities on retirement planning. We will explore this through exploratory post hoc analyses.

We conducted a quantitative longitudinal survey study of family business leaders wherein we included measures of goal adjustment capacities, trust in the successor, and questions regarding retirement planning. The model presented in Figure 1 summarizes the hypotheses.

Method

Procedure

Adopting procedures used in other research (e.g., Davis & Taguiri, 1989; Lansberg & Astrachan, 1994; Sharma et al., 2003), we conducted a longitudinal study through mailed self-report questionnaires. As businesses are often reluctant to share private information, the help of PriceWaterhouse Coopers and the Canadian Association of Family Enterprises was enlisted to recruit clients or members who met the study’s criteria. Additional participants were recruited through a search of Dunn & Bradstreet listings and the Internet. Criteria for participation were that the business was family-owned and controlled by the current leader, who was at least 50
Figure 1. Model summarizing the study’s hypotheses and results

Note. Asterisk indicates a hypothesis supported by the results, and a dashed line indicates a nonhypothesized significant result. Thin lines indicate a cross-sectional result, whereas thick lines indicate a longitudinal result.

years of age, and that there was a next-generation family member working in the business who might eventually take over the leadership.

Questionnaires, consent forms, and return postage envelopes were mailed to owners at 189 Canadian companies, whose leader indicated in an initial query that they met the study’s criteria. One hundred seventeen questionnaires were returned (T1; 62% response rate). To examine the effects of goal adjustment capacities over progress in retirement preparation, follow-up questionnaires were sent to all participating business leaders approximately 2 years later (T2; \( M = 28.09 \) months, \( SD = 4.72 \) months), and 67 of these questionnaires were returned (57% response rate), representing the sample used in the longitudinal analyses. The second questionnaire aimed to measure the retirement outcomes, and a 2-year lag was chosen to give leaders sufficient time to make progress with their retirement planning. Attrition from study entry to follow-up was neither significantly associated with any main study variables nor with any participant or business characteristic described below.

Sample

The resulting sample is fairly representative of the geographic distribution of the population of Canada, with businesses operating in nine provinces, in proportions similar to their population. Furthermore, the size range of these companies provides a reasonable approximation of the size (by revenues) of independent businesses in Canada (with 32% being very small companies, with annual sales of $3 million or less; 39% being small to medium, with annual sales between $3 and $25 million; and 28% being larger businesses, with annual sales of $25 million or more). Participants were asked to identify their age (\( M = 61.64, SD = 8.27 \)), gender (107 males, 10 females), and level of education (47 had a high school degree or less). Respondents were also asked about their work experience, when their company was founded, and the year they became the business leader (57% were founders). The businesses in this sample ranged in age from 4 to 121 years of operation (\( M = 42.54, SD = 24.67 \)). Foundation year for the businesses of founders in our sample ranged from 1960 to 1999, whereas they ranged from 1885 to 2002 for the businesses of subsequent generation leaders.

Measures

Goal adjustment capacities. The incumbents’ goal disengagement and goal reengagement capacities were assessed at baseline with a previously validated 10-item scale (Wrosch, Scheier, Carver, et al., 2003; Wrosch, Scheier, Miller, et al., 2003; Wrosch et al., 2007). The leaders were told that people cannot always attain their goals and are sometimes forced to stop pursuing the goals they have set. They were then asked how they usually react when they have to stop pursuing an important goal. Four items measured the capacity to disengage from a goal that can no longer be pursued (e.g., “It’s easy for me to reduce my effort toward the goal” or “I stay committed to the goal for a long time, I can’t let it go”), whereas six items measured the capacity to reengage with new goals (e.g., “I seek other meaningful goals” or “I start working on other new goals”). For both subscales, 5-point Likert-type scales were used with response options ranging from strongly disagree (1) to strongly agree (5). We computed mean scores of the goal disengagement items (\( \alpha = .62 \)) and the goal reengagement items (\( \alpha = .89 \)). Previous validation studies showed alphas of between .69 to .89 for the two subscales and found only small correlations between the subscales. Differences in internal reliabilities across studies may be due to the differing sample sizes or sample characteristics: In the validation studies, adolescents, undergraduate students, young adults, older
adults, and parents of children with cancer were sampled. Replicating previous studies of the factor structure of the scale (e.g., Dunne, Wrosch, & Miller, 2011), we found through a principal components analysis a two-factor solution with loadings on respective factors more than .60 for all items, and only one reengagement item with a cross-loading of .41 (all others were less than .20). Note that previous research found substantial stability of the goal adjustment scales over a 4-year period in a sample of older adults (rs = .40 to .38, ps < .01; Dunne et al., 2011).

Trust in the successor was assessed at baseline using a 5-point scale (1 = not at all, 5 = a great deal) that was created for this study. Business leaders responded to six items (see Appendix A). We computed a mean score of the items (α = .93).

Retirement expectations were assessed at both measurement points. The incumbents’ expectations about postretirement life were evaluated with a 9-item scale (created for this study), following the prompt: “Once I have retired the day-to-day leadership of this business, my days will be . . . .” Respondents were asked to identify to what extent they strongly disagreed (1) or strongly agreed (5) with 9 statements that completed this prompt (see Appendix B). The original retirement expectations scale included one item (“. . . busy with board memberships and other professional responsibilities”), which we removed because a principal components analysis showed it did not load with the other items. All remaining items showed loadings between .46 and .76. An additional principal components analysis including both retirement expectations and goal disengagement/reengagement items showed that they load on separate factors. We computed mean scores for both measurement points (αT1 = .75, αT2 = .78).

Retirement date was measured at baseline by asking business leaders when they expect to retire. Response choices were coded as follows: 1 (this year), 2 (within 3 years), 3 (within 5 years), 4 (within 10 years), and 5 (never).

Concrete steps taken toward retirement were assessed at both measurement points. This outcome was based on a single 5-point Likert-type item that asked participants to identify to what extent they had taken concrete steps toward realizing plans they were making for their retirement life (1 = not at all to 5 = a lot).

Control variables. Among the variables hypothesized to affect the retirement planning process were the leader’s age, number of years in the leadership position, and founder versus subsequent generation’s status (de Massis et al., 2008). We controlled for these three variables in our statistical analyses for several reasons. First, in most of the developed world, retirement from work is considered an important life transition, the timing of which is frequently tied to age by virtue of social expectations, business policies, and even government entitlements (Neugarten, 1979; Settersten, 1997). It is therefore possible that the age of the leader will be related to retirement date, expectations, and concrete steps. Second, independently of his or her age, a leader who has founded the business only a few years ago or a business leader who has taken over the business only a few years ago may not yet be willing to relinquish control of the business to the next generation, and although this may not affect how business leaders view their future retirement (i.e., retirement expectations), it may slow them down in preparing it (i.e., concrete steps). Third, as a person’s identity is tied to their work role (Kim & Moen, 2001), research finds that the more central this role is to a person’s overall sense of self, the more negative are their retirement expectations (Gee & Baillie, 1999; Handler & Kram, 1988). Because founders are entrepreneurs and invest even more of their selves in their business ventures than “simple” administrators, we considered the possibility that retirement could be more complicated for founders of family business than for second or subsequent generations of family business leaders.

Results

In all analyses, the control variables (age, founder/subsequent generations status, and years in leadership) were entered in a first step, followed by the centered main effects in a second step, followed by interaction terms in a third step (for post hoc analyses). For regression analyses on retirement expectations and concrete steps taken toward retirement, we tested the change in these variables to provide a more stringent test of hypotheses related to these variables by entering the T1 assessment along with the control variables. To conduct some post hoc analyses, interaction terms were computed by multiplying the previously centered main effects (Aiken & West, 1991).

Descriptive Statistics

We note that nine business leaders reported never wanting to retire (which was coded as a 5 on the retirement date variable). One of them was 74 years old, whereas
Table 1. Means, Standard Deviations, and Zero-Order Correlations Between Main Study Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Age</td>
<td>61.68</td>
<td>8.12</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2. Founder (1)/subsequent generations (2)</td>
<td>1.43</td>
<td>0.50</td>
<td>−.04</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>3. Year leadership began</td>
<td>1978.49</td>
<td>12.32</td>
<td>−.50***</td>
<td>.01</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>4. Goal disengagement (T1)</td>
<td>2.79</td>
<td>0.69</td>
<td>.07</td>
<td>.12</td>
<td>.04</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>5. Goal reengagement (T1)</td>
<td>3.56</td>
<td>0.72</td>
<td>.03</td>
<td>.19</td>
<td>.03</td>
<td>.10</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>6. Trust in successor (T1)</td>
<td>3.87</td>
<td>0.85</td>
<td>.10</td>
<td>−.07</td>
<td>−.05</td>
<td>.21*</td>
<td>.01</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Retirement date (T1)</td>
<td>3.09</td>
<td>1.02</td>
<td>0.41***</td>
<td>−.03</td>
<td>.33***</td>
<td>−.05</td>
<td>−.08</td>
<td>.04</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Retirement expectations (T1)</td>
<td>3.55</td>
<td>0.53</td>
<td>.05</td>
<td>.22*</td>
<td>−.02</td>
<td>.23*</td>
<td>.42***</td>
<td>.31***</td>
<td>−.14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Concrete steps to realize plans (T1)</td>
<td>3.01</td>
<td>1.32</td>
<td>.13</td>
<td>.20*</td>
<td>−.05</td>
<td>.13</td>
<td>.34***</td>
<td>.15</td>
<td>−.08</td>
<td>.54***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Retirement expectations (T2)*</td>
<td>3.63</td>
<td>0.59</td>
<td>−.15</td>
<td>.25</td>
<td>−.11</td>
<td>.37**</td>
<td>.25</td>
<td>.34*</td>
<td>−.21</td>
<td>.67***</td>
<td>.25</td>
<td></td>
</tr>
<tr>
<td>11. Concrete steps to realize plans (T2)</td>
<td>3.22</td>
<td>1.40</td>
<td>−.06</td>
<td>.26*</td>
<td>−.15</td>
<td>.11</td>
<td>.26</td>
<td>.29*</td>
<td>−.15</td>
<td>.44***</td>
<td>.58***</td>
<td>.54***</td>
</tr>
</tbody>
</table>

a. Correlations involving T2 measures are based only on subjects who participated in the follow-up.
***p < .001. **p < .01. * p < .05.

the others were in their 50s and 60s. As can be seen in Table 1, retirement date was negatively related to age, such that the older the leader, the sooner was the planned retirement date. Moreover, retirement date was unrelated to retirement expectations and concrete steps taken toward retirement at T1 and T2. Table 1 reveals that retirement expectations were positively related to concrete steps at both time points. Retirement expectations did not significantly change over the 2-year period, and age was unrelated to expectations at either times. Concrete steps toward retirement did not significantly change over the 2-year period, although we found an upward trend (see Table 1), and age was unrelated to steps at either times.

The average planned retirement date was similar for both founders and subsequent generations leaders. However, retirement expectations at both T1 and T2 were lower for founders ($M = 3.45$ and $3.49$) than for subsequent generations leaders ($M = 3.68$ and $3.79$), $t(104) = 2.25$, $p = .03$, and $t(59) = 2.01$, $p < .05$. Concrete steps toward retirement at both times were also lower for founders ($M = 2.77$ and $2.87$) than for subsequent generations leaders ($M = 3.30$ and $3.61$), $t(100) = 2.04$, $p = .04$, and $t(57) = 2.07$, $p = .04$. Business leaders reported having taken their leadership position between 1941 and 2002. As can be seen in Table 1, number of years in the leadership position was positively related to retirement date, such that the more recent the leadership, the later the anticipated retirement date. In addition, number of years in the leadership position was unrelated to retirement expectations and concrete steps toward retirement at T1 and T2.

Test of Hypotheses 1 and 2

As reported in Tables 1 and 2, capacity for goal disengagement was unrelated to retirement date, thus failing to support Hypothesis 1a, and was positively related to retirement expectations at both times, which was unexpected. Goal disengagement was not related to concrete steps toward retirement, which provides poor initial support for Hypothesis 1b. Capacity for goal reengagement...
was unrelated to retirement date, failing to support Hypothesis 2b, but was positively related to both retirement expectations and concrete steps toward retirement at T1, which provides preliminary support for Hypotheses 2a and 2c. To formally test Hypotheses 1 and 2, retirement expectations at T2 was regressed onto expectations at T1 and simultaneously onto goal disengagement and reengagement (see Table 2). Unexpectedly, goal disengagement was positively related to changes in retirement expectations, such that the higher the capacity to disengage from goals, the more retirement expectations improved over time. On the other hand, we found that goal reengagement was not associated to changes in retirement expectations, which fails to support Hypothesis 2a. The analysis was repeated with concrete steps (see Table 2). Goal disengagement marginally affected positive changes in concrete steps, supporting Hypothesis 1b. However, goal reengagement did not affect changes in concrete steps, failing to support Hypothesis 2c.2

**Post hoc Analyses**

We repeated the previous regression analyses by additionally including the interactions between goal adjustment variables and trust in the successor into the models. The goal reengagement by trust interaction significantly predicted retirement date (see Table 2). This interaction, illustrated in Figure 2, shows that, among incumbents who did not trust their successors, poor goal reengagement capacities were associated with setting a later retirement date. However, to the extent that incumbents reported increased levels of trust in their successors, this effect became reversed, and poor goal reengagement capacities became increasingly associated with setting an earlier date for retirement. Although this finding shows that trust in the successor can ameliorate the adverse effects of low goal reengagement capacities on

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**Table 2. Standardized Regression Coefficients on Retirement Planning**

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Retirement Date T1</th>
<th>Retirement Expectations T2</th>
<th>Concrete Steps Toward Retirement T2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Model 1</td>
<td>Model 2</td>
<td>Model 1</td>
</tr>
<tr>
<td>Outcome at T1</td>
<td>—</td>
<td>—</td>
<td>.65***</td>
</tr>
<tr>
<td>Age</td>
<td>—.35**</td>
<td>—.31**</td>
<td>.22†</td>
</tr>
<tr>
<td>Founder/successor status</td>
<td>—.03</td>
<td>—.02</td>
<td>.07†</td>
</tr>
<tr>
<td>Years in leadership</td>
<td>.17</td>
<td>.19</td>
<td>.19†</td>
</tr>
<tr>
<td>Goal disengagement (GD)</td>
<td>.01</td>
<td>—.03</td>
<td>.27**</td>
</tr>
<tr>
<td>Goal reengagement (GR)</td>
<td>—.01</td>
<td>—.03</td>
<td>.16†</td>
</tr>
<tr>
<td>Trust in successor</td>
<td>—</td>
<td>.01</td>
<td>—.09</td>
</tr>
<tr>
<td>GD × Trust</td>
<td>—</td>
<td>.05</td>
<td>—.26*</td>
</tr>
<tr>
<td>GR × Trust</td>
<td>—</td>
<td>.21*</td>
<td>—.04</td>
</tr>
<tr>
<td>$R^2$</td>
<td>.21</td>
<td>.26</td>
<td>.59</td>
</tr>
<tr>
<td>$F$ test</td>
<td>5.12***</td>
<td>3.77**</td>
<td>11.07***</td>
</tr>
</tbody>
</table>

†$p < .10$. *$p < .05$. **$p < .01$. ***$p < .001$. 

![Figure 2. Interaction between goal reengagement capacities and trust in the successor on retirement date](image-url)
Figure 3. Interaction between goal disengagement capacities and trust in the successor on change in retirement expectations.

...of more concrete steps toward retirement over a 2-year period. We did not expect the former result, namely, that goal disengagement capacity would influence retirement expectations, and the only plausible explanation we have for it is that the capacity to disengage from goals may free up cognitive space to think more about the future. Moreover, we found that lack of goal disengagement capacities, when coupled with lack of trust in the successor, prevents leaders from forming positive retirement expectations. In contrast, high levels of goal disengagement capacities were associated with increases in positive retirement expectations among business leaders who did not trust their successors. These results suggest that the ability to withdraw commitment and effort from pursuing unattainable goals can promote the retirement planning process among family business leaders. We conclude that such high levels of goal disengagement capacities may be needed to safeguard the retirement process in a population that is prone to resisting retirement (Gee & Baillie, 1999; Sharma et al., 2001; Ward, 1987).

Goal reengagement capacities were related to some retirement outcomes as well, though not as much as expected. In particular, incumbents who were able to identify and pursue new goals reported more positive retirement expectations and had set more concrete steps at T1 as compared with their counterparts who had poor goal reengagement capacities. In addition, the results showed that, to the extent that incumbents trusted their child with the succession, the adverse effect of poor goal reengagement capacities on retirement date became reversed and incumbents set an earlier retirement date. These findings indicate that the capacity to identify and pursue new goals can also support the retirement planning process among family business leaders, and contextual factors can compensate for poor goal reengagement capacities. Though only a few of our hypotheses regarding goal adjustment capacities were supported, it is worth noting that our regression models, which included goal adjustment capacities, explained between 21% and 63% of the variance in the retirement outcome variables (with goal adjustment capacities predicting 4% to 7%). These are not negligible effects.

Above and beyond the main findings of the study, the analyses produced a number of additional important results. First, we found that the planned retirement date of leaders was unrelated to their attitudes toward...
retirement or to their concrete planning for retirement. This pattern of findings is consistent with psychological research, showing that attitudes are not necessarily related to behaviors (e.g., Ajzen, 1991). Therefore, simply because business leaders have a date in mind for their retirement does neither mean that they perceive their retirement in a positive light nor that they concretely take steps to plan it. Future research should clarify whether this lack of correspondence between attitude and behavior could possibly be a sign of prospective succession conflict and even failure, as it could contribute to a situation where the incumbent leaders’ actions or behaviors are not aligned with what other business members and stakeholders expect them to do.

Second, although age was related to an earlier planned retirement date, it was unrelated to other beliefs and behaviors associated with retirement. This finding is unlikely to be caused by restriction of range, since our sample comprised business leaders whose age ranged from 50 to 83 years. Normatively, we would expect that at least those leaders aged 70 years and older would be more concerned with retirement planning than those aged 55 years and younger, yet we found they were not. In fact, some of these older leaders even reported that they were not planning on retiring, which confirms previous writings concerning the difficulty for business leaders to let go of this important role in their life (Lansberg, 1999). It therefore seems that retirement planning may be more associated with personal and business characteristics than with age. Moreover, given their strong identification with their businesses, we expected that retirement planning would be more complicated among founders of businesses than among later generations of family business leaders. In support of this idea, the results showed that founders had more negative expectations about their retirement and reported less concrete planning than subsequent generations’ leaders. In addition, we found that those who had been the family business leader for several years set an earlier retirement date and took more concrete steps toward retirement.

**Implications**

The present results have important implications for theories and research in the area of family business succession. First, our research design not only answered the call for quantitative longitudinal methods and theory-driven approaches to build our knowledge of the family businesses but also tested some assumptions regarding the role of demographic variables (de Massis et al., 2008; Zahra & Sharma, 2004). Recent reviews have argued for the use of theories from other fields to study family business transmission (Sharma, 2004). This is important because too many family businesses fail in transferring the business to the next generation (Dyer, 1986; Ward, 1987). Since aging trends suggest further growth in the number of generational business transitions (Astrachan, Allen, Spinelli, & Whittmeyer, 2003; Deloitte & Touche, 1999), mismanaged transitions could lead to serious consequences for the economy and for the employees of these businesses (Astrachan et al., 2003, Gersick et al., 1997). Our research addresses this pressing need by using a self-regulation theory to demonstrate how goal adjustment capacities can facilitate retirement planning.

Second, our results extend previous research on goal adjustment capacities, which has shown that goal adjustment capacities can influence adaptive levels of subjective well-being and physical health, as it helps people to manage constraints on their personal goals (G. E. Miller & Wrosch, 2007; Wrosch et al., 2007). The reported study extends this line of work by showing that goal adjustment capacities can also predict adaptive beliefs and behaviors. In fact, it may be that the obtained effects of goal disengagement capacities on adaptive beliefs and behaviors could explain some of the benefits of goal disengagement on subjective well-being and physical health that have been demonstrated in other studies (for a review, see Wrosch, 2011). We therefore suggest that research should test this possibility more comprehensively in longitudinal studies, by examining changes in beliefs and behaviors, as well as indicators of quality of life over time.

Third, this study provides family business researchers with new reliable measures of trust in the successor and retirement planning that could reveal important mechanisms in future research. In addition, the practical implications of our results are useful for family business leaders and for those who help them prepare the succession. In the case of leaders with high goal adjustment capacities, we can expect that they will not have a tough time thinking about, planning, and executing their retirement and succession plans. But for leaders with
low goal adjustment capacities, it may be particularly important to find support for them and to ensure that they choose a successor they can trust.

**Limitations and Future Directions**

The present findings must be considered in light of some methodological limitations. First, the absence of a comprehensive national registry of family-owned businesses precluded random sampling, and the desire for broad geographic representation required the use of mailed self-report questionnaires. Though the resulting sample had a good diversity of business location, size, age, and industry, we cannot ascertain that the findings are representative of all Canadian family businesses nor of family businesses outside of Canada, as Canadian laws and culture could influence the results. In addition, a comparison of family business leaders to nonfamily business leaders would also be worthwhile to examine if our results are unique to family business leaders or if they generalize to other leaders. Third, two of our outcome measures, retirement date and steps taken toward retirement, were single-item measures. Fourth, the longitudinal sample was substantially reduced by participant attrition. Given the demands on the time of business leaders, however, it may be that the obtained response rate is all one can expect from such a group of participants. In support of this argument, response rates of similar and lower proportions have been reported in other studies (e.g., Naldi, Nordqvist, Sjoberg, & Wiklund, 2007; Sharma et al., 2003). In addition, we note that our analyses demonstrated that attrition was not significantly associated with the reported baseline variables, which makes it less likely that the obtained results are based on systematic attrition biases.

Finally, although our analyses predicted retirement date, expectations, and steps toward retirement plans, this study does not reveal the complete process resulting in successful family business succession. Although we argue that the observed process may eventually facilitate business succession, it is also possible that in some cases leader retirement may not be good for the business in the long run. Thus, more longitudinal research is needed to draw a more complete picture about family business succession. Such studies require long-term follow-ups to conclude whether leader retirement planning leads to business success or failure and should include other psychological variables (e.g., successor motivation) and objective information about the status of the businesses (e.g., bankruptcy, growth).

**Conclusion**

This study showed that a psychological construct, that is, goal adjustment capacities, affects adaptive beliefs and behaviors related to the retirement planning of family business leaders. In addition, trust in the successor helped retirement planning among leaders who have a difficult time adopting and pursuing new goals. These findings call for more theory-driven research that includes psychological constructs to shed more light on the process of retirement planning in family business.

**Appendix A**

**Trust in Successor Scale**

<table>
<thead>
<tr>
<th></th>
<th>Not at All</th>
<th>A Bit</th>
<th>Moderately</th>
<th>A Lot</th>
<th>Completely</th>
</tr>
</thead>
<tbody>
<tr>
<td>Making good business decisions</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Dealing with employees</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Maintaining the reputation and the financial strength of the business</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Leadership qualities</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Putting the necessary time and effort</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Interpersonal skills</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
Appendix B

Retirement Expectations Scale

Please indicate to what extent you agree with the following statements.

Once I have retired the day-to-day leadership of this business, my days will be . . .

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Neutral</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) . . . full of interesting new work projects.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>2) . . . spent pursuing my hobbies.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>3) . . . busy with travel and fun.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>4) . . . a difficult adjustment after all these years of work. (R)</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>5) . . . spent with my family and friends.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>6) . . . increasingly associated with feelings ofloneliness and aimlessness. (R)</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>7) . . . filled with opportunities to contribute in new ways to my community.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>8) . . . difficult because my work means so much to me. (R)</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>9) . . . spent learning new things.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

Declaration of Conflicting Interests

The author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

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Notes

1. We did not replace missing data of outcome variables in our analyses. At T1, 9 participants failed to provide data on retirement expectations, and 13 did not answer about steps taken toward retirement. However, additional missing data of predictor variables among participants who did not answer some items, but answered other items, were replaced with the sample mean.

2. Given that previous research has shown that goal disengagement and goal reengagement can also interact in some circumstances (Wrosch, Scheier, Carver, et al., 2003; Wrosch, Scheier, Miller, et al., 2003; Wrosch et al., 2007), we also tested interactions between disengagement and reengagement in follow-up analyses. This interaction term was not found to be significant in any of the analyses, all Fs < 2.47, all ps > .05.

3. Although we did not expect this subgroup to emerge, it may be that incumbents from this group are able to pursue other new goals without freeing resources (e.g., time) through retirement. This may happen if a trustful atmosphere within the business results in more equally shared levels of control and responsibility, which could delay retirement planning.

References


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