

**TITLE:** An Investigation into the Relationship Between Organizational Commitment and the Employees' Perceptions Regarding Leadership Practices and Successor Competence in Family-Owned Businesses

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**OBJECTIVE:** The purpose for this research was to investigate employee perceptions and their relationship to organizational commitment in the transition of power in family-owned businesses.

**METHODOLOGY:** The context for this research was the population of family businesses in which the founder was living/health and the second generation successor who had been CEO for approximately two years. This research consisted of one case study that met the selection criteria (a service provider with 2,000 employees and approximately \$200 million in revenue). Respondents completed the Organizational Commitment Questionnaire (Mowday, Steers & Porter, 1979) and a modified version of the LPI-Observer (which was used to measure credibility). A "competency" measure, developed by the author, was also completed (coefficient alpha = .86). Employees returned 135 usable surveys (25% response rate). Most of these were men who had been with the company for six to nine years.

**KEY FINDINGS:** The higher the perceived credibility attached to the successor, the higher the employee organizational commitment ( $r = .53$ ). Employees perceived a significant difference in the leadership practices of the founder and those of the successor: The founder had a higher mean score than the successor for Enabling and Encouraging, while the successor's scores on Inspiring, Challenging, and Modeling were higher than those reported for the founder. The higher the perceived competency of the successor the greater organizational commitment level was reported by employees. The author points out that analysis shows that "successor credibility would have the highest correlation [of any variable] to employee organizational commitment" (p. 59).

No significant differences were found based upon the employees' years with the company. Salaried (versus hourly field) employees gave the founder higher credibility scores, as they did also for the successor. Female employees gave the successor higher scores on Inspiring than did their male counterparts, but there were no significant differences by gender on the other four leadership practices.