



ERASMUS+ KA2 Strategic Partnership
2014-1-HU01-KA200-002307
INtergenerational Succession in SMEs' Transition – INSIST



Leadership Challenges of Paternalistic Leadership in Succession

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Family Firms and the Challenges of their Sustainable Development
Firmy rodzinne wobec wyzwania trwałego rozwoju

Krakow, 27 January 2016
Cracow University of Economics





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*” Most organizations (and countries) die not because they do the **wrong things**, but because they keep doing what used to be **the right things for too long...** ”*



(Doz- Kosonen: Fast Strategies)

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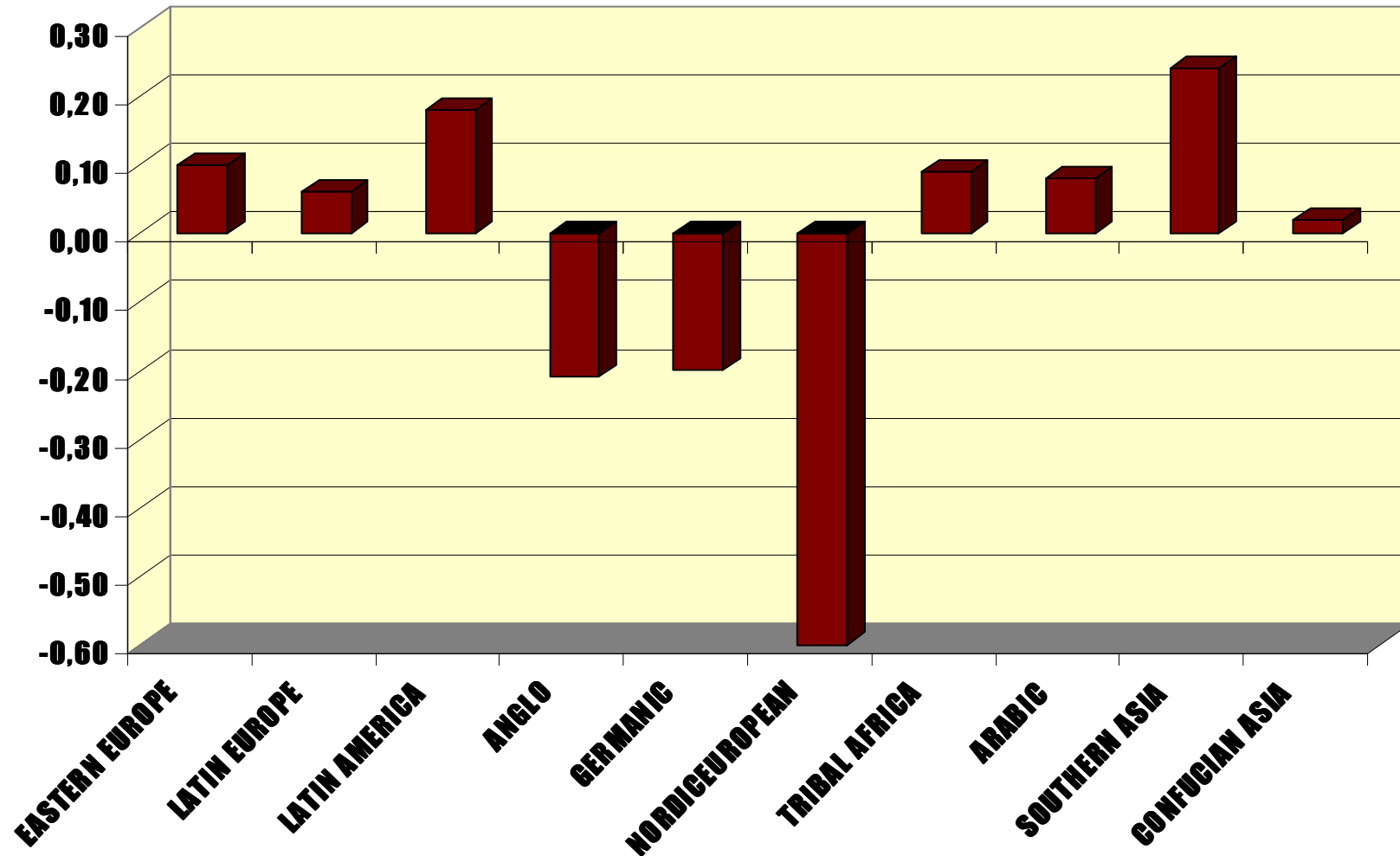
The Revival of Paternalistic Leadership Godfather is BACK!!

- Central-Eastern Europe
- Family Businesses



GLOBE Cultural Survey

Power Distance-*World Avg: 5, 15 (max =7)*





Cultural Heritage

- Perceived as authoriter and manipulative in Western cultures
- Paternalism stems from Confucian ideology: *“benevolent leader with loyal minister”* and *“kind father with filial son”*
- Unquestioned power inequality





Familiness of Paternalism

- Leaders of this kind guide both the professional as well as the personal lives of their subordinates in a manner resembling a **parent** (Gelfand et. al, 2007).
- No authoritarianism! Leaders consider it obligatory to provide protection and expect loyalty in exchange (Aycan et al., 1999; James et al., 1996)





Power Culture- Spider's Web

- Small-, newly launched enterprises
- Founder –boss with unlimited power
- Personal Power- The Boss is the Rule!
- Proud and strong
- Reacts fast
- ***Limits growth...***





Dilemmas of the Spider's Web

- Owners Self-reflection- Man in the Mirror?...
- Success as a constraint to growth
- TRUST!!!!
- Growth- is it a must really???





What do the Successors Want?

- In the INSIST project countries (experiences of the company case studies and literature review – „parenting” instead of the „mentoring”).
- ***Shift from informality-loyalty based regulation (power culture) to the formalised efficiency based structure.***
- *Professionalism in practice* (processes, governance and skills)





Proof from the INSIST Project

- The conscious move from the informal-loyalty based culture to a formal-efficiency based one is generated by second generation successors (FEIN (HU), PARODAN (UK))
- Internationally exposed and well-educated children, usually with business studies (MBA) strive for more formal business model development as opposed to their parents' views....
- PARODAN: *"We are making that shift from owner-led and managed to being an enterprise with a formal structure, reporting and processes. Once we've got that under control the net profits will increase and we can expand further"* (Wymer, 2015:6).





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Dziękuję bardzo!

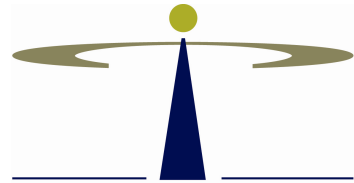
When have You last looked in the mirror? 😊)

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